

MOVEMENT OF RUSSIAN LEND-LEASE MATERIALS

Report of conferences attended by
Mr. S. G. Tickton, April 15, and
April 16, 1942

At the request of the Secretary, I visited Mr. Lewis Douglas at his office at the Maritime Commission to discuss the movement of lend-lease materials to the Russians from eastern seaboard ports. I showed Mr. Douglas the table on ships loading at Baltimore and gave him the facts on the Baltimore situation as I had obtained them last week. I explained to Mr. Douglas that it appeared that one contributing factor to delays in loading was the Procurement Division's inability to obtain more than 24 hours' notice of ship arrivals. Mr. Douglas said that the Maritime Commission was estimating ship arrivals weeks in advance and that he was surprised that Procurement did not have the information available to them. He turned me over to Mr. Wilcox, the Commission's Director of Transportation, who called in Mr. Blumfield, his assistant, and Mr. Brandreth, the Commission's representative on the War Department's Transportation Control Committee. These gentlemen disputed my facts so I 'phoned Mr. Walsh of the Procurement Division, who came over immediately with Messrs. Hayghe and Munro, of his Traffic Section. In the general discussion that followed the following was brought out:

(1) The Procurement Division has been able to obtain notices of ship arrivals only from the Moore-McCormack representatives in the various ports. The information obtained is frequently incomplete or in error.

(2) The Maritime Commission makes estimates monthly (and revisions weekly) of the arrival of ships at the various ports, but these estimates have not been made available to Procurement. That they should be made available to Procurement, in summary at least, was agreed to between the gentlemen present, and the mechanics for the transmittal of these estimates was set up.

(3) There are a great many loose ends in the procedure concerned with the movement of materials to the Russians. No one appears to be in a position of authority to clear them up. A transportation control committee composed of representatives of the War Shipping Administration, the Office of Defense Transportation, the British Ministry of War Transport, and the War Department, has been established to coordinate inland transportation with available shipping

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space but the committee has no chairman and there is considerable doubt as to who controls its policy.

(4) There are no priority lists on materials to be shipped to the British or Russians. As a result, Procurement tells manufacturers to go ahead on specified items without knowing:

- (a) Whether shipping space will be available immediately upon the completion of the manufacturing process.
- (b) If shipping space will not be available immediately, whether the items ordered will have a high order or low order of preference when future space becomes available.
- (c) Whether it will be necessary to store the items for a long or short time near the plant or near the port.

(5) The matter of shipping papers is an irritant to all parties concerned with the movement of lend-lease cargo, but no progress with respect to their simplification has been made.

I reported the foregoing to the Secretary, who suggested that I see General Gross of the War Department's Service of Supply about clearing up the loose ends. I visited the General at his office in the Munitions Building in company with Mr. Walsh and the aforementioned members of his staff. General Gross called in Colonel Wylie and in the discussion that followed the following was brought out:

(1) The War Department is "taking over" the transportation problem. They are making their own estimates of available shipping space and are setting up all the mechanics connected with the movement of cargo to shipside. Whether their operations are (a) in cooperation with, or (b) in spite of, the operations of the Office of Defense Transportation was rather vague, but the Procurement representatives were told that the War Department would furnish answers when questions arose.

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(2) A statement of the priorities of Russian and British desires will be made available to Procurement through the Lend-Lease Administration as soon as Lewis Douglas decides how much tonnage is likely to be available to the Russians and the British. A statement for the Russians may be expected within ten days or so; the British statement will probably take longer to prepare. The British picture has been confused, it is said, by requirements for the movement of lend-lease items accepted by the British some time ago but still held in storage in this country.

(3) The War Department is undertaking to solve the problems connected with the preparation of shipping papers. It feels it is making considerable progress toward their ultimate simplification, and will be able to announce a general agreement between all parties concerned in the near future.

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OFFICE OF LEND-LEASE ADMINISTRATION
FIVE-FIFTEEN 22d STREET NW.
WASHINGTON, D. C.

E. R. Stettinius, Jr.
Administrator

April 16, 1942

MEMORANDUM

To: The Honorable Henry Morgenthau
From: Thomas B. McCabe
Subject: Status of the Soviet Aid Program

I am sending you herewith, by hand, a copy of the extremely confidential report on the status of the Soviet aid program as of March 31, 1942.

A copy of the letter of transmittal to the President is attached.

Thomas B. McCabe

Attachments

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April 15, 1942

Dear Mr. President,

Herewith is transmitted, in accordance with your request, a report on the status of the Soviet aid program as of March 31, 1942.

You will note the substantial progress that was made during the month of March, both in regard to goods made available and actually shipped.

Further improvement in the flow of goods to Russia is being made in April. This is indicated by the 45 ships sailing during the first 14 days as compared with the 44 ships which sailed during the entire month of March.

Data on the amount of goods lost through sinkings are included in this report for the first time. Value of cargoes sunk to March 31st was equivalent to 12% of the value of shipments to that date. On a tonnage basis the percentage would be somewhat less.

In addition to the amount of goods made available under the Moscow protocol, substantial shipments of non-protocol items have been made. The amounts are shown in the table on the next to the last page of this report.

Sincerely yours,

Thomas B. McCabe
Acting Administrator

The Honorable

The President of the United States

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SCHEDULE OF AVAILABILITY OF MATERIAL AND SHIPPING

FOR U.S.S.R. - AS OF MARCH 31, 1942

Office of Lend-Lease Administration

SCHEDULE OF AVAILABILITY OF MATERIAL AND SHIPPING

FOR THE U.S.S.R.

As of March 31, 1942

Tabular Statement of Availability and Shipments

Graphic Summary of Availability and Shipments

Statement of Russian Shipping

Shipments of Non-Protocol Items

Graphic Summary of Total Shipments

OFFICE OF LEND-LEASE ADMINISTRATION

SECRET
Sheet 1SHIPMENTS AND AVAILABILITY OF MATERIAL
UNDER THE MOSCOW PROTOCOL

Item and Protocol Number	Actual Shipments to Mar. 31	Sinkings to Mar. 31	Made Available to Mar. 31	Scheduled to be Available Cumulative to				Protocol Commitment
				March 31	April 30	May 31	June 30	
1A Planes - Bomber	322	1	373	418	530	642	754	900
1B Planes - Pursuit	344	85	420	420	520	620	720	900
2A Tanks - Medium	404	58	634	664	818	972	1,125	1,125
2B Tanks - Light	406	80	686	686	832	976	1,125	1,125
3 Anti-Aircraft Guns	4	0	4	4	4	4	4	152
4 Anti-Tank Guns	0	0	63	63	63	63	63	756
6A Jeeps	2,283	489	3,298	3,198	4,198	5,000	5,000	5,000
6B Trucks 1/	19,052	1,438	38,657	48,234	61,594	74,280	90,000	85,600
7 Field Telephones	27,775	2,584	34,223	31,672	66,572	99,374	108,000	108,000
8 Field Tel. Cable (miles)	167,039	22,749	247,464	231,174	337,464	427,464	523,464	562,500
9 Underwater Cable (km)	0	0	0	0	55	285	450	450
10 Submarine Cable (km)	0	0	0	175	423	729	929	900
11A Aluminum (tons) 2/	5,040	1,433	9,450	9,450	11,980	14,510	17,360	18,000
11B Duraluminum (tons) 3/	2,744	847	3,411	3,411	5,466	5,936	5,936	4,500
14 Nickel (tons)	1,244	664	1,244	1,400	1,400	1,400	1,400	1,200
15 Molybdenum (tons)	3,095	810	3,800	3,800	3,800	3,800	3,800	2,700
18 Rolled Brass (tons)	24,724	3,823	30,947	31,700	36,700	43,500	45,000	45,000
20 Zinc (tons)	3,965	1,074	6,750	6,750	6,750	6,750	6,750	6,750
22 Copper Products (tons)	2,882	637	2,882	2,005	4,355	2,755	2,995	2,700
23 Ferronickel (tons)	1,231	190	1,800	1,800	2,100	2,400	2,700	2,700
24 Ferrochrome (tons)	620	102	1,200	1,200	1,400	1,600	1,800	1,800
25 Armor Plate (tons)	849	0	3,776	4,000	7,400	9,000	9,000	9,000
26 Hard Alloys & Cutting Tools (\$1,000)	0	0	0	158	342	391	3,579	900
28 High Speed Steel (tons)	207	0	536	580	900	1,150	1,400	900
29 Tool Steel (tons)	0	0	555	820	1,670	3,120	4,370	4,500
30 Calibrated Steel (tons)	1,023	48	3,422	4,000	14,000	24,000	34,000	0
31 Hot Rolled Steel (tons)	366	0	10,595	18,000	43,000	57,000	67,000	63,000
32 Steel Billets (tons)	1,332	284	7,975	10,000	34,000	54,000	72,000	72,000
33 .F. Steel Strip (tons)	2,302	0	10,560	18,000	36,000	52,000	63,000	72,000
34 .F. Steel Sheet (tons)	5,155	864	27,117	18,200	43,200	59,160	59,160	75,000

1/ Delivery depends upon shipping facilities and U.S.S.R. cargo allocations.

2/ Deficiency results from diversion at request of U.S.S.R. of part of input commitment to fabricated products.

3/ Includes products diverted from aluminum commitment.

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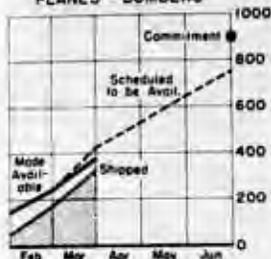
Sheet 2

SHIPMENTS AND AVAILABILITY OF MATERIAL
UNDER THE MOSCOW PROTOCOL

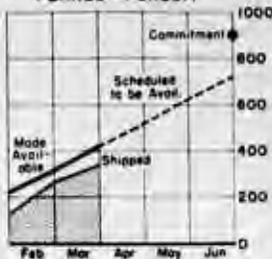
Item and Protocol Number	Actual Shipments to Mar. 31	Sinkings to Mar. 31	Made Available to Mar. 31	Scheduled to be Available Cumulative to				Protocol Commitment
				March 31	April 30	May 31	June 30	
35 Tin Plate (tons)	16,176	1,601	24,007	24,000	28,000	32,000	36,000	36,000
36 Steel Wire (tons)	833	23	3,546	7,500	22,500	37,500	45,500	63,000
37 Steel Wire Rope (tons)	0	0	0	0	2,500	6,500	10,800	10,800
38 Steel Alloy Tubes (tons)	0	0	0	0	900	1,800	1,800	1,800
39 Stainless Steel Wire (tons)	0	0	11	20	40	110	180	180
40 Nickel Chrome Wire (tons)	118	25	175	140	160	180	180	180
41 Barbed Wire (tons)	21,636	2,828	26,283	25,700	30,400	35,100	40,000	36,000
42A Toluol (tons)	2,463	0	8,320	8,320	11,547	14,774	18,000	18,000
42B T.N.T. (tons)	3,205	619	4,764	5,000	7,000	10,000	12,000	10,000
44 Phenol (tons)	1,653	526	2,925	2,783	3,533	4,283	5,033	4,900
45 Petroleum Products (tons)	160,000	11,929	160,000	160,000	180,000	200,000	220,000	180,000
46 Ethylene Glycol (tons)	566	41	960	960			1,080	1,080
47 Sodium Bromide (tons)	412	67	450	433	588	744	900	900
48 Phosphorus (tons)	832	244	1,146	1,300	1,300	1,300	1,300	900
49 Dibutyl Phthalate (tons)	93	0	1,246	1,250	1,800	2,050	2,200	2,200
50 Dimethylaniline (tons)	308	91	407	530	760	990	1,200	1,200
51 Diphenylamine (tons)	310	0	504	500	600	750	900	900
52 Colluxylin (tons)	712	50	1,756	1,780	2,234	2,688	2,741	2,700
53 Machine Tools (pieces)	1,612	252	1,983	2,536	3,073	3,689	4,233	-
54 Electric Furnaces (pieces)	11	0	59	52	60	68	83	140
55 Forging & Press Equip.(pieces)	75	5	81	74	123	175	245	627
56 Misc. Ind. Equip. (\$1,000)	4,709	672						
58 Abrasives (\$1,000)	919	264	1,574	1,860	2,460	3,060	3,660	2,700
59 Graphite Electrodes (tons)	682	78	888	888	1,429	1,977	2,709	3,600
60 Sole Leather (tons)	4,959	881	5,064	4,697	6,197	7,697	9,197	13,500
66 Army Boots (1,000 prs.)	798	37	1,011	1,000	1,200	1,400	1,600	1,600
67 Army Cloth (1,000 yds.)	1,208	115	1,395	1,192	1,192	1,192	1,192	1,000
Training of U.S.S.R. Merchant Ships	7	0	13	13	13	13	13	13
Arrangement for 3 Ice-breakers	4	0	4	4	4	4	4	3
Repaired Engines for Torpedo Boats	24	0	100	100	100	100	100	50

AVAILABILITY OF MATERIAL UNDER MOSCOW PROTOCOL CUMULATIVE SINCE OCTOBER 1, 1941

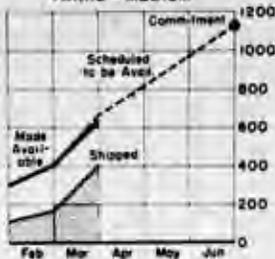
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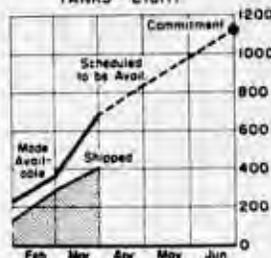
PLANES - PURSUIT



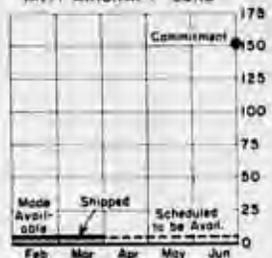
TANKS - MEDIUM



TANKS - LIGHT



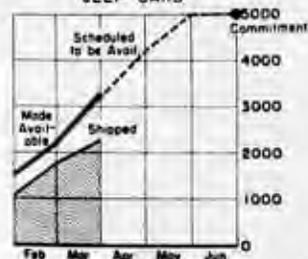
ANTI-AIRCRAFT GUNS



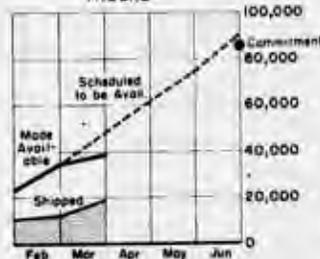
ANTI-TANK GUNS



JEEP CARS



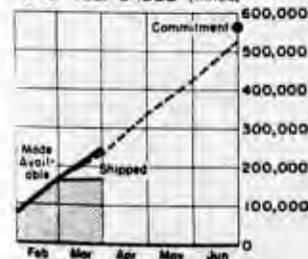
TRUCKS



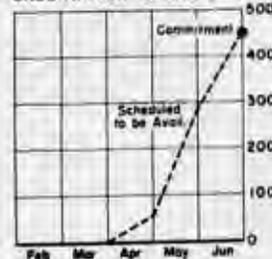
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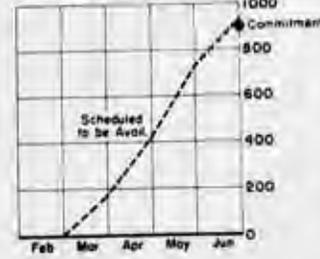
FIELD TEL. CABLE (miles)



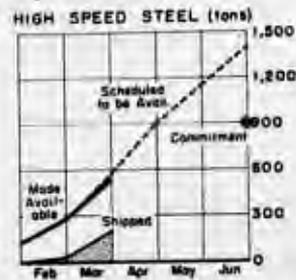
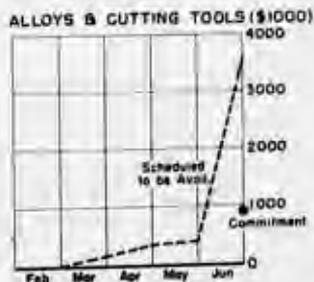
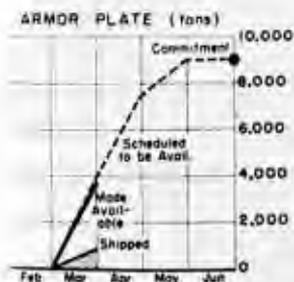
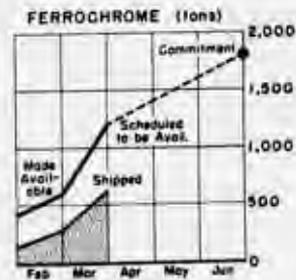
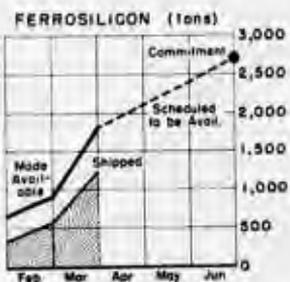
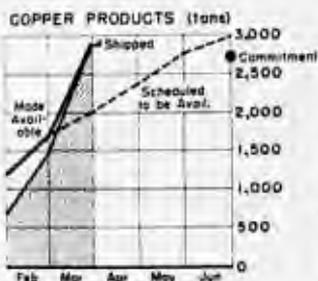
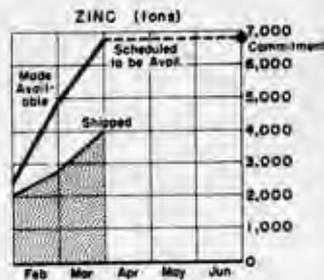
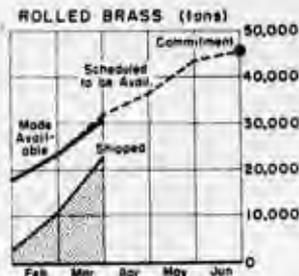
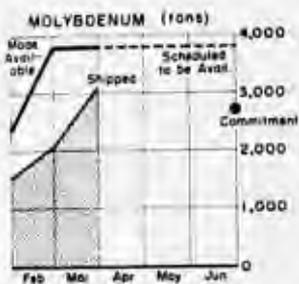
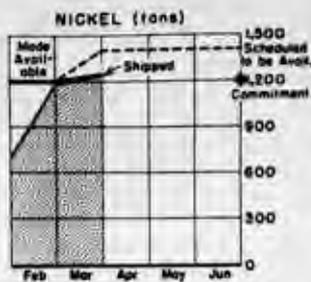
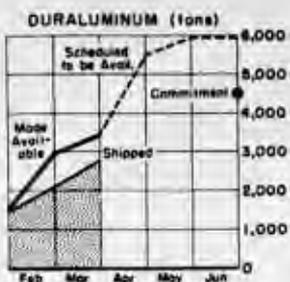
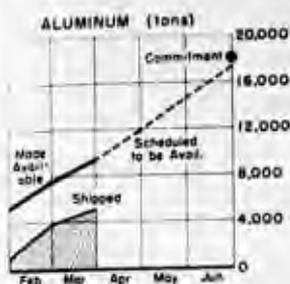
UNDERWATER CABLE (km)



SUBMARINE CABLE (km)

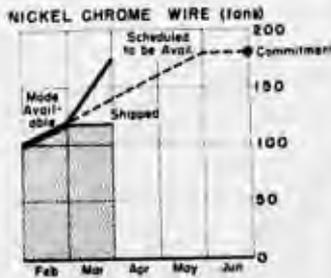
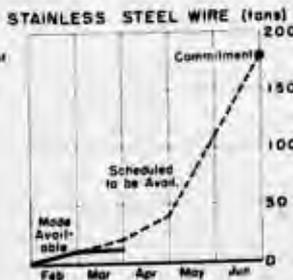
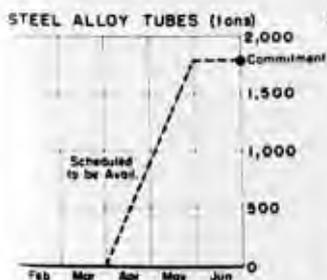
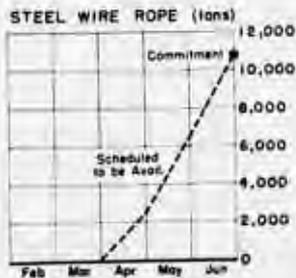
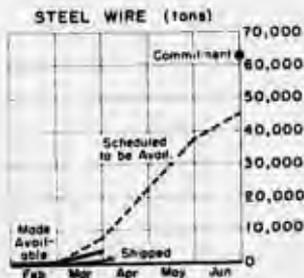
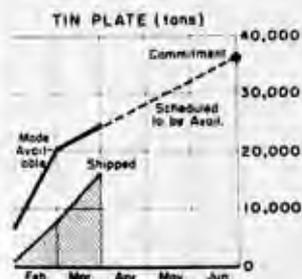
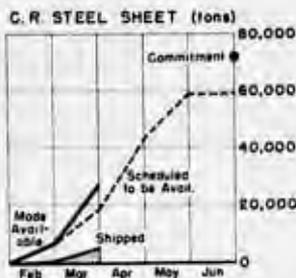
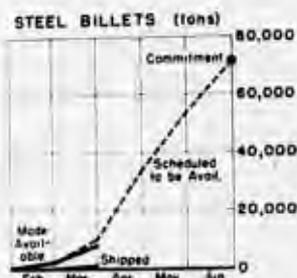
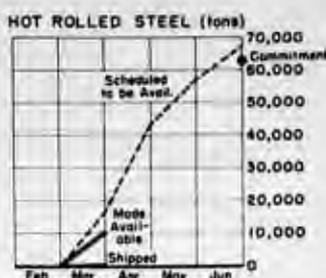
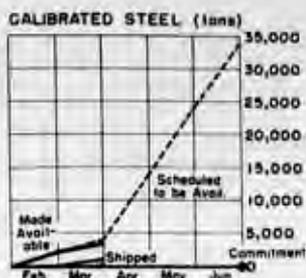


AVAILABILITY OF MATERIAL UNDER MOSCOW PROTOCOL CUMULATIVE SINCE OCTOBER 1, 1941



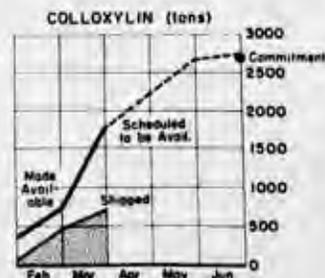
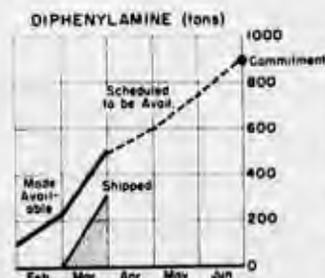
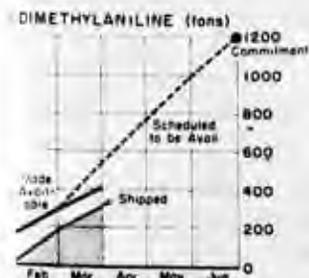
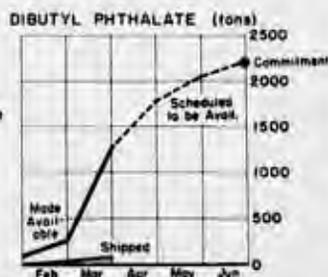
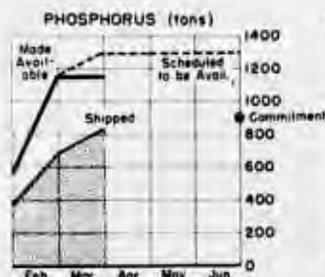
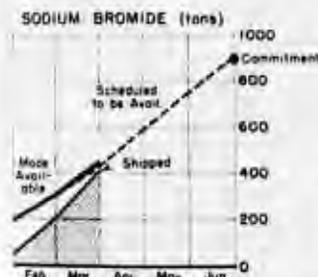
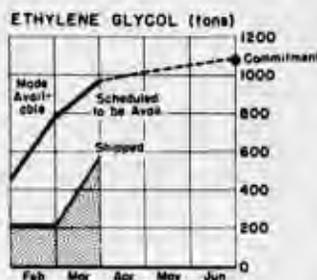
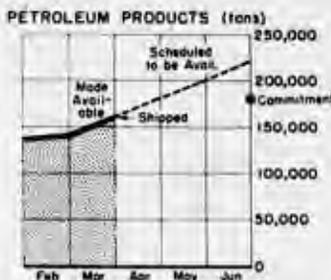
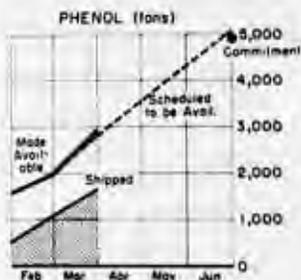
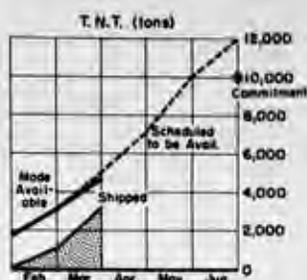
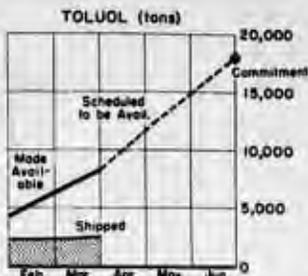
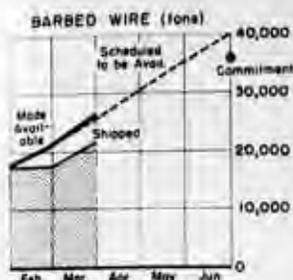
AVAILABILITY OF MATERIAL UNDER MOSCOW PROTOCOL

CUMULATIVE SINCE OCTOBER 1, 1941



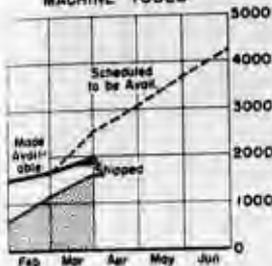
AVAILABILITY OF MATERIAL UNDER MOSCOW PROTOCOL

CUMULATIVE SINCE OCTOBER 1, 1941

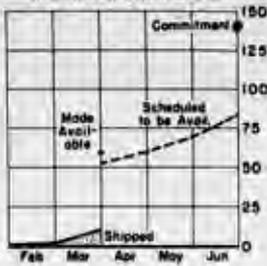


AVAILABILITY OF MATERIAL UNDER MOSCOW PROTOCOL CUMULATIVE SINCE OCTOBER 1, 1941

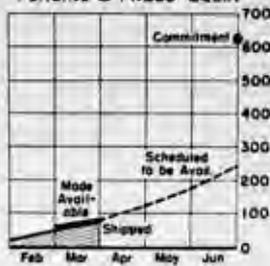
MACHINE TOOLS



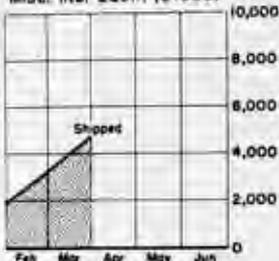
ELECTRIC FURNACES



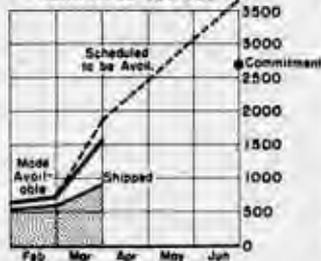
FORGING & PRESS EQUIP.



MISC. IND. EQUIP. (\$1000)



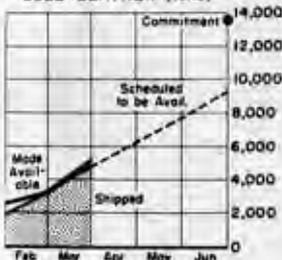
ABRASIVES (\$1000)



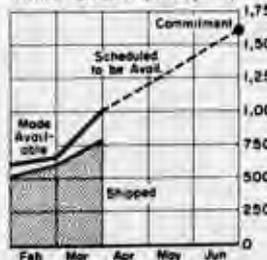
GRAPHITE ELECTRODES (tons)



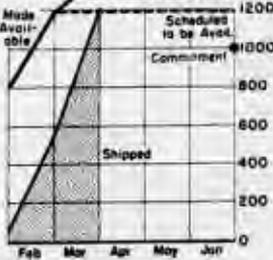
SOLE LEATHER (tons)



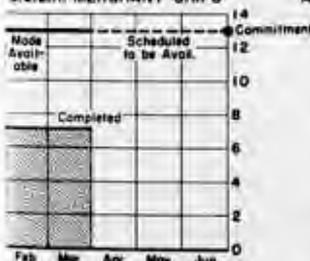
ARMY BOOTS (1000 pairs)



ARMY CLOTH (1000 yds)



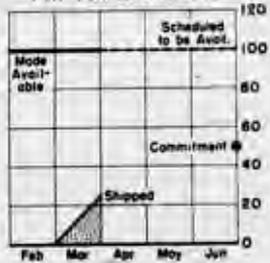
ARMING OF U.S.S.R. MERCHANT SHIPS



ARMAMENT FOR 3 ICE-BREAKERS



PACKARD ENGINES FOR TORPEDO BOATS



STATEMENT OF RUSSIAN SHIPPING

Sailed		Arrived	En Route	Lost
Month	Number			
October	15	14		1
November	13	12		1
December	26	23	1	2
January	24	18	2	4
February	17	2	12	3
March	44		42	2
April (To Apr. 14*)	45		45	

* On berth April 14 for April sailing--15

To date there has been a total of 184 sailings for Russia. Of these, 133 have been of American ships, 42 of Russian (26 from the West Coast and 16 from the East Coast), and 9 of British.

In addition to the 184 sailings for Russia, there have been 20 ships carrying cargoes for other countries, which carried deck loads of bombers for Russia.

The 184 sailings were made by 177 ships, 7 ships having sailed twice.

Program of Ship Allocation			
March	April	May	June
56	56	56	56

The foregoing allocations are in addition to any Russian and British ships which may be available. The Russian ships transport primarily food from West Coast ports.

April 14, 1942

SECRET

SHIPMENTS OF IMPORTANT NON-PROTOCOL ITEMS
TO THE U.S.S.R.

October 1, 1941 - March 31, 1942

Item	Quantity	Value
Observation Planes	30	\$ 1,359,949
Other Military Items	-	12,419,469
Graphite Crucibles	374 tons	172,215
Medical Supplies	-	2,332,554
Sugar	12,847 "	1,313,500
Canned Meats	7,484 "	4,947,895
Lard and Other Pork Products	10,326 "	3,561,913
Edible Tallow	1,573 "	153,995
Dried Eggs	-	1,744,113
Wheat	26,830 "	985,737
Wheat Flour	24,778 "	1,260,423
Linseed Oil	-	383,486
Anti-Knock Compound	-	1,278,153
Formaldehyde	485 "	59,796
Metallic Sodium	877 "	252,492
Methanol	2,349 "	271,292
Vulcanized Fibre Sheet	132 "	69,843
Locomotive Wheels, Axles, and Rails	2,115 "	134,127
Radio Tubes and Equipment	-	544,094
Truck Tires and Tubes	-	629,103
Other Items	-	1,345,563
Total		\$35,219,712

ALLOCATION OF NON-PROTOCOL STEEL

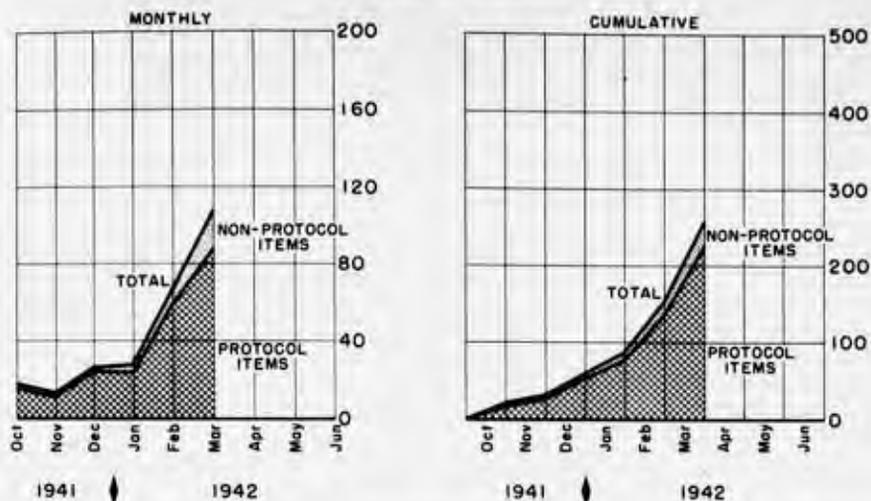
In addition to the steel items already delivered and scheduled for delivery under the Protocol, approximately 255,000 tons of non-protocol steel has been allocated for production for the U.S.S.R. by June 30, 1942. Included in these allocations are 33,000 tons of aircraft steels, 75,000 tons of railroad rails and accessories, and 114,000 tons of oil well equipment.

SHIPMENTS TO THE U. S. S. R.

SINCE OCTOBER 1, 1941

VALUE OF SHIPMENTS

MILLIONS OF DOLLARS



Treasury Department
Division of Monetary Research

110

Date....April...17.,19 42

To: Miss Chauncey

From: Mr. Southard

The substance of this cable has been brought to the attention of the Secretary in other ways. I think, therefore, it can go to his files.

MR. WHITE
Branch 2058 - Room 214½

Treasury Department **111**
Division of Monetary Research

Date..... April 17,1942

To: Mr. Southard

From: Mr. Gass

I do not believe that it is necessary to bring this detailed list to the Secretary's attention. We have already indicated to him the content of the summary cable, for which this is merely a supporting document.

C
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P
YDEPARTMENT OF STATE
WASHINGTON

April 16, 1942

In reply refer to
FD 851.515/158

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of despatch no. 1295, dated March 26, 1942, from the American Consulate General, Algiers, Algeria, concerning gold shipments from Algiers to France.

Enclosure:

From Consulate, Algiers,
no. 1295, March 26, 1942.

Copy:lc:4/17/42

C
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113

DUPLICATE TO DEPARTMENT

Strictly Confidential
Air Mail

1295

American Consulate General

Algiers, Algeria, March 26, 1942.

Subject: Gold shipments from Algiers to France

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor the attached detailed report of gold movements from Algiers to France during the period January 1, 1942, to March 13, 1942, inclusive. This information has been obtained by Vice Consuls Boyd and Knox from a confidential and reliable source.

This despatch is sent forward in confirmation of telegram 185 of March 26 noon to the Department. It is presumed that this gold is of Belgian or Polish origin.

Respectfully yours,

Felix Cole
American Consul General

863.4
JCK/ew

Enclosure:

1. Detailed report of transfer of gold from Algiers to France

In quintuplicate to the Department
Copy to American Embassy at Vichy
Copy to American Legation at Tangier

Copy:lc:4/17/42

Enclosure No. 1
 No. 1295 of 3-26-42
 from American Consulate
 General, Algiers, Algeria

MEMORANDUM

Subject: Detailed report of transfer of gold from
Algiers to France.

The following are ore shipments of gold from Algiers
 (airport at Maison Blanche) to France, transferred by air:

<u>Date</u>	<u>Kilograms</u>	<u>Date</u>	<u>Kilograms</u>
January 1	460	February 1	320
" 2	620	" 3	430
" 3	155	" 5	215
" 4	610	" 7	270
" 5	610	" 8	215
" 6	500	" 9	110
" 10	110	" 10	425
" 11	230	" 13	315
" 12	110	" 14	480
" 13	380	" 15	580
" 15	480	" 20	615
" 17	380	" 21	610
" 18	320	" 22	300
" 19	1,200	" 23	2,330
" 20	215	" 24	580
" 23	110	" 26	545
" 24	215	" 28	380
" 25	1,000		
" 27	160	<u>Total</u>	<u>8,720</u>
" 30	270	March 1	220
" 31	160	" 3	330
<u>Total</u>	<u>8,295</u>	" 10	440
		" 11	430
		" 13	410
		<u>Total</u>	<u>1,830</u>
		<u>GRAND TOTAL</u>	<u>18,845</u>

John H. Boyd

John Crawford Knox

Algiers, Algeria,
 March 26, 1942.

Copy:lc:4/17/42

AS
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (BR)

Sydney

Dated April 16, 1942

Rec'd 11:41 a.m.

Secretary of State,
Washington.

220, April 16, 3 p.m.

Referring to the Department's telegram no. 100,
March 14.

Aggregate amount Treasury checks received from
Commonwealth Bank last night \$58,921.66.

PALMER

WSB

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Treasury Department 116
Division of Monetary Research

○ Date April 1719 42

To: Mrs. McHugh

From: L. Shanahan

Returned, as requested. Mr. White
has noted.

MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF CHINA

April 16, 1942

Dear Mr. Morgenthau,

I am in receipt of a message for you from the Generalissimo, sent from Chungking on April 15th, a translation of which I am enclosing. I have as yet no reply from the Generalissimo to the telegram I despatched after our private conversation last week.

Yours sincerely,



Enclosure

The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

Washington, D. C.

TRANSLATION OF A TELEGRAM FROM THE GENERALISSIMO,

CHUNGKING, APRIL 15th, 1942.

"I am grateful for your letter of February 16.

"The people of China and I personally are deeply appreciative of the recent great financial assistance rendered by the United States to China, and in particular of your own esteemed part in these deliberations. The consummation of the recent loan is not only a manifestation of the high ideals of the United States in assisting a comrade-in-arms, but is also evidence of your appreciation of the new spirit of China, for which we shall be everlastingly grateful.

Chiang Kai Shek"



In reply refer to
FE 990.51/7440

DEPARTMENT OF STATE
WASHINGTON

April 16, 1942

My dear Mr. Secretary:

There are enclosed herewith in duplicate copies of a note of March 23, 1942, from the Chinese Ambassador, in which the Ambassador certifies to certain matters in connection with the agreement of March 21, 1942, between the Governments of the United States and China concerning financial aid to the extent of \$500,000,000 to China.

The Department is of the opinion that the statements made by the Chinese Ambassador in the note herewith enclosed may be accepted as authoritative official assurance that the Government of the Republic of China has full power and authority to enter into the agreement of March 21, 1942; that Dr. T. V. Soong, Minister for Foreign Affairs

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

Affairs of the Republic of China, was duly and legally authorized and empowered to execute and deliver the above-mentioned agreement on behalf of the Republic of China; and that the above-mentioned agreement represents the valid and binding obligation of the Republic of China in accordance with its terms.

Sincerely yours,



Acting Secretary

Enclosure:

From the Chinese Ambassador,
March 23, 1942 (in duplicate).

CHINESE EMBASSY
WASHINGTON

March 23, 1942

Sir:

Reference is made to the agreement dated March 21, 1942, between the United States of America and the Republic of China relative to the \$500,000,000 of financial aid to China.

I now have the honor to certify that the Government of the Republic of China has full power and authority to enter into the above-mentioned agreement; that Dr. T. V. Soong, Minister for Foreign Affairs of the Republic of China, was duly and legally authorized and empowered to execute and deliver the above-mentioned agreement on behalf of the Republic of China, and that the above-mentioned agreement represents the valid and binding obligation of the Republic of China in accordance with its terms.

I shall be grateful if you will transmit copies of this letter to the Secretary of the Treasury.

Accept, Sir, the renewed assurances of my highest consideration.

HU SHIH

Honorable Cordell Hull,
Secretary of State

April 16, 1948

Mr. F. Livsey

Mr. Dietrich

Will you please send the attached cable to the American Consul, Bombay,
"From the Secretary of the Treasury".

FD:ch 4-16-48

To American Consul, Bombay
From Secretary of the Treasury

April 13, 1948

Because of current concern with Indian financial and economic conditions, please cable weekly report giving currently information requested below. It is recognized that some of the information requested may be considered confidential by the Government of India. The proper Indian officials may be informed that the information is not for public consumption but for the information of United States Treasury officials. However, in no case is the Government of India to be urged to give information which it is reluctant to give.

- (a) Prices of gold and silver;
- (b) Action being taken by Reserve Bank of India and Government of India regarding rise in price of silver;
- (c) Volume of silver coin in circulation;
- (d) Extent to which hoarding of gold and silver is taking place and attitude of Government and Reserve Bank of India towards this hoarding;
- (e) Silver and gold reserves of Reserve Bank of India;
- (f) Use to which silver is put at present in India;
- (g) Volume of silver and gold exports and imports during recent months;
- (h) Attitude of Reserve Bank and Government toward permitting imports of silver into India;
- (i) Trend of prices in India;
- (j) Production of gold and silver in India and any estimate of volume of gold and silver being held by banks and private individuals;
- (k) Budgetary position of the Indian Government;
- (l) Economic information, such as indices of production, foreign trade, etc.

chicopy
4-16-48

TELEGRAM SENT

B.S.
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (BR)

April 16, 1942

7 P.M.

AMERICAN CONSUL

BOMBAY (INDIA)

133

From the Secretary of the Treasury

QUOTE. Because of current concern with Indian financial and economic conditions, please cable weekly report giving currently information requested below. It is recognized that some of the information requested may be considered confidential by the Government of India. The proper Indian officials may be informed that the information is not for public consumption but for the information of United States Treasury officials. However, in no case is the Government of India to be urged to give information which it is reluctant to give.

(a) Prices of gold and silver;
(b) Action being taken by Reserve Bank of India and Government of India regarding rise in price of silver;

(c) Volume

-2- #133, April 16, 1942, 7 P.m. to Bombay, India

- (c) Volume of silver coin in circulation;
- (d) Extent to which hoarding of gold and silver is taking place and attitude of Government and Reserve Bank of India towards this hoarding;
- (e) Silver and gold reserves of Reserve Bank of India;
- (f) Use to which silver is put at present in India;
- (g) Volume of silver and gold exports and imports during recent months;
- (h) Attitude of Reserve Bank and Government toward permitting imports of silver into India;
- (i) Trend of prices in India;
- (j) Production of gold and silver in India and any estimate of volume of gold and silver being held by banks and private individuals;
- (k) Budgetary position of the Indian Government;
- (l) Economic information, such as indices of production, foreign trade, etc.

WELLES
ACTING
(FL)

FD:FL:EMcB

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PLAIN

BR

Bern

Dated April 16, 1942

Rec'd 2:24 a.m., 17th

Secretary of State,

Washington.

1545, Sixteenth. (SECTION ONE)

Press April 15, 1942, gives supplementary information relative new trade agreement Switzerland Turkey signed March 28 at Ankara. Since agreement May 30, 1940 not renewed by August 1, 1941, no agreement has governed economic relations two countries. Because present conditions agreement envisages reciprocal deliveries goods merchandise within possibilities supplies rather than rigid quotas individual items. Turkey engages facilitate exports Switzerland, notably feedstuffs, especially oil cake, raisins, olives, peanuts, tobacco, raw hides, oleaginous fruits, carpets and possible cotton, wool and certain metals. Switzerland exports to Turkey will include particularly machinery, watches, instruments, pharmaceutical and chemical products and certain cotton cloths. Payment merchandise trade will be effected by private compensation or through free currencies, this offsetting delivery against merchandise it delivers, of merchandise from other country. Settlements through banks emission of each country. Provision also made for resumption servicing Turkish public debt held Switzerland as well as transfer certain private Swiss financial credits.

NK

HARRISON

ehicopy
4-25-42

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KD

This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (RR)

Bern

Dated April

Rec'd. 2:48 p.m.

Secretary of State,

Washington.

1545, April 16

(SECTION TWO)

Competent Swiss official states press report not
official communique but from official source and accurate.

(END OF MESSAGE).

HARRISON

RR

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4-25-42

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DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FD 861.51/2950

April 16, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of telegram no. 316, dated April 15, 1942, from the American Embassy, Kuibyshev, (Moscow), Union of Soviet Socialist Republics, announcing the issuance by the Soviet Government of the 1942 National Defense Loan in the amount of ten billion rubles.

Enclosure:

From Embassy, Kuibyshev,
no. 316, April 15, 1942.

DM

PLAIN
(Moscow)

Kuibyshev

Dated April 15, 1942

Rec'd 1:30 p.m.

Secretary of State,
Washington.

316, Fifteenth.

The Soviet Press of April fourteenth announces the issuance by the Soviet Government of the 1942 National Defense Loan in the amount of ten billion rubles for a term of twenty years. New features of this loan are that only one third of the lottery bonds will win prizes, instead of all as before and that the interest bearing bonds are to be sold only to collective farms and other cooperatives. The amount of this loan is 500 million rubles more than the 1941 National Defense Loan which is reported by the Soviet press to have over subscribed by almost one billion five hundred million rubles.

Repeated to Moscow.

REINHARDT

Copy:bj:4-17-42

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE April 16, 1942

TO Secretary Morgenthau

FROM Mr. Dietrich

Reference is made to Telegram #264, April 8, 1942, from Montevideo, Uruguay.

The State Department has informed us that the phrase "Inveighed francs", in the two places that it occurs in this telegram, should read "Swiss francs".

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE April 16, 1942

TO Secretary ^{Chauncey} Morgenthau
 FROM Mr. Dietrich ^{For Miss}

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£83,000
Purchased from commercial concerns	£ 7,000

Open market sterling held at 4.03-3/4, with no reported transactions.

The Argentine free peso moved off 6 points to close at .2368. Earlier this month the prevailing quotation was .2370.

In New York, closing quotations for the foreign currencies listed below were as follows:

Canadian dollar	12-7/8% discount
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2064
Uruguayan peso (free)	.5295
Venezuelan bolivar	.2830
Cuban peso	3/16% premium

There were no gold transactions consummated by us today.

No new gold engagements were reported.

In London, spot and forward silver remained at 23-1/2d, equivalent to 42.67¢.

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.



Copy No. 13

BRITISH MOST SECRET

(U.S. SECRET)

OPTEL No. 125

Information received up to 7 A.M., 16th April, 1942.

1. NAVAL

INDIAN OCEAN. A Japanese force consisting of one battleship and one cruiser on a Westerly course was sighted by aircraft one hundred miles south of CEYLON yesterday afternoon local time.

2. MILITARY

LIBYA. 14th. A South African column was attacked in the EL MARGARA area by a force including tanks and self-propelled guns. Two enemy tanks were destroyed and five others damaged. One of our tanks was knocked out and five others besides, three anti-tank guns are missing. The main enemy M.T. concentration is now in the area north of SEHJALI (30 miles S.E.W. of TRIMI).

RUSSIA. In the RYBY sector there has been some heavy fighting without territorial change but south west of YUXHOV the Russians have made a slight advance. In the DONETS sector, no operations of importance have taken place probably owing to bad road conditions and the rising level of the River DONETS.

3. AIR OPERATIONS

WESTERN FRONT. 14th/15th. DORTMUND. About 161 tons of H.E. and incendiaries were dropped in good weather but with considerable ground haze. Numerous fires were seen.

15th. Bostons and Hurricane bombers attacked CHERBOURG docks, an aerodrome and railway communications in Northern France, fighter escorts and offensive sweeps involved 46 squadrons, 3 enemy fighters were destroyed, four probably destroyed and 8 damaged. 3 Spitfires are missing. A Hudson scored four hits on a merchant vessel north of BERGEN and another Hudson two hits on a large tanker beached off the Dutch Coast.

15th/16th. 197 aircraft were despatched - DORTMUND 152, ST. NAZAIRE 18, Sea-mining 11, Four are missing. Over DORTMUND varying cloud was met.

MEDITERRANEAN. 14th. Eight Beauforts with fighter escort attacked with torpedoes a southbound convoy of four vessels and four destroyers, 100 miles south east of MALTA. Results were not observed. Two Me 109's were destroyed over the convoy. Five Beauforts from which some survivors were picked up and a shadowing Heinkel were lost.

- 2 -

MALTA. 14th. A further 59 enemy bombers attacked. The W/T mast at RINELLA was destroyed and TAKALI aerodrome was rendered unserviceable for night flying. A.A. destroyed 4 bombers. Fighters and A.A. damaged a further 5 aircraft. The enemy maintained continuous fighter patrols over MALTA during 14th.

4. FOCKE WULF FIGHTERS

It is estimated that there are 90 - 120 (initial equipment) F.W. 190's in the German Air Force first line. All units known to be equipped with them are in FRANCE and the Low Countries chiefly in the PAS DE CALAIS area where they amount to roughly 75% of the German single engined fighter force there. Estimated maximum speed 380 M.P.H. at 20,000 ft. compared with 370 M.P.H. of the Me. 109 F. Armament believed four guns calibre unknown against 2 M.G. and 1 cannon in Me. 109 F.

BRITISH MOST SECRET

(U.S. SECRET)

OPREL No. 131

Following is supplementary resume of operational events covering the period 9th-16th April, 1942.

1. NAVAL

Escorts for our Russian convoys have been increased by additional destroyers with heavy ships of the Home Fleet acting as cover, nearly all ships have arrived and discharged their cargoes safely although some damage has been caused by ice and enemy action. Our main Naval forces have withdrawn from the vicinity of CEYLON. There are indications that a raider is in the South Atlantic. The main U-boat concentration was still in the West Atlantic. Two submarines, probably Italian, were off BRAZIL and one or two in the FREETOWN-area. A number have been operating against the North Russian convoy route, there are believed to be 20 based in Northern Norway. 25 ships, including 13 tankers, were reported attacked by submarines during the week, of which 18 were in the Western Atlantic and West Indies, 15 of them are known to have been sunk. Allied shipping losses during March (136 ships totalling 642,014 tons) were the highest yet recorded. This includes 42 tankers, of which 12 were British, 13 United States and 11 Dutch. About 80 percent of ships were sunk by submarines, mainly off the West Atlantic seaboard and in the Caribbean. Nevertheless, 450 ships arrived in ocean convoys in the United Kingdom during the month without any loss from enemy action. Less than one third of the tonnage sunk during March was British.

2. MILITARY

RUSSIA. Owing to the rapid thaw of unusually deep snow, the rivers are rising and roads are becoming unusable. The Germans must have been greatly hampered in carrying out their complete arrangements of withdrawing Divisions for refit by the continuous Russian pressure during the last three months, these two factors may induce a slight postponement of the likely date of the expected German attack to the latter part of May at earliest. The impression that the next major operation by GERMANY will be against RUSSIA rather than via SYRIA or TURKEY and/or EGYPT towards IRAQ still stands.

JAPAN. Evidence of any complete joint plan between the German and Japanese General Staffs is still lacking. It is still impossible to ascertain whether the Japanese intention is to move against North-East INDIA or whether she considers she has ventured far enough for the present and should consolidate her gain. The possibility of becoming involved with RUSSIA may influence her strategy. Meanwhile her successes in BURMA continue while she maintains forces in the NEW GUINEA area threatening the UNITED STATES-AUSTRALIA supply route.

FRANCE. There are signs that since the ST. NAZAIRE raid the Germans have become increasingly preoccupied with coastal defenses, particularly in the south-west where a number of defensive precautions have been reported.

3. AIR OPERATIONS

Western Front. Fighter Command flew 4,022 sorties by day during the week. Enemy reaction to our fighter sweeps varied, some were vigorously opposed by large numbers of fighters, during others opposition was not determined, and in some cases no enemy fighters appeared. Bomber Command despatched 1,020 sorties and heavily attacked ESSEN (418 tons high explosive and incendiaries) and DORTMUND (290 tons high explosive and incendiaries). 118 sea mines were laid.

MALTA. Air raids continued on a heavy scale, involving more than 850 sorties. Aerodromes were cratered on several occasions and two were temporarily unusable. 15 of our aircraft were destroyed on the ground. Harbour works and naval units were damaged. Our fighters shot down 7 enemy aircraft and anti-aircraft artillery destroyed 22.

RUSSIA. Increased German air activity in CRIMEA.

- 2 -

4. EXTRACTS FROM PHOTOGRAPHIC AND INTELLIGENCE REPORTS ON RESULTS OF AIR ATTACKS ON ENEMY TERRITORY IN EUROPE.

LUBECK. Photographs 12 April. Nearly half the city, as distinct from the suburbs, has been almost totally destroyed, principally by fire although there are traces of the marks of 4,000 lb. bombs. Severe damage has been caused to warehouses at the docks and railway station to the North West.

COLOGNE. The raid on 5th/6th April is reported as more severe than the one on 13th/14th March. The greater part of the RHINE Harbour was destroyed together with its railway approaches. It is said that the debris in this district will take some weeks to clear.

MATFORD WORKS. Photographs 10th April. Serious damage by fire and high explosive confined almost entirely to the objective and immediately adjacent factories. There is little doubt that the effect is serious although it is not yet possible to say definitely that the works will be permanently closed down.

5. OPERATIONAL AIRCRAFT BATTLE CASUALTIES

METROPOLITAN AREA

<u>British</u>	<u>In the Air</u>
Bombers	49
Fighters	29
Coastal	6
	<u>84</u>

5 pilots safe.

<u>Enemy</u>	<u>Destroyed</u>	<u>Probably Destroyed</u>	<u>Damaged</u>
Bombers	N11	N11	4
Fighters	18	13	35
Miscellaneous	3	1	<u>N11</u>
Total	<u>21</u>	<u>14</u>	39

MIDDLE EAST (including MALTA)

<u>British</u>	<u>In the Air</u>	<u>On the Ground</u>
Bombers	11	11
Fighters	18	4
Others	1	1
Total	<u>30</u>	<u>16</u>

12 pilots and 2 crews are safe

<u>Enemy</u>	<u>Destroyed</u>	<u>Probably Destroyed</u>	<u>Damaged</u>
Bombers	30	3	21
Fighters	<u>14</u>	<u>2</u>	<u>13</u>
Total	<u>44</u>	<u>5</u>	<u>34</u>

Of the above totals, 25 were destroyed, 3 probably destroyed and 14 damaged by anti-aircraft fire.

FAR EAST

<u>British and Allied</u>	<u>In the Air</u>
Bombers	7
Fighters	9
Miscellaneous	4
Total	<u>20</u>

4 pilots and 1 crew are safe

<u>Enemy</u>	<u>Destroyed</u>	<u>Probably Destroyed</u>	<u>Damaged</u>
Bombers	2	N11	N11
Fighters	29	N11	9
Miscellaneous	<u>14</u>	<u>14</u>	<u>2</u>
Total	<u>45</u>	<u>14</u>	<u>11</u>

- 3 -

NOTE: No account is taken of enemy aircraft destroyed on the ground in any theatre or of British naval aircraft casualties.

6. FIVE SECURITY

Estimated civilian casualties for week ending 6 a.m. 15th. Killed 20, seriously wounded 33.



UNITED STATES GOVERNMENT
COORDINATOR OF INFORMATION
WASHINGTON, D. C.



April 16, 1942

The Honorable
The Secretary of the Treasury
Washington, D. C.

Dear Henry:

The attached is from the General
Weekly Directive of British Political
Warfare Executive.

Sincerely,

WJ
William J. Donovan

Attachment

SECRET

REF ID: A66666

1. Strategy:

(a) Russia - Point out that the Russians still hold the initiative, maintaining pressure and continuing to deny the Germans the respite needed to refit and rest. Extensive areas are being rendered impassable by the thaws and large scale operations are impracticable.

(b) Malta - Emphasize that the Axis effort against Libya and Malta represents a considerable diversion, particularly of the Luftwaffe from the Russian front.

(c) Burma- The outlook is ominous because air support is lacking and the native population hostile.

(d) India and Ceylon - Avoid the linking of strategical positions of the European and Eastern theatres of war. Enemy has air and naval superiority due to presence of powerful Japanese naval squadrons including several aircraft carriers in the Bay of Bengal. This is a threat to the Ganges, Delta, Ceylon, the Malabar Coast and our sea communications. A large British convoy has reached Bombay with war material and reinforcements.

2. Propaganda Policy

(a) We should not make a defensive response to distortions by Germans of closer links between America and Britain; and between India, Australia and America. "The helpful interest presently being taken by America in the security of Australia and India, in close accord with the British Government, is but another sign of what the Prime Minister once described as a certain mixing up of Anglo-American relations as a result of our common purpose in this war. This form of mixing-up can be represented as covering both moral and material aspects of war. The process of Lease-Lend has presently taken the form of America lending a Commander-in-Chief to Australia and of the lending of her good services in the settlement of the Indian problem. America's interest in world affairs, misrepresented by German propaganda, on the contrary is welcomed warmly in this country."

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(b) The major theme for our propaganda should be the conflict between Hitler's new order and the Christian church. The great significance of the resignation of the Norwegian bishops should be pointed out.

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NUMBER 27

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COORDINATOR OF INFORMATION

THE WAR THIS WEEK

April 9-16, 1942



Printed for the Board of Analysts

Copy No. 6

The Secretary of the Treasury

APRIL 9-16, 1942

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Coordinator of Information

THE WAR THIS WEEK

The Japanese have now deserted more cautious alternatives and have opened a wide attack in the Bay of Bengal, possible prelude to a more extended action in India itself, where British efforts at political conciliation have failed. At the same time German intervention has produced a collaborationist victory at Vichy under the leadership of Pierre Laval. These moves are interrelated, although by no means necessarily the product of coordinated effort by the two Axis partners, notoriously given to the close pursuit of their own immediate objects.

If their offensive eventuates in the occupation of such bases as those in Ceylon, the Japanese could then harass vital communication lines with the Middle East, notably the oil supply lines for the Allied effort in India. Such a campaign could be of significant benefit to Germany as well as to Japan. If the Nazis, in turn, can now wrest from Vichy the effective cooperation of the French fleet, then the naval responsibilities of Britain in the west will be substantially increased and her position in the Indian Ocean area potentially weakened. That situation would serve the immediate interests of the Japanese.

Meanwhile events continue to emphasize the central importance of the Indian and Russian theatres of war. Preparations are going rapidly forward for a Nazi spring drive against the Russians. The Japanese offensive in Burma is pushing the British and Chinese steadily northward. And

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on the "negative" side Rommel's offensive in Libya has now proved to be essentially a reconnaissance in force. Japanese activities in the Solomons suggest a cautious and tentative "feeling out" process and not a clear-cut and determined offensive. And in Siberia the Japanese have allowed the initial favorable period for an offensive to pass: the ice will soon be going out of the rivers, and mechanized operations then become difficult for some weeks to come.

Sir Stafford Goes Home

It was in an atmosphere of disillusionment that the political discussions between Sir Stafford Cripps and Indian Nationalist leaders broke up. Earlier press optimism proved unfounded, as both of the two leading Indian parties rejected the British compromise proposals, and Sir Stafford himself departed for London.

The Moslem League, despite its gratification over the fact that the Cripps plan implicitly recognized its pet doctrine of Pakistan or Indian partition, seemed unwilling to leave the question of membership in the proposed Indian Union to popular sentiment, even in the provinces with Moslem majorities, but suggested instead that provincial boundaries be redrawn. The objections of the All-India Congress went still further to the heart of the matter. In trenchant form, the party of Nehru and Gandhi laid down the already anticipated bases of its definitive refusal.

First of all, in the interim period before the end of the war, when the British constitutional plan would go into effect, the Congress found that British control over defense would make of Indian self-government "a farce and nullity," since defense would cover "almost every sphere of life and administration." Second, under the Cripps plan, the native states would remain as an "enclave" where "foreign authority" would still prevail.

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Finally, the recognition of Moslem separation would prove an "apple of discord" in the new India.

Cripps' Counterblast

Cripps himself countered with a blast against the "critical and unconstructive attitude" with which Nationalist leaders had met his plan. A real Indian ministry, as proposed by the Congress, would, he maintained, "constitute an absolute dictatorship" of the Hindu majority, answerable only to party chiefs. A weary Sir Stafford was apparently laying the blame for the failure of conciliation squarely on the shoulders of Indian Nationalist leaders. In this he seems to have represented the feelings of the average Britisher, whom a despatch from London has pictured as skeptical of the success of Cripps' mission from the start and uninformed as to the basis of Indian intransigence.

Somewhat later, Cripps denied that the United States had played any significant part in the negotiations. On this one point, he was apparently in agreement with Indian leaders. A press report from New Delhi suggests that the latter have been profoundly irritated by impatient and uninformed American newspaper comment, and by the predominant role assigned to Louis Johnson, the President's personal representative in India, as the *deus ex machina* of the whole transaction.

Fundamentally, India still seemed unconvinced of Britain's magnanimous intentions. After the collapse of the negotiations with Cripps, Pandit Nehru summarized Indian public opinion with ominous candor: "The fundamental factor today is dislike of the British Government." Pledging that his country would not "embarrass" Britain's war effort, Nehru called on all Indians to rise in defense of their land—implying, apparently, that the new situation made India rather than Britain primarily responsible for its own salvation.

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Japanese Alternatives

In the opinion of a close observer of the Indian scene, however, the failure of the Cripps mission will make little difference in the conduct of India's defense. That is largely a professional matter, in which the chief factors are the apathy of a great part of the population, an acute shortage of equipment, and practically no time for improvising new divisions. Last week the Japanese were keeping the Allies guessing as to where they would strike next on India's long and vulnerable coast.

The sinking of two British heavy cruisers and the aircraft carrier *Hermes* apparently indicated fairly complete air supremacy over the Bay of Bengal—and the formidable strength of the Japanese fleet in Indian waters (including, on Mr. Churchill's estimate, at least three battleships and five aircraft carriers) suggested some sort of major offensive. Apparently the inhabitants of Madras, about a fifth of whom are reported to have fled to the interior, feared that their city might be the next Japanese objective. Strategic considerations pointed to Ceylon and Bengal, however, as more likely to be attacked.

The air assaults on Trincomalee and Colombo have already indicated Japanese interest in Ceylon, British fleet headquarters and pivot of Indian Ocean defense. Prime Minister Churchill has suggested its limitations as a naval base—at least in comparison with Singapore. Nevertheless, a Japanese attack here—probably in the form of naval action followed up by troop landings—would constitute a major assault against a main center of British resistance. Hence some observers think it more likely that such an assault would be preceded by an attack on the rich and vulnerable province of Bengal, precipitating panic and economic disorder in that area.

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The Calcutta Area

Bengal would appear to be an almost ideal objective for a raid or a troop landing. The British have anticipated an attack on Calcutta from the east just as little as they previously reckoned on a land offensive against Singapore. As a result, they have left the coast defenses of this area weak, and in the past they have never garrisoned or trained any considerable number of troops in Bengal (see *The War This Week*, February 19-26, pp. 6-7).

Despite its extensive docks and repair facilities, Calcutta's position, far up the winding Hooghly river, makes it a poor naval base. British fleet units defending Bengal would probably operate from Ceylon, while the Japanese would have an excellent anchorage in the Andaman islands. If the latter seized the Burmese port of Akyab (as an erroneous press report announced about a week ago), they would have an air base only a little more than 300 miles from Calcutta.

The port of Calcutta is completely exposed to air attack. Its principal wharves are located in enclosed basins, access to which is through narrow channels. The destruction of a ship or bridge in one or all of the channels would seriously impair Calcutta's usefulness as a port of entry. As a major railway junction for shipments to China, Calcutta would be the logical place for the Japanese to interfere with supplies going in that direction. Furthermore, the industry of the Calcutta area would be extremely vulnerable to bombing attack. The jute mills lining the Hooghly river, the mines and iron works of western Bengal and eastern Bihar, are near enough to the sea to be vulnerable to carrier-borne aircraft. An attack on these latter establishments would go far to paralyze the railways, railway workshops, ordnance factories, shipyards, and engineering shops of Calcutta, which are almost completely dependent on them (see *The War This Week*, February 19-26, pp. 16-17).

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The Population Factor

In Bengal, 60 million people crowd into an area about the size of Kansas. Undernourished and sickly, about 60 per cent are said to suffer from malaria annually. Bitter religious disputes characterize the relations between Moslems and Hindus; the former have a slight numerical preponderance.

Living just at the subsistence level, the inhabitants of the Calcutta area would starve in large numbers if military operations should interfere with their normal production of food, especially rice (1938-39 crop: 7.5 million tons in Bengal alone). Bengal has a huge livestock surplus, but the religious scruples of the Hindu population would prevent the killing of any cattle.

Such considerations indicate that the war morale of the people of Bengal would probably be extremely low. The 563,000 factory workers (80 per cent concentrated in metropolitan Calcutta) would, moreover, form a potentially dangerous element. Observers agree that these workers would be extremely subject to panic in the event of air attack.

The intrigues of the Bose brothers (see *The War This Week*, March 12-19, pp. 9-10) have, moreover, created in India an embryo fifth column. According to a report from London, the grand strategy of their pro-Axis movement is in the hands of Subhas Chandra Bose, who recently broadcast two messages to Sir Stafford Cripps from Berlin. But the actual liaison with the lunatic fringe of Indian leaders, and the tactical execution of the plans formulated in Germany, seem to be in the hands of Ras Behari Bose, now resident in Japan. The technique of the Bose brothers is apparently a clever mixture of sensationalism and confusion, as revealed in the recent contradictory reports of Subhas' death in an airplane crash in Japan, just on the eve of his second broadcast from Berlin.

The Japanese Press Forward in Burma

The Japanese drive in Central Burma has been gathering intensity, and both Chinese and British defenders have again been pushed northward toward Mandalay. Chungking news despatches report strong Japanese reinforcements en route to Burma and the opening of a new front on the Shan plateau designed to cut the Mandalay-Lashio railway far above the present battle areas. The situation in Burma is admittedly most critical, and the outcome of the campaign there will probably depend above all on the rapidity with which Allied air reinforcements can be sent, in the view of close observers of the scene. One London commentary is reported to have gone so far as to characterize the campaign now as little more than a stubborn rearguard action designed to give India time to prepare for invasion.

In the Irrawaddy Valley sector, held by the British, the Japanese were reported to be within a few miles of Magwo, gateway to the oil region (see map on inside of back cover). In this area also, a heavy attack southwest of Taungdwingyi apparently was aimed at disrupting British and Chinese communications across the low-lying Pegu hills and at separating the two Allied forces. After having been attacked from three sides at Yedashe, the Chinese were reported to have fallen back 22 miles along the Mandalay road. One reason for this retirement, according to reports from the Chinese front, was the necessity of maintaining a line generally east of the British. The map makes clear the difficult tactical problem which faces both Chinese and British forces in maintaining secure communication lines across the Pegu hills.

The new drive across the Shan plateau, reported in news despatches from Chungking, may constitute a formidable threat to the whole Allied position in Burma. Originating

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on the northern Thai border, it apparently is designed to utilize the fair-weather road between the border and Keng Tung on the Shan plateau before the rainy season begins, then take advantage of an all-weather road, toward Hsipaw, on the Mandalay-Lashio rail line. If this rail line were cut, Chinese forces in the Sittang River sector would be separated from those on the Shan plateau and in fact from Chungking itself.

The recent lull in the activities of the AVG (attributed by a military spokesman in New Delhi to lack of ammunition and other supplies) was broken when members of that unit shot down 18 enemy planes in two days of fighting, but the Japanese continued intensive air activity in support of their advancing troops. In Burma and the Bay of Bengal area generally, the air strength of the Japanese, including aircraft on carriers, is now placed by military observers at 700 planes—a considerable increase over former estimates.

Operations on the Salween River near Mawchi remained on a small scale, although Japanese troops were said to have occupied this tin and tungsten center. Military observers anticipated no large-scale offensives in this area, either by the Chinese or their opponents. Meanwhile, Generalissimo Chiang Kai-shek has visited the Burmese front, where he is reliably reported to have conferred with Allied military officials regarding a united command in Burma.

Topography and Strategy in Burma

The peculiar topographic features of Burma are significant conditioning factors in the strategy of the Japanese. Shielded on the Indian frontier by the great Arakan Yoma range, whose peaks rise in some places to 10,000 feet, and on the east by the Shan plateau, the rich central basin provides a compact but deceptive battleground. The two "corridors,"

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separated by the Pegu hills, offer natural advantages for defense by separate forces. But the Pegu hills are not impassable—a fact which might readily lead to a Napoleonic strategy of mountain fighting, aiming to subdue the defenders in detail.

A glance at the map will show, however, the improbability of such a venture as that predicted by some newspaper accounts—a landing at Akyab designed to "outflank" the British from the west. While a landing at Akyab to seize the airfield located there is not at all improbable, an attempt to outflank the British by a movement of troops across the formidable Arakan Yoma range is thought by observers to be highly unlikely.

The Coming Rainy Season in Burma

Weather also is an important factor in the Burma fighting, but perhaps not so important as is popularly supposed. The Southwest Monsoon movement of humid air from the Indian Ocean to the land normally begins to develop in May and early June, but heavy rains generally do not break until about the end of May, according to data supplied by the Geographic Division of the Coordinator's office. The exposed Arakan district, around Akyab, is subject to very heavy rains. The central basin area around Mandalay, however, lying in the lee of the Arakan Yoma range, receives considerably less rain and in fact is characterized as a "dry" belt. The highlands of the Shan plateau also are relatively dry. The fighting in central Burma already is moving beyond the southern delta region where floods would be a more serious handicap to military movement.

Nevertheless, the rivers in central Burma are considerably extended during the rainy season, owing to drainage from the mountains. One observer has noted that at Bhamo the

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Irrawaddy river changes from a shallow stream strewn with sandbanks to a river two miles wide. But he also notes that it is during the rainy season that the Irrawaddy becomes most navigable. The number of rainy days increases in May and June, averaging from five to ten per month in the Mandalay basin, but this is hardly more than the normal number of rainy days during the same months in areas with comparatively dry climates. The evidence available in fact indicates that at no time during the rainy season, which lasts into October, would weather alone bring about any considerable cessation of military operations in central Burma.

The Isolation of China

The establishment of a defensive line running from the Andaman Islands in the Bay of Bengal, through Akyab, Kalewa, and Bhamo, is thought by some observers to be the present objective of the Japanese in the Burma campaign. With alternative routes from India to China in their present incipient stage, it would hardly be necessary to extend the line farther north than Bhamo to intercept traffic for the Burma Road. Myitkyina (north of Bhamo and not shown on the map) might become an objective, if construction on a proposed northern route from Ledo were to be completed (see *The War This Week*, February 12-19, pp. 5-6). At present, however, if the Japanese succeed in capturing the rail center at Mandalay, land routes to China via Burma will for all practical purposes cease to exist.

The proposed Ledo-Myitkyina route in the north appears to have been traversed by jeep trucks and might be useful as a fair-weather road if it could be treated with crude oil from the Burma oil fields. Even so, its chief utility would be as a supply route to the defenders of northern Burma, if only because of the gasoline factor. The oil fields and refinery at

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Digboi in Assam probably could supply a service of 400-500 jeeps running into Upper Burma, but the loss of Burmese oil fields and refineries will seriously handicap traffic from northern Burma to China.

The Oil of Burma

The advance of the Japanese in the Irrawaddy valley has put them within reach of the two most important oil fields between the Netherlands East Indies and the Middle East—Singu and Yenangyuang (see map). The oil fields of Burma altogether have an annual average production totaling slightly over 1,000,000 metric tons, of which nearly 90 per cent is produced by these two fields. By capturing the refineries at Syriam, near Rangoon, to which oil had been piped and transported by barge from the fields in central Burma, the Japanese already have virtually nullified the effectiveness of Burmese oil production for the Allies, although a few diminutive refineries are located near the producing areas and might conceivably still be in use.

Russian Route to China

Faced with the possible loss of supply routes from India, the Chinese have begun more intensive diplomatic exploration of the possibilities of a new route through Iran and Turkestan. Last summer, however, the former Russian supply route to China was delivering only some 50 tons a day in Chungking, roughly one-tenth the amount which has since been reaching Kunming over the Burma Road, according to an American observer. Even on the assumption that the Russian authorities could and would cooperate, routes through Central Asia are very long and very costly. The exploration of supply possibilities via these back-door routes to China

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is interpreted by one observer to be more of a gesture of Chinese determination than anything else—coming as it does after the successive closures of more practicable routes.

Civilian Exhaustion in Free China

Three Americans who have recently returned after considerable first-hand observation in Free China are unanimous in pointing out that, although the farming population is no worse off than usual, the professional classes are suffering seriously from poverty and malnutrition.

In addition, it is said that after five years, Free China as a whole is definitely incapable of taking the offensive. Our chief objective, according to these observers, should therefore be to keep China in the war, rather than to aim at obtaining her vigorous assistance. Concentrated pharmaceutical products might thus be just as important in the maintenance of Free China as artillery and munitions.

Resistance in Manila Bay

The defense of Corregidor and its auxiliary forts at the entrance of Manila Bay will continue, according to a message by General Wainwright to his troops, "with all the resources at our command." From bases in Australia, a 4,000-mile bombing attack on Japanese positions in the Philippines has given Wainwright's statement sensational punctuation.

After the fall of Bataan, the Navy had announced that "most" of an estimated 3,500 sailors and marines had escaped to Corregidor. Under continuous air and artillery attack, with as many as 22 raids in two days, Corregidor appeared still to be able to return the enemy's fire, although the Japanese have claimed that the guns on the north side of the island have been silenced.

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Resistance also appears to be continuing on Cebu, where early in the week the Japanese landed an estimated 12,000 troops at six beachheads on the island. Some observers anticipated that further attempts to extend control over the southern and central islands of the Philippines would be made by the Japanese with troops freed after the fall of Bataan.

Reaction to the Fall of Bataan

Axis propagandists, including the Japanese, have made almost no capital out of the fall of Bataan. Tokyo radio beamed an alibi to India: the Japanese did not wish to inflict heavy slaughter on the Filipinos. Berlin radio sympathized with the "poor doughboys," taking it as another occasion to attack American leaders, but making no disparaging references to the fighting.

The British press joined in tribute to the defenders, ranking the defense of Bataan with the long-drawn-out resistance of Malta, Tobruk, and Sevastopol. Pro-Ally journalists in neutral Turkey blamed the defeat upon the exhaustion of men and supplies only, and found in the ardent fighting of the Filipinos the fruits of an enlightened colonial policy. In Tangier, too, the press pointed particularly to the Filipinos who "fought violently" alongside the Americans.

Resumption of Activity on New Guinea

Japanese land forces, operating from their base at Lae on the Huon Gulf, appear again to have begun an advance up the Markham Valley, after having been driven back to their coastal bases some weeks ago by torrential rains. No contacts between ground troops of the United Nations and the Japanese have been reported on New Guinea since the initial Japanese landings at Lae and Salamaua on March 8.

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The air duel between Allied fliers and the Japanese in Australasia continues daily, with heavy and successful attacks particularly on the important Japanese bases at Rabaul, New Britain, Koepang in Dutch Timor, and Lae. A direct hit on an aircraft carrier at Rabaul has been officially confirmed. Two Japanese carriers are believed to be operating in this vicinity.

The Japanese have again bombed Tulagi and Gavutu islands in the Solomons. It is reported also that they are building a small base for submarines at the mouth of the Warongai River in New Britain. Japanese raids on Port Moresby and Port Darwin are less frequent, although the most recent figures on Japanese air strength in this area indicate that it has been maintained at about 650 operational planes.

Quiet in Eastern Siberia

With the virtual end of the spring period of favorable weather for a Siberian blitzkrieg, quiet continued to reign in that theatre. As the ice breaks up on the frontier rivers (usually beginning about April 20), the latter again become barriers with gunboat patrols, and the bordering alluvial areas become so swampy as to prevent military operations on any large scale. There are a few places devoid of alluvium, which should dry up early in May, but Russian defense of these small sectors should be relatively easy (see *The War This Week*, March 12-19, pp. 21-22).

Complimentary statements by General Tatekawa, the retiring Japanese ambassador to Russia, are being broadcast currently from Tokyo concerning Russian efficiency and amicable relations with Japan. But the Hsinking radio in Manchuria, which has often (as before the outbreak of the Pacific War) foreshadowed Japanese policy, warned that

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Japan and Russia may clash as a result of Anglo-American intrigues. Various important Japanese have recently been recalled to Japan for conferences, including General Akamato, an expert on the border defenses of Manchuria, and the military attaché to Russia with all his staff. And it is just reported that Tatekawa has secretly been appointed advisor on Russian military strategy to the Manchukuo Army. It may also be significant that Japanese broadcasts are beginning to contain opprobrious allusions to communist activities in several strategic Asiatic countries.

Collaboration Wins the Day at Vichy

With the return of Laval as Vice President of the Council at Vichy, the Germans have apparently won a clear-cut victory, although its precise character will not be known until Laval returns from his negotiations with the Nazis in Paris. It is expected that he will then form his government and clarify the important issue as to what the future position of the Marshal is to be.

Meanwhile Pétain has agreed that Laval shall not only be Vice President of the Council but that he shall hold the four key portfolios of Foreign Affairs, Interior, Propaganda and Information, and National Economy. Darlan, it is announced, is to continue in the post of Minister of National Defense. Although Otto Abetz, German Ambassador to Paris, was reported at one time to have expressed Berlin's displeasure at having Laval as the French champion of "collaboration," the latter has obviously been chosen again by the Germans to force the issue at Vichy and to remove American influence and sympathy with the Allies from places of importance around Marshal Pétain.

Probably taking his cue from Laval himself, the collaborationist oracle Jean Luchaire, director of the German controlled

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Nouvelles Temps in Paris, declared on April 7 that French "neutrality" is not neutrality at all but in reality a tacit alliance between Vichy and Washington. Luchaire also pointed out that the "new government will conduct the affairs of France in such a way that she may take her rightful place in the new European order and derive appropriate benefits from this European collaboration." As an indication of what changes this "new conduct of the affairs of France" may bring in the French domestic scene is the announcement that the Riom trial has been suspended; its scope may be broadened so that future proceedings may include "political and military mistakes which led to war and defeat."

The full significance of Laval's advent to power must await the commentary of events. Speculation at once suggested the dangerous possibility of fleet cooperation and the surrender of French base facilities. Certain observers believe that the Germans are seeking to protect their rear against the danger of invasion at a moment when they are about to renew the eastern offensive, and one press report declares that Laval will function as "civil supervisor of all France," perhaps even leaving strictly "military supervision" to the Germans. In this connection it is to be noted, however, that the Germans already control the north and west French littoral, and that only German troops could be relied upon to repel an Allied invasion attempt on this area. The Nazis must also face the danger that a violent swing to collaborationism may alienate large numbers of the French people and increase the probability of sabotage and active aid to a possible invading force.

From North Africa comes a report that Doriot's *Parti Populaire Français* has received 80,000,000 francs from the Nazis which it is to use in propagandizing North Africa in favor of Nazism. At the same time there is a report to the effect that Laval has recently announced that, should he be

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returned to power, he would fight to get back for Vichy the Free French colonies, presumably in Africa and the Pacific. There are also reliable reports of increasing tension in Morocco with certain military precautions being taken by the French—in apprehension, it is reported, of what the British may do. Simultaneously highly placed French officials in North Africa continue to urge that America make economic aid available to that region at a time when economic stringency is reported to be grave.

An Axis Squeeze Play?

As Vichy gravitated toward the Axis, the fast battleships *Dunkerque* and *Strasbourg*, now reunited at Toulon, were the chief stakes in the risky game of Mediterranean naval balance. If these and other units of the French navy were suddenly to pass under Axis control, the British would face a significantly strengthened naval force in that area just at the time when the defense of India may demand naval reinforcement in the East.

The sinking of the Italian heavy cruiser *Trento* by a British submarine, plus the report that both of the two new Italian battleships were under repair at Taranto, indicated that the naval balance in the Mediterranean had improved somewhat, and that the Italians might not be able to contribute very significantly to any contemplated squeeze play. A recently compiled list of Italian sinkings reveals that since the start of the war Italy has lost perhaps 44 per cent of her merchant shipping, about half her submarines, more than one-third of her destroyers, and about a third of her light cruisers. Although the British have sunk none of the six Italian battleships, only the three old vessels *Giulio Cesare*, *Caio Duilio*, and *Andrea Doria* are apparently now fit for service. Of the seven heavy cruisers with which Italy

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entered the war, the *Zara*, *Polo*, and *Fiume* were lost at Cape Matapan, and the *Gorizia* went down at Messina. With the recent loss of the *Trento*, then, the Italians have left only the *Bolsano* and the *Trieste*, at least one of which is now under repair.

Action in Malta and Libya

Last week Malta withstood its worst bombing thus far. Evidently the Axis was meeting with some success in neutralizing the fortress lying athwart its supply lines to Libya. But it was at heavy cost: somewhere between five and ten per cent of the 100 to 200 planes that flew over the island daily were reported lost. Airmen generally consider ten per cent losses as an uneconomic wastage of air strength. And at a time when the RAF has launched a major offensive against industrial centers in northern France and Germany, and when the Nazis are apparently preparing for a spring push in Russia, the losses over Malta may make themselves felt in other theaters of the war.

The Flow of Lend-lease Goods to Russia

On all except the northern sector of the Russian front the spring thaw had apparently stalled both Soviet and Nazi armies last week. There was marked activity in the Lake Ilmen area alone, where the Germans admitted a Russian break-through. But they added that they had cut the supply lines of the Soviet advance detachment, leaving them isolated and without reinforcements.

As the zero hour of the anticipated German spring offensive drew near, the lend-lease shipping lane to Murmanak was again the focus of Allied interest. The Germans claimed that they had set fire to two merchant ships and damaged a

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third on this run. Press reports from Stockholm, however, announced that another Allied convoy had reached Murmanak in safety. S. A. Lozovsky, Soviet vice-commissar for foreign affairs, declared that "all sorts" of war materials were now reaching Russia from the United States. And Admiral Standley, on his arrival at Kuibyshev to assume his functions as American Ambassador, predicted that the current month would see the flow of goods from the United States at last equaling American commitments.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE April 16, 1942

TO Secretary Morgenthau
FROM Mr. Kamarck
Subject: Military Report: British and American Military Survey

Far East

The United States has 500 planes and 30,000 men in Australia. The total Allied armed forces in Australia, at present, come to around 200,000.

The Japanese are in control of Cebu Island in the Philippines. The loss of Cebu is fairly important since it was used as a way station between Corregidor and Australia. The army still has no news of the fate meted out to the Bataan defenders by the Japanese.

The situation in Burma appears to be deteriorating. Both the British and the Chinese are suffering from almost total lack of air support.

A large British convoy of troops and supplies arrived in Bombay, India on April 9.

(Military Intelligence - April 15, 1942; U.K. Operations Report, April 2 - 9, 1942)

Russia

According to information which our army has received, the Germans are asking the Japanese to attack Siberia on June 15. There is no indication whether the Japanese have agreed.

Germany continues to marshal her forces against Russia. In addition to mobilizing the bulk of her surface fleet and a large number of bombers against the northern supply route to Russia, a concentration of U-boats is being built up off Norway.

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German armored divisions on the Russo-German front have been increased from 21 to at least 23 divisions. (The Germans, therefore, have at least 15,000 tanks at the front, without counting any reserves in Germany. This agrees with the estimate made by U.S. Military Intelligence.)

About 2,000 German first-line aircraft are now at the front. This is to be compared with about 1,600 at the beginning of the year (and 2,500 in June of 1941). Most of the recent reinforcements are units which have returned after a rest period for overhauling, following their efforts at the end of 1941.

The thaw is likely to affect the German airdromes and the serviceability of units on the Russian front remains low. Consequently, the effectiveness of this force is likely to be somewhat less than the normal average of the German air force.

That the Germans are not yet ready to start their offensive against the Russians is indicated by the fact that they are still interchanging infantry divisions between Russia and France, bringing up the troops which have rested during the winter, and sending the others to France for rest.

(U.K. Operations Report + April 2 - 9, 1942)

The following is the present strength of the German allies on the Russian front:

Finns	-	16	divisions
Romanians	-	6	"
Italians	-	4	"
Slovaks	-	2	"

(Military Intelligence - April 15, 1942)

Mediterranean

The British do not believe that the Axis is ready for an offensive in Libya. The British still have air superiority and have about 600 tanks compared to 400 tanks for the Axis. The British themselves, however, will not be ready for an offensive before the middle of May or June.

(Military Intelligence - April 15, 1942)

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 17, 1942

The Secretary of the Treasury, by this public notice, invites tenders for \$150,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated April 22, 1942, and will mature July 22, 1942, when the face amount will be payable without interest. * They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern war time, Monday, April 20, 1942. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 10 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on April 22, 1942.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exception, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall

be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

April 17, 1942
8:41 a.m.

HMJr: Hello.

RAYBURN: Henry.

HMJr: Yeah.

R: That thing changed in the House about three times yesterday.

HMJr: I see.

R: They're all together on eliminating the whole thing, and, then they had another meeting yesterday morning.

HMJr: Yeah.

R: And the Republicans are all for the retaining of something.

HMJr: Yeah.

R: And then they had a meeting yesterday afternoon and all the House committee is back in favor of eliminating it all.

HMJr: Good.

R: So, now I haven't got much influence in the Senate, you know -

HMJr: I don't believe that.

R: But, that's where you got to work. Cannon and McCormack came by to see me yesterday afternoon late, you know -

HMJr: Yeah.

R: And, that's the situation Cannon says, so now I don't know - McKeller hasn't said anything yet - he's one of these fellows that - it's his amendment I understand, wasn't it?

HMJr: He's one of the what?

R: Wasn't the amendment his?

HMJr: Yeah, I think so.

- R: I think so. Well now, you and the Boss can work on the Senate, but our crowd's all right, both sides - Republicans and Democrats.
- HMJr: Republicans and Democrats?
- R: Yeah, that's what Kenneth told me yesterday afternoon at six-thirty.
- HMJr: The trouble is, I don't believe Barkley's in town.
- R: I don't think he is. I told Cannon this -
- HMJr: Yeah.
- R: He was all in a jitter about it - I said, "Well, hell, just go over there" and he said, "Well, what are we going to do at the meeting?" and I said, "Just go over there and sit there awhile and get up and leave".
- HMJr: Yeah.
- R: And, this bill doesn't have to come in tomorrow night, and it doesn't have to come in Monday.
- HMJr: Yeah.
- R: With an important thing like this in it, why, let it hang around awhile.
- HMJr: Well, how would it be if I called up McKellar and asked him if I could meet with him and you, and Cannon? Would that be it?
- R: Well, I'm not going to be here after eleven-thirty, Henry.
- HMJr: Well, if I get him at
- R: Yeah, I could be there immediately at ten o'clock, or any time.
- HMJr: What?
- R: I can meet any time with you between now and eleven o'clock.
- HMJr: Oh, isn't that the thing to do?
- R: It might be. I don't know. Now, sometimes those Senators would rather you'd talk to them, separate you know.

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HMJr: I'll - I'll put in a call for him.

R: All right, Henry.

HMJr: And -

R: I'll do anything I can about it ...

HMJr: I can get you either at your home or at the office?

R: Yeah, I'll be, I'll be at the office by ten o'clock, certainly ..

HMJr: How's your cold?

R: Oh, it's some better.

HMJr: Take care of yourself.

R: I'm all right.

HMJr: I'll put in a call right away.

R: Thank you.

April 17, 1942
9:00 a.m.

HMJr: Hello.

Operator: Senator McKellar doesn't answer his apartment, and he hasn't reached the office.

HMJr: Is his secretary there?

Operator: No, his secretary is not there either.

HMJr: Oh, oh.

Operator: They say he usually comes in a few minutes after nine.

HMJr: Well, I'd try it every five minutes.

Operator: Right.

HMJr: And if you get his secretary, I'd like to talk to him or her.

Operator: All right.

HMJr: Please.

April 17, 1942
9:05 a.m.

HMJr: Hello.

Operator: Senator McKellar.

HMJr: Hello.

Senator McKellar: All right, Mr. Secretary.

HMJr: How are you? Henry Morgenthau speaking.

Mc: Yes, sir.

HMJr: Senator - let's see, I want to get my dates straight. Yesterday the President asked me whether, on his behalf, I wouldn't look after this six per cent profits limitation bill.

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Mc: Yes.

HMJr: That is, for this end of the avenue.

Mc: Yes.

HMJr: And I wondered - he - talking for the President - would like to see it dropped out and handled in the tax bill. Hello.

Mc: Yes.

HMJr: Now, what, if anything, can I do to be helpful?

Mc: Well, I tell you what we did. You remember the House put in the provision of the six per cent limitation on profits.

HMJr: Yes, I do.

Mc: Well, that was not a workable measure.

HMJr: Yes.

Mc: And so when the bill came over to the Senate, I took it up with the War Department, the Navy Department, and the Shipping and the Marine - Merchant Marine.

HMJr: Yeah.

Mc: Not the Merchant Marine - what do they call it? The Maritime Commission.

HMJr: Yes.

Mc: The Maritime Commission.

HMJr: . Yes, sir.

Mc: And asked them to go into it very carefully and say whether they wanted that and if they didn't want that, would they prepare a substitute for it.

HMJr: Yes.

Mc: Now, they acted very fine in the matter. They

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said that they knew that this matter ought to be corrected, and they thought that they could - they stated at the time that they thought they could correct it themselves.....

HMJr:

Yeah.

Mc:

.....but that it would be better to - they thought that while it would be better, they then prepared a section in its place.....

HMJr:

Yes.

Mc:

.....that said that they could work and it wouldn't interfere with their work and it wouldn't stop production in any way, or would not slow down production in any way.....

HMJr:

Yeah.

Mc:

.....as they thought.

HMJr:

Yeah.

Mc:

They worked on it for quite a while, maybe for a week, and they brought us - they all testified before the committee and brought us this copy of what they thought would be workable, and the Senate adopted it and then went one step further and adopted Senator Thomas' provision - section - he had a section called F. The Senate committee adopted Senator Thomas' Section F, which provided a sliding scale of profits, from two to ten per cent.

HMJr:

Yes.

Mc:

Well, the Department was very much opposed to that - all three Departments were very much opposed to that.

HMJr:

Yes.

Mc:

And that went out in the Senate.

HMJr:

Yes.

Mc:

And leaving the amendment, with some minor corrections that didn't amount to anything one way

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or the other, just as the three Departments had prepared it and brought it to the Senate.

HMJr: Yeah.

Mc: Now, since it passed.....

HMJr: Yeah.

Mc:the three Departments have taken it again and they made some other minor amendments, and yesterday when it came up for hearing, the House felt that it would be better not to take any - have any legislation at all, and the Senate conferees unanimously disagreed with that.....

HMJr: Yeah.

Mc:and there it remains today and will have to be threshed out today. As I look at it, Mr. Secretary, the provisions that the Departments themselves prepared would seem to me to be very proper, and should aid them tremendously in preventing the large profits that have been sort of a scandal in the newspapers and it would be better for us to go ahead and adopt them. That's the way I feel about it.....

HMJr: Well.....

Mc:and that's the way our committee feels about it.

HMJr: Because I've been, for over two years, talking about "take the profits out of war."

Mc: Sure.

HMJr: So - and I - and, of course, we feel.....

Mc: I think it's along the general lines that you and I believe in, and I don't think it will hurt - they say that it won't hurt production - and I'm sure it won't hurt production. Now, it's true that all three Departments say they could do this very thing all by themselves. Well, they might, but I think it would be better for them to have this provision that

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they themselves have written.

HMJr: Well, I have twice met with the three Departments, and.....

Mc: Do you have an appointment with them?

HMJr: What?

Mc: Do you say you have an appointment with them?

HMJr: No, I met with them the last two days.

Mc: Oh, you met with them several days, so you know their position.

HMJr: Yes, I know their position.

Mc: Well, I've stated it correctly, I think.

HMJr: Oh, yes.

Mc: Yes.

HMJr: Now, could I just ask this.

Mc: Yeah.

HMJr: I've been in touch with the Speaker this morning and yesterday.

Mc: Yes, sir.

HMJr: And I'd like a little advice from you.

Mc: Yes, sir.

HMJr: But I don't know how to proceed. He's leaving town at eleven-thirty this morning.

Mc: Yes.

HMJr: And I wondered if you thought it would be at all helpful if you and the Speaker and the Under Secretary of War and Navy and I could sit down any time now and have a little chat.

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Mc: I have no objection to it at all.

HMJr: Do you think that would be helpful?

Mc: Well, I don't know. The Senate committee has pretty well made up its mind, but I'll be glad to do it.

HMJr: Well, the House side seems to have also, and I had a new suggestion which I thought might possibly break the log jam.

Mc: Well, now, when do you want us to meet?

HMJr: Well, I - that's up to you, sir. I can get our end of the people to come anywhere that is agreeable to you and the Speaker.

Mc: Well, whatever he says about it.

HMJr: Well, he.....

Mc: Will it meet in his office, or will it meet in your office?

HMJr: No. Would it all.....

Mc: The Appropriations Committee Room - the Senate Appropriations Committee Room - anywhere you say.

HMJr: Well.....

Mc: I think it would probably be better in his office or my office or your office.

HMJr: Well, my office - I don't - I'll - we'll come up there.

Mc: All right.

HMJr: You name the place, and I'll get our people.

Mc: I'd rather yield to the Speaker on that, and we'll either meet in his office or mine.

HMJr: He said he'd be at his office at ten, he'd be available.

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Mc: All right. We'll go there, then.
HMJr: Ten o'clock?
Mc: That will be all right with me.
HMJr: At his office.
Mc: Yes, sir.
HMJr: And I'll bring these other two gentlemen with me.
Mc: All right.
HMJr: Is that all right?
Mc: Yes.
HMJr: Thank you so much.

April 17, 1942
9:15 a.m.

HMJr: Hello.

Operator: Speaker Rayburn.

HMJr: Sem.

Speaker
Rayburn: Yes, Henry.

HMJr: McKellar will be at your office at ten o'clock.

R: I'll be there.

HMJr: And I'm bringing Patterson and Forrestal with me.

R: That'll be fine.

HMJr: We'll be there at ten.

R: I'll be there.

HMJr: He was very nice about it, but - as to where to meet, but he's adamant about the other thing.

R: I see. Well, we'll see what we can do with him.

HMJr: What?

R: We'll see what we can do with him.

HMJr: Right.

R: All right, Henry.

HMJr: Ten o'clock.

R: All right.

HMJr: Thank you.

April 17, 1942
9:18 a.m.

Robert
Patterson: Yes.

HMJr: Sam Rayburn called me at eight-thirty this morning and said that they were absolutely in a log jam. The House wants to kick it out, and McKellar doesn't. Hello.

P: Yeah.

HMJr: And I've arranged at Sam Rayburn's office at ten o'clock a meeting with Rayburn, McKellar, you, Forrestal, and I.

P: Yeah. What - at Rayburn's office?

HMJr: Ten o'clock.

P: Rayburn's.

HMJr: Speaker of the House.

P: Speaker Rayburn.

HMJr: Speaker of the House.

P: Yeah. I'll be there.

HMJr: Ten o'clock.

P: Thank you, Henry.

HMJr: Thank you.

P: I'll be there.

April 17, 1942
9:20 a.m.

HMJr: Hello.

Operator: Forrestal.

HMJr: Jim.

James V.
Forrestal: Yes, Henry.

HMJr: Good morning.

F: Good morning, Henry.

HMJr: Sam Rayburn called me at eight-thirty this morning on this six per cent thing. He said that they've got it licked in the House, but not in the Senate, and I had to help. Hello.

F: Yes.

HMJr: I just got through with a long talk with McKeller.

F: Yes.

HMJr: And he's adamant, but he's agreed to meet us at the Speaker's room at ten o'clock this morning.

F: Yes.

HMJr: And I'd like you and Patterson to accompany me.

F: Sure.

HMJr: Patterson's agreed.

F: At the Speaker's room of the House?

HMJr: At ten o'clock.

F: Sam Rayburn's room.

HMJr: That's right.

F: Okay. And incidentally, Henry, Taft said to

- 2 -

me that from the Republican side, that the Senate would have no trouble in beating McKellar's amendment.

HMJr: Good.

F: And he said that the - what McKellar did was to tell us that this or worse would go through and Taft believes that is not sound information.

HMJr: Well, now, what I'm going to do is, as long as the President's given it to me and as long as I know that Frank Knox and you, as I gather, are with me.....

F: Yes.

HMJr:I'm going to use my own bean, if I get - about telling him we're going to have this stuff Tuesday.

F: Yes.

HMJr: Because I understood that you were with me on that.

F: On the use of this - these figures.

HMJr: Yes.

F: Yes, provided, Henry, you take a look before you show him, to see - in other words, to see what the effect is - is it good enough.

HMJr: Well, if it isn't, we'll promise to make it good enough.

F: Yeah. Well, that's the answer.

HMJr: But Frank Knox spoke to me about it last night, because when I had luncheon I gathered that he was definitely in my corner.

F: Oh, there's no question about that.

HMJr: And - but I'm not going to use that unless I find we're licked, and then I'm going to

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say, "Well, won't you wait until Tuesday so we can all take a look at these figures."

F: Yeah.

HMJr: See?

F: Yeah.

HMJr: And then if the figures - if we find that the present tax bill doesn't do the job, we'll tighten it up.

F: Okay. Have these other fellows been at - Eccles and so forth - have they been doing any gum-shoe work, do you think?

HMJr: You're so suspicious. Eccles always works out in the open.

F: Yeah. (Laughs)

HMJr: Okay.

F: All right, Henry. I'll see you there.

HMJr: Thank you.

F: (Laughs) All right.

HMJr: (Laughs) All right.

April 17, 1942
9:30 a.m.

HMJr: Hello.

DOUGHTON: All right, Henry, how are you?

HMJr: Fine. That was mighty nice of you to let us come up there yesterday.

D: Well, it was a great day. It was fine for you to come. It was the most helpful session and hearing that we've had, I think, and made the finest impression; and I want to say another thing, that I'm so glad that you and I are in harmony so far as - in agreement - so far as falling back and increasing the amount of the tax bill now, trying to raise it about twice that much - about as much again

HMJr: Yeah.

D: to please Henderson and Eccles, and Smith and that crowd -

HMJr: That's right.

D: Or about this question of - other question of selling bonds. Why, I know you're right on both questions. And I'm so glad that our views are together, and the President's just falling right in line, as fine as - just in the finest disposition - just as fine as you ever saw, you know.

HMJr: Well, it's mighty nice, and these boys ought to tend to their own backyard.

D: Well, that's exactly what I say. That's what I told our folks up here. I said if Henderson wants anything more of our Committee, he should not go around there and involve - to our back - and try to get the President to jump in on something of the President's - the Secretary's always recommended and we've started out on.

HMJr: Yeah.

D: But if they've got something that they want us to know, come straight up here and tell us before the Committee, not go into - not go into - and try to hit us in the back.

HMJr: Well, I think we've taught them a lesson, Bob, with your help.

- 2 -

- D: Well, I thank you - well, I tell you, I never had a more satisfactory or pleasant conversation with anybody than I had with the President the other day.
- HMJr: Well, that's mighty nice.
- D: Just fine, and I'm trying my best to work along with you in a way that we won't just jog down one road a piece and then turn right around and back our cart and go some other way.
- HMJr: That's right.
- D: I congratulate you, because you certainly have rendered a great service and it's so fine we can work together that way.
- HMJr: Well, that's the way I like it, Bob.
- D: Yeah, well, that's the way I like it too.
- HMJr: Now Bob - I need a little help. I don't know whether they're going to advertise it, but I'm meeting McKellar in the Speaker's Room at ten o'clock on this six per cent bill, and I'm trying to kill it and throw it into your Committee, you see. Hello?
- D: I hear you - I'm here, but I didn't get just what you meant.
- HMJr: Well, I meant this way -
- D: You're meeting McKellar in the Speaker's Room at what time?
- HMJr: Ten o'clock.
- D: Ten o'clock.
- HMJr: And I'm - I'm going to have to have Paul with me. Do you think you could spare him for half an hour?
- D: Yeah, let him come in later and I'll put some other - somebody else on the stand. I think Clay Williams is here to discuss the tobacco tax.
- HMJr: I see. Well, he won't be more than half an hour over there.
- D: Well, he can come out and sit around with me and we may not put him on until the middle of the afternoon -

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you can't tell - it'll be perfectly all right.

HMJr: Well, if that's all right, because the President asked me to step into this thing and he wants this thing killed, and he wants it to be handled through the tax bill.

D: Well, all right.

HMJr: See?

D: All right.

HMJr: So - now the House are with us but the Senate is not.

D: The Senate wants to lead off into another direction, does it?

HMJr: Yeah. And -

D: Well, you send Paul on up there and whenever he gets through, then he can come on over and be at our - whenever we need to call him.

HMJr: Thank you.

D: Yeah.

HMJr: Thank you.

D: And I want to thank you again for that splendid presentation. It was just the very thing that we needed - seems to me like - and I think it'll have an excellent effect on the country. I think it was just fine.

HMJr: Good. O.K., Bob.

D: All right, I'm going to run down home tonight - be back by Monday or Tuesday, so call me whenever you need me in anywhere, where I can pull or pounce.

HMJr: O.K.

D: Thank you - good-bye.

April 17, 1942.

Mr. Graves, Kuhn and Odegard
Secretary Morgenthau

I think from now on all our copy should include something about saving - be careful how we spend our money - and not to hoard. I wish you would talk to me about that at our meeting at 11 o'clock today.

April 17, 1942

Harold Graves

Secretary Morgenthau

At the 11 o'clock meeting, I understand they are going to submit some new copy on advertising to me. I want your five section heads there plus Odegard, Kuhn, Ted Gamble and Mr. Weir. After I look at the copy, we will excuse Mr. Weir, and then I want to get down and talk organization to the group. Please submit a list of whom will be there at the 11:00 meeting to Lt. Stephens so that I can make sure the people are coming whom I want.

I hope you will be ready to talk plans with me about the quota for May and June and how we are going to proceed.

Also bring up the question of an advisory committee from the Chamber of Commerce, NAM and the labor unions. I want to get that appointed just as fast as I can if we decide to go ahead with it.

April 17, 1942
11:25 a.m.

DEFENSE SAVINGS BONDS

Present: Mr. Graves
Mr. Callahan
Mr. Mahan
Mr. Kuhn
Mr. Houghteling
Mr. Gamble
Mr. Sloan
Mr. Odegard
Mr. Weir
Mrs. Klotz

H.M.JR: Let's do this thing first.

MR. GRAVES: The advertisements?

H.M.JR: Yes.

MR. GRAVES: This is just one series of advertisements. It is not by any means a complete set-up of what they are working on.

(Mr. Mahan exhibited a set of advertising posters.)

MR. MAHAN: As Mr. Graves said, Mr. Secretary, this is only part of the program. We will have next week the posters, the promotion motion pictures and all the other promotions that Duffus handles.

Now, the first advertisement is the bridge from the

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cid to the new, bringing back the Minute Man and establishing the fact that the present bonds are War Bonds and are exactly the same as Defense Bonds. "Up to now, Series E, F, and G Bonds issued to you have born the title 'United States Defense Savings Bonds.' Your Government's considerable investment in printing and other materials in connection with these bonds has now largely been used up. These bonds are the same as Defense Bonds. The only change is in the name. As before, these bonds are guaranteed both as to principal and interest by the United States Government. They are the world's safest investment," and so forth.

This introduces a new theme, "Think war, act war, buy United States War Bonds," with the "defense" crossed out and "war" substituted.

Then here, rather than art work and so forth, there is a very direct, straight message as to what the goal is. "Here is America's all-out war program: an overwhelming, fully equipped fighting force, sixty thousand airplanes, forty-four thousand tanks, eight million new tons of naval and supply shipping, a hundred and thirty million war-working citizens, one billion fighting dollars in War Bonds every month."

"What is the price of priceless freedom?"

I will read just a couple of these.

H.M.JR: Yes, because my whole thing - everything has been shot this morning and I am an hour and a half behind time, you see. Where I thought I would have - I have got to boil everything down.

MR. MAHAN: Well, I will run through these quickly. I am merely reading them to give you the tone of it. This is the first one and the goal, which is a billion dollars every month. "Let's not kid ourselves," and there the thought is that we are not sacrificing, we are not giving, we are lending.

"What are you doing about this war?" A very direct

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appeal to the person himself, personalizing the war to the man.

Using here our theme, "It is time to think war, act war, buy War Savings Bonds." "Let's talk about money." "Let's all fight," and again the job that we all have to do as far as the entire program is concerned - "You, too, stand on the firing line." Then, "What your money buys." Here is what the boy himself is doing, the things that he is doing here is what we can do to support him. "They are fighting for independence today."

MR. KUHN: It is the Fourth of July type.

MR. MAHAN: Here is a new series that we will know if we are going to be able to get it. "Mein Kampf or the Holy Bible." It will be an editorial type of thing written by men--

H.M.JR: Let's just start. You are going into something new, you see. I realize it is unfair to give you so little time, but what you have shown me up to now just doesn't mean anything to me. I don't know who did it, and I don't want to know. Up to this point, it just leaves me cold.

MR. GAMBLE: Mr. Secretary, these are all, of course, very rough and the principal reason of bringing them over to show them to you is to tell you what the copy is that is contained in them, the selling copy itself.

H.M.JR: Look, just sit down a minute, Mr. Mahan. I want to really get this because I hope to be back here Monday to help, you see. This doesn't give me what I want at all. Now, I don't want to be too critical, but I don't like the way it is set up. It leaves me absolutely cold. The thing that I would like to get over and would like to see some copy done on is this idea that we have got to - this thing that we wrote for the President. I don't know whether he uses it or not. It is unpatriotic to buy more than you actually need. You shouldn't go out and buy twelve cases of soap, when one cake of soap will do you. You shouldn't go out and buy a lot of things - in the first

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place, against hoarding. The second thing, even buying what you actually need, you have got to school yourself that that isn't enough, and that by conserving your purchasing power, what you would normally spend by conserving that, you are going to help in production and help win the war. And then the money that you accumulate through not spending as much each day as you would normally, you get along with a little less of this and a little less of that, that that money which you save through that self policing, carrying out this voluntary end, that money can be invested in Government bonds. Now, it is in this part we gave the President. I would like Weir to have a copy of it so he can take it home. That is what we hope the President will take. But that is what I would like to get over.

MR. MAHAN: We have worked a great deal of that into this presentation.

MR. KUHN: It is in the copy, Mr. Secretary.

H.M.JR: Well, there is too much here. I haven't got the time. It just doesn't do anything to me and it doesn't make me mad. I mean, the people laughed at me when we first started. I think you (Callahan) were here, I know Mrs. Klotz was here, and we brought down this band leader when we started out on the Treasury Hour. Was it Goodman?

MR. CALLAHAN: Yes.

H.M.JR: And Goodman said to me, "What do you want this program to do?" This was last summer, wasn't it? Early last summer. I said, "What I want the Treasury Hour to do is that when the fellow is through listening to it that he wants to go out and spit in Mr. Hitler's eye," and I told him that early last summer, and Goodman said, "I understand what you want." Well, I never got it. But that is what I want now. There is nothing in there that will make a fellow want to either conserve his money - now, the whole thing that the Henderson crowd are talking about is this gap. I have fought the toughest fight that I have ever fought almost since I have been

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here in Washington to maintain the volunteer war savings program. Now, I have won. Now, the thing that they have been fighting about, and on their side where they are right as to their objectives, my objectives, is that we want to keep this country from having inflation, and what they are worried about is this eleven or fifteen billion dollars which will be in the pockets of people and no place to go, and that this will compete for the limited amount of goods and, therefore, drive prices up. Therefore, they want higher taxes and forced savings and so forth and so on.

Now, one of the ways to accomplish it would be through the Treasury propaganda to try to get the people to restrain themselves; and, if we could accomplish that, we could go a long ways through the volunteer method of doing what I don't believe you can do through all the legislation in the world. I mean, you can pass all the legislation in the world and when you get through and done, unless you have complete regimentation and the people have fifteen billion dollars more money in their pockets than there is goods to buy, they are going to have a black market, and they are going to compete.

Now, what I want to get across on the radio and so forth and so on is to drive this thing home, that the most cruel thing in the world on the home front is inflation. There is nothing as cruel as that. It goes up, it is a snare, and you think at the moment you are enjoying prosperity. Then Humpty Dumpty falls off the wall. Give Mr. Weir my Boston speech on inflation. We don't want that to happen. But that is what I want to drive home through this copy, that these fellows have now suddenly got excited about this thing, that that is the thing that we want to do, that plus this thing of "Let's get mad about this war."

Now, that is all the time I can devote to that this morning, but that is what I want to do, as sales manager for this organization. Now, I would like to just have two minutes. You people stay here and if Mr. Graves and Mr. Weir would come with me out in the hall one minute.

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(The Secretary, Mr. Graves, and Mr. Weir left the conference temporarily.)

H.M.JR: The thing that I told this morning, the three-point program: One, let's get this country mad at the Nazis; two, let's get the people to spend less so that they will have more to invest in War Bonds; three, a straight sales talk, why they should buy. Now, that is the way I feel. Now, what I wanted to say to this crowd is this. I have been through some fight, and I have won in that the President is with me and Congress is with me that they are going to give us from now until the first of July to demonstrate whether we can do this thing that practically everybody says we can't do. Now, I want, Harold, just as soon as I can have it, a plan of quotas by states and by counties that I can approve or disapprove. I want to know how we are going to do this thing in the month of May. We ought to launch this thing by the first of May so that we can get May and June and get going. They asked me again yesterday how long I wanted, and I said to the first of July. In other words, as I told Ted Gamble - I don't know whether you had a chance to repeat it - I don't want to stop any pledge campaign in the middle, but I don't want to start any new ones. I want everything concentrated on this thing. Did he tell you?

MR. GRAVES: He told me. I don't know whether I understand what you mean.

H.M.JR: I don't want any more pledge campaigns. I want quota campaigns.

MR. GRAVES: Well, are they not the same?

H.M.JR: Listen, Harold, the best example - let me give you this thing. You sign up for five dollars a month for the Community Chest, you see, and then somebody comes around once a month and says, "Give me your five dollars." In your pledge campaign you signed up a contract and said you were going to do so much and nobody ever follows you up. I have got very little strength left, but there is just as much difference as day and

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night between a pledge campaign and the quota campaign. If I go to South Carolina Monday and say, "I want you to start in South Carolina and sell fifteen million dollars worth of bonds," they will say, "Mr. Morgenthau, we are all exhausted. We have just gone through this thing." I only want to go to the door once. When I go to the door, I want to stand there with my hat in my hand and say, "I want a hundred dollars from you this month."

MR. GRAVES: You mean you want us to send salesmen around to take orders, take checks, take money?

H.M.JR: I certainly expect these state and county committees to do the way they did in the World War. How are you going to do this thing? In my town of East Fishkill we had a quota, and they had a committee for the Liberty Bonds. I hope we are thinking along the same line.

MR. GRAVES: I had never thought of that.

H.M.JR: In the town of East Fishkill we had to raise so many Liberty Bonds and everybody was tagged and everybody did it. I am not going to fool around with this phoney pledge campaign that doesn't sell a bond. I am sunk, Harold, if that is what you people think.

MR. GRAVES: Well, I would like you to tell us what you want us to do because--

H.M.JR: Well, I thought we were talking the same language. If we are not, that is the purpose of this meeting. I want a quota for every county in the United States. Then I want a committee by counties and by townships, and I want these people to go out and get the money.

MR. GRAVES: And collect the money from the people, take the orders?

H.M.JR: Have them subscribe through this bank or

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whatever it is and - yes, turn it in. How else are you going to get it?

MR. GRAVES: I think we are going to have to do a lot of studying about that.

H.M.JR: How else are you going to do it? Here the Post fellow takes me aside yesterday and said, "Your sales are falling off every day, Mr. Morgenthau. What makes you think you can do this thing?" And he only wrote a little piece, but if you are going to go around and get these people to sign a piece of paper and then leave them cold - I expect to sell them. I don't know what you have got in mind.

MR. GRAVES: I had never heard anybody suggest before that we--

H.M.JR: What do you call a quota system?

MR. GRAVES: Well, a quota system is to announce to each county organization the amount that we expect to be sold in that county per month, but it doesn't, in my opinion, involve our setting up any selling agencies other than the post offices and the banks and the other agencies that we now have.

H.M.JR: Well, Harold, if that was the case - if we are going to do it that way, I will call up the President on the telephone and tell him I am wrong.

MR. GRAVES: Well, I think we will have to do some studying.

H.M.JR: It isn't a question of studying. This is what I want.

Ted, I - didn't you get the impression--

MR. GAMBLE: Yes, sir, Mr. Secretary.

H.M.JR: I went all through this with you, and you said to me - I have been talking to you for two days, and

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you said to me, "Mr. Morgenthau, at any time I don't agree with you, I will tell it to you on the spot."

MR. GAMBLE: I do agree with you now, but I think we are arguing with you instead of against you.

H.M.JR: Isn't that what you said to me?

MR. GAMBLE: That is correct, yes, sir.

H.M.JR: I didn't think I was talking a dead language to you.

MR. GAMBLE: Only on one point that Mr. Graves just raised. I didn't interpret your remarks to mean that you thought we were going to go out and deliver the bond on the spot and sell it, deliver it and collect-it, and our organizations were going to do that, but I did expect we were going to go out and raise these quotas in every one of these counties. We have had the machinery in motion, Mr. Morgenthau, for four months to do just that, and we are getting ready to do that. Let me show you how it works if I can just have a minute.

H.M.JR: You can have five minutes. I am sick over this thing.

MR. GAMBLE: The pledge was not designed to get a phoney pledge on the part of the person, but the pledge campaign was designed to go into a plant where there were three thousand people employed. Maybe twelve hundred are buying bonds. Our pledge people are going to call on all three thousand of them and get the eighteen hundred other people to sign up to buy bonds, and I think we are very fortunate in that we have had this pledge organization ready now to work on this quota campaign.

H.M.JR: Now look, Ted, on the pay-roll deduction plan your pledge campaign - I mean, it is a very nice gesture, but the people are going to have to do what General Motors did where there are pay rolls and get it that way. Right?

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MR. GAMBLE: That is correct.

H.M.JR: And the pledge thing is window dressing. I can't see that it is anything else. Then they said to me, "How are you going to get the fellows in the rural communities who don't work in factories?" and I said, "How are you going to get them?"

MR. GAMBLE: And I answer, "Instead of having them sign a pledge, we have them sign a bank draft order at the same time." But we have got the pledge organization to do it, Mr. Morgenthau. We can reach thirty million of our people on pay-roll savings and fourteen million through the pledge campaign and get them to sign up and buy.

H.M.JR: Say it once more slowly, will you.

MR. GAMBLE: Yes, sir.

H.M.JR: Say it again.

MR. GAMBLE: We can simply have our pledge campaign people not only ask them to sign but carry a bank draft order, an order on the post office, to sign at the time they call on them.

H.M.JR: A firm order, in other words?

MR. GAMBLE: Yes, sir, a firm order. That is the only change we will make in the pledge campaign. We will support the pledge campaign with a firm order for a purchase.

H.M.JR: But it is different than your pledge campaign.

MR. GAMBLE: Yes, sir, it is augmented, but our whole campaign is different now, sir. We were not in a position to do that before.

H.M.JR: Let me see if you and I are talking the same language. We will use our field organizations, is that what they are?

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MR. GAMBLE: Yes, sir.

H.M.JR: Our field organizations to go out and instead of getting the fellow to say, "I promise to deduct so much a month," this field organization will take the order.

MR. GAMBLE: Yes, sir.

H.M.JR: It is the difference between a pledge and taking an order.

MR. GAMBLE: That is right.

H.M.JR: That is right.

MR. GAMBLE: And there is this one exception, Mr. Morgenthau, that when he calls on a farmer, the farmer says, "I don't get my money until November 1." Instead of signing an order, he gets the pledge and that is the exception. He takes the pledge, and they have a record of that, and they can go back the first of November to collect the farmer's money.

H.M.JR: Yes, but that doesn't apply to your dairy man in Oregon who gets his checks once a month, or the poultry man. You are thinking of the apple grower.

MR. GAMBLE: That is correct, and I am also thinking of the wheat farmer.

H.M.JR: That is all right, but they can be taken care of through the Department of Agriculture who have a War Committee in every county.

MR. GAMBLE: That is correct, sir, and we have them already organized. We have a man attached now to the Department of Agriculture.

H.M.JR: You and I are together. Let's see where Harold stands.

MR. GRAVES: Here is the trouble. I suppose this comes from my long practice as a bureaucrat, but you can't

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have people who are not under precise Treasury supervision authorized to go around indiscriminately and take money or checks. I think Mr. Bell ought to be in on this thing, because this is no matter--

H.M.JR: No, I don't want any more reasons, Harold, why I can't do it, because I can do it. I will do it.

MR. GRAVES: You can do it, but you are running a very, very grave risk in my opinion if you authorize thousands and millions of people to go around ringing door bells and authorize them to take money from people.

MR. GAMBLE: They don't have to take money.

MR. GRAVES: You have got to take money if there is any point in having them take applications for bonds.

H.M.JR: Listen, Harold, I have since the first of January worked with you and Bell to try to get this thing through on this so that you can get the thing with the factories, and I have sweated all this week myself to try to get this thing, and this thing could have been done months ago and it isn't done yet, and here we are for five months trying to get people like the Ford Company and those people that can do this thing, and now don't tell me that this thing - it was done in the last war and the people came around and saw me and said, "Mr. Morgenthau, how many Liberty Bonds are you going to buy," and you are going to buy it, and they worked it out some way locally with the bank that I bought my bonds. I went down to Fishkill and bought my bonds at the little savings bank. We are sunk if you are going to shadow box on this thing.

MR. ODEGARD: Mr. Secretary, in the fifth Liberty Loan four billion dollars of that money was in the banks and the purpose of this campaign, I understand, is - one of the major objectives is to close the inflationary gap.

H.M.JR: That is right.

MR. ODEGARD: And the bonds we have are registered

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bonds which can't be sold as interest-bearing currency in the same way in which the Liberty Bonds were sold. The Liberty Bonds, as you very well know, were little more than interest-bearing currency and if we could - if we had a security like that to sell, we could do it that way, but we wouldn't close the inflationary gap that way, as they didn't then.

H.M.JR: Now listen, Peter, don't tell me I am out on the end of a limb and you fellows haven't got any plan.

MR. ODEGARD: Oh, no, sir; no, sir, not at all.

H.M.JR: I don't know. You told me - you wrote me a year ago that - don't tell me that I am facing this organization and we haven't got any plan?

MR. ODEGARD: No, that is not true.

H.M.JR: And that they haven't thought through the mechanics of the thing. I mean, here I have fought and bled for you - I won't say for you - for what we have stood for for two weeks, and I take it somebody has had the brains to think this thing out, how they are going to do this thing.

MR. GRAVES: Well, all that I am saying is that I don't think that it is practical or proper for us to authorize the miscellaneous solicitors of the type that we are going to recruit to handle Government funds. We would be in great jeopardy every minute.

H.M.JR: But, Harold, you don't have to have them. Listen, the man in Hyde Park - you say to this man, "How many bonds are you going to buy?"

"Well, I can take a twenty-five dollar bond."

"Will you sign up?"

"All right."

We stick the order in our RFD box and have the fellow

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bring it to you or, "Do you want to go down and see your bank or do you want to see your post office," and the fellow says, "Yes, I will do it," and then it is up to us to go back in a week from now and see that he did it.

MR. GRAVES: That is effectually what is involved in the pledge. We simply ask the man to agree to do the very thing that you are talking about. We ask him to agree to buy a certain amount of bonds each week or each month and to designate how he is going to buy, through his bank or his post office.

H.M.JR: But you never follow it up.

MRS. KLOTZ: But he intends to.

MR. GAMBLE: We would follow it up under this plan.

MR. GRAVES: You say we have never followed it up. We haven't gone far enough that we have reach any follow-up stage, but it is theoretically possible to follow it up. We have the man's pledge, he tells us how he is going to buy, and except for the very great volume of these pledges, it would be possible for us to check to see that he has gone through and bought, and we have always thought, Mr. Morgenthau, that we would make a follow-up, not on a possible thirty million pledges, but on samples of pledges to see the extent to which people were complying with their pledges.

H.M.JR: Harold, you have got to work a way out, just the way I said, that every door bell has to be rung once to find out how much the fellow is going to get, and you have got to go back within the month and see that he did it. If you don't, this is a flop. I am sick over this thing. This pledge campaign, I have studied the thing. It doesn't show any results. And here I am facing this thing, I have made this fight, and here every day I pick up my sales figures and every day they are less than March.

MR. GRAVES: Well, I think there are good reasons for that.

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H.M.JR: All right, but the fact remains, what have you fellows been doing? I should think you would have something for me.

MR. GRAVES: Well, I think we have something for you. It may not be in line with what you have thought we should have, but we have been ready for some time to send these quotas out. You, of course, asked us to hold all of that up. We have been ready for some time to circularize the mailing list of fifty thousand companies.

H.M.JR: But Harold, how are you going to get the orders in hand, that is what I want to know. How are you going to get these fellows to close the deal, I mean to sign, so the man makes a sale. I want to make a sale. I want to stop this shadow boxing.

MR. GRAVES: Well, there is no sale--

H.M.JR: There isn't a book agent in the country - a book agent goes around and gets to the place and calls on you, and he signs you up, and then he says, "Goodby." I mean, use the book agent, use the Fuller Brush, use any direct sales organization where they go around from house to house and do a canvassing, and then they deliver the merchandise later on. I mean, there are a thousand techniques of things.

MR. ODEGARD: What you are suggesting, Mr. Secretary, is making more accessible the distribution of order forms rather than the actual sale orders of a bond or the receipt of money at the time and then the follow-up on those order forms through our organization to see that the order form is sent in or to learn why not.

H.M.JR: Right. Look, I have gone to college and I have gone to school. I have had all kinds of direct salesmen call on me and there is a whole technique that has been worked out on this thing. You sold Fuller Brushes. Take our newsboys. I mean, as I understand it, they take the order and then somebody else delivers the stamps or something.

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MR. MAHAN: They deliver the stamps. They take the order and deliver the stamps the following week.

MR. SLOAN: And collect the money.

H.M.JR: They take the order and then go back. All right. Now, that is one way and that is the thing that worries Harold.

MR. GRAVES: That doesn't worry me, about stamps.

H.M.JR: No, but on bonds.

MR. MAHAN: In that case the newspaper has already bought the stamps and gives them to the boy.

H.M.JR: The RFD fellow is taking an order now and is coming back and delivering a bond. They are doing it right in my place.

MR. GRAVES: Yes, he is a bonded officer of the Government.

H.M.JR: That is one way, but, Harold, please don't tell me that I am facing doing this thing through the pledge campaign method. I don't care what you call it, get the order and then go back next week and deliver the goods, or get the fellow to go and deliver the goods. There are a thousand techniques, and if we haven't got the right kind of bond, we will change the bond. We will give them a different kind of a piece of paper.

MR. GRAVES: Well, of course if you do--

MRS. KLOTZ: Give them a temporary one.

MR. GRAVES: If you give them a bearer bond which would be susceptible to that kind of sale, you completely withdraw the object of what you are doing because these bonds would gravitate into the hands of the bankers and into other people's hands. They would pass practically as money the minute you make them bearer securities.

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H.M.JR: Now, look, Harold, you know we have disagreed on a lot of this stuff. Now, I am in this thing up to here, sink or swim.

MR. GRAVES: I am with you.

H.M.JR: No, you are not. I mean nobody--

MR. GRAVES: I differ with you in detail.

H.M.JR: I have made the fight alone on the Hill and with all of these people. I have done this thing alone. So I am in this thing. Now, please for God's sake don't give me arguments why the thing can't be done and turn salesman on this thing and tell me how it can be done. Now, I can't tear my body apart, I can't do any more than I have in the last two weeks to do this thing, and you sit here and keep telling me why I can't do it.

MR. GRAVES: I sit here and tell you that you can't, in my opinion, give all of these representatives of ours--

H.M.JR: All right, then tell me some way how to do it. I mean, there isn't a single direct sales organization in America that is going to go out and get a fellow to sign a slip and leave it to the man to go and get his merchandise. There isn't an organization in the world to do that. I mean, it is crazy to think that the fellow is going to - that he is going to break down the sales resistance and go and get the merchandise. You have got to bring it to them. I mean, you sell a Fuller Brush thing, and you take his order and you don't expect the fellow to go ten or fifteen miles to get his brush and pay for it. The man comes back and brings it to him, doesn't he?

MR. ODEGARD: Surely.

H.M.JR: And the same thing on a vacuum cleaner or on a set of books, or the Grand Union Tea Company, and their sales wagons that go around. I mean, I am not talking as though I was trying to discover a new technique of selling, but this is what I had in mind. What did I want OCD for? What did I want all these volunteers for? What did I

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want all these volunteers for?

MR. ODEGARD: Mr. Secretary, the brushes that we used to deliver weren't registered in the name of the people to whom we were delivering, and they could do what they wanted with those.

H.M.JR: But the trouble is, there was a case in the last war where some fellow in the Government for ten years argued about some bonds, see, and it wasn't that he had sold- there was a scarcity, and this is the thing that Harold has in mind - but a few bonds were sold with duplicate numbers, and they sold twice too many of that bond and the Government got double pay, as I understand it, in this case where it took ten years to be settled. The Government got paid twice, not half enough. There was only one case, wasn't there?

MR. GRAVES: Yes. That was just an error in the Bureau of Engraving and Printing. There was no irregularity beyond the mechanical stage, but what I, of course, was thinking about was the great danger of fraud and defalcation, and people going around representing themselves to be Treasury agents who would take money and pocket it and run away. This thing would be full of risk, and I don't think, although I don't recall definitely, that in the first World War that anything of this kind went on except where people had actual physical custody of the bonds and made delivery, a thing which they could do because they were bearer securities.

H.M.JR: Well, look, will you gentlemen have for me Monday a plan whereby we can have the people ring the door bells of this country beginning with the first of May and sell whatever it is that we plan, six or seven hundred million dollars?

MR. GRAVES: Seven hundred.

H.M.JR: Whatever it is, and whatever you set for June, and between now and Monday you have got to give me something, Harold, not how I can't do it, but how I can do it, and talk to anybody in the United States, I don't

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care who there is, who has ever sold or who has ever bought direct, and ask them if you can go in and get a piece of - a man or woman to sign a piece of paper, "I will buy ten dollars' worth of bonds," and then leave it to that man or woman to go and get it entirely on their own initiative. It can't be done. Am I wrong on this thing?

MR. ODEGARD: I think you are right.

H.M.JR: I am just talking as a salesman.

MR. ODEGARD: I do think there are problems in this type of security that weren't there at the time of the World War.

MR. KUHN: Well, you want a follow-up, Mr. Secretary. What troubles you is that there is no follow-up.

H.M.JR: After all, take the twenty-five dollar bond, I don't know how, but certainly there must be some way - I can't stretch myself any further unless you fellows want to break me down physically by this constant resistance. I mean, this constant - everything I want to do, there is always this resistance. I can't fight any more. If we can't do it, I would much rather make a public statement on Monday that I was wrong. I would much rather come out publicly, because I can't fight this whole crowd of you. I am just one against eight of you. If you haven't got the solution by Monday, then I would much rather tell the President I am sorry, I am wrong, let's do it the other way, and I will just quit on the thing. But it is quite evident that nobody has a plan that will work.

MR. GRAVES: Well, we never had a plan that involved actual delivery of the security or acceptance by canvassers of the money. I myself don't believe that that is fatal. I have some confidence that without that, with the kind of activity that I think will result from the mere announcement of quotas for counties and states, I have some confidence that these quotas can be attained.

H.M.JR: Well, they can't.

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MR. GRAVES: Especially when you couple that with quotas for companies, which we have been ready for some time to announce. I personally don't believe that this matter of what you do when you ring the door bell is quite as important as you think.

H.M.JR: Well, Harold, I have been solicited enough and sold enough. Unfortunately, I have never done this kind of selling, but I have been sold enough to know that I won't put my reputation on this thing if it is just going to be the way you have in mind. Ted Gamble and I seem to be together on this thing.

MR. GAMBLE: I think, Mr. Secretary, that we all are together on it, and I just think we haven't tied it together. I mean by that, I don't think that any of us are looking at the whole job as one thing we have to do. We are going to reach the bulk of these people in the way that you want to reach them and that is that we are not only going to sign them up, we are going to get them to do certain things each and every month for the duration of the war. That is the important market which will ultimately sell four hundred fifty to five hundred million dollars' worth of bonds a month. That is the big, important E Bond market. The approximately fourteen million people that are left are not difficult to reach. Seven million of them are the so-called white-collared class, professors, teachers, the individual businessman, and seven million of them are farmers, and we certainly can devise a plan to supplement this so-called organization of ours, this pledge campaign organization, so that they can take some type of an order when they call on these people, those fourteen million. If they have ascertained that a fellow is on pay-roll savings, they don't have to take an order from him, but if he isn't, they can take some kind of an order that will go through the post offices or the banks or the Federal Reserve.

H.M.JR: That is all I am asking for.

MR. GAMBLE: And I don't think it is half as involved as we all are making it here.

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H.M.JR: You have only been in the Government a short time so that you are not ruined by red tape. (Laughter) I have been here nine years, and they haven't got me down yet, but they have damn near got me down. If we are going to take a defeatist attitude on this thing - I am still sweating, and I have got Dan and everybody else trying to find a way so that the man can get the bond under nine weeks, that is at the Chrysler plant, and I haven't got it yet. Your pay-roll plan won't work until the bonds flow.

Now, I am certainly not going to start out on a door bell ringing campaign and find out that after - by the first of July that the thing didn't work because we couldn't get the bonds to them.

MRS. KLOTZ: That is something else again.

MR. GAMBLE: I believe, Mr. Secretary, that we can give you a brief statement.

H.M.JR: Well, you have got to. I have gone so far on this thing you have just got to, that is all. I am not going to take any no. I am just not going to take a no. After what I have gone through the last two weeks, I am not going to take no, and there has got to be enough originality, Harold, amongst you bureaucrats that you can lick this thing, and I have always said that I couldn't run the Department without the Civil Service people, and I still say so. Now, it is up to you Civil Service fellows to find a way over the week end to do this thing.

MR. ODEGARD: I think we can give you an organization, Mr. Secretary, with a plan for doing this that will beat even the Fuller Brush plan.

H.M.JR: Well, I would be willing for it to be just as good. I mean, something or other which looks to the man as though he was signing a check. I mean, I am too tired to think up anything new, but supposing you just had a blank check, Treasury check--

MRS. KLOTZ: Draft order.

- 22 -

H.M.JR: ... draft order, and the fellow said, "Well, where do you - " all right, maybe I have got the answer. "Well, I bank with the First National Bank of Fishkill."

"All right, will you sign out the thing. Make it out to the order of yourself." And go there, and then the bank gets it and mails it back to him, or this fellow brings it back to him - I don't know - or the postmaster delivers it to him, or the RFD fellow delivers it to him.

MR. GAMBLE: At one time that was entertained as a possible supplement to the pledge effort, and I think it can be cut through in detail so that it can be a very definite part of it, and it is the only way we can answer this problem.

H.M.JR: And the thing to do is to - if South Carolina is well organized or some place close by, is to go right down there immediately and make our test, but we are cramped. Here it is the seventeenth of April and we are supposed to double our sales in May. How are we going to do this thing?

MR. KUHN: We have the pay-roll savings thing to meet your specifications because you actually get the money the moment the fellow signs up. It is deducted from his pay.

H.M.JR: Ferdie, the pay-roll thing is all right once we get this thing solved of how they can get these issuing agents, but here we are, we have been going along all this time and here is a list of employees, the ones who haven't got the thing. United States Steel, no; General Motors, yes; Bethlehem Steel, no; Pennsylvania Railroad, no; General Electric, yes; New York Central, no; Ford, no; Sears Roebuck, yes; Westinghouse Electric Company, no; Swift, yes; Republic Steel, no; Western Electric, no; DuPont, no; A and P, no; Southern Pacific Lines, yes, Baltimore and Ohio, no; International Harvester, yes; and so forth and so on. Those are the big employers. Two-thirds of them haven't got it.

MR. GRAVES: You mean are not issuing agents.

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H.M.JR: Yes.

MR. GRAVES: That is right. I imagine more than two-thirds are not.

H.M.JR: Are not issuing agents. Now, Harold, you sum up, will you, so that I can go home feeling that this thing can be done?

MR. GRAVES: Well, we will try the best we can to work out something that is more effective than the pledge and have it for you by Monday, some machinery that can tie the man down or that will permit us to follow up.

MR. KUHN: That is what you want. You wanted a supplement to the pay-roll thing, people who aren't reached.

H.M.JR: The pay-roll thing, I am not worrying about. I am worrying about the other people, the memorandum that they asked me about yesterday. Take your Department of Agriculture that has got a committee in every place. I mean, you can handle it separately. Here there are a million members of the Grange that are promised with this thing. I would trust the Grange with a thousand dollars worth of bonds. I would trust the county agent or the president of the county agents' association. Supposing on the sale - I mean, I will shock you thoroughly. Supposing on the sale, supposing we are fortunate enough to reach a billion dollars a month and supposing we lose one million dollars of these bonds, which would be the outside figure.

MR. ODEGARD: Mr. Secretary, is that quite the point? Isn't the point, the minute any agent turns up to be dishonest you undermine the confidence of the public in the entire method? As soon as you get one or two - it isn't a question of losing a hundred million dollars. It is a question of undermining confidence in the entire organization.

H.M.JR: Well, to the extent that when you get a counterfeit bill that your confidence in the U.S.

currency is undermined.

MR. ODEGARD: I think it would be a little different in this case.

MR. KUHN: I wouldn't trust the OCD field force with the handling of all that money.

MR. GAMBLE: I don't think it is necessary to handle any money at all.

H.M.JR: I don't think it is either, but I think instead of signing a piece of paper you are going to sign a check on your bank or a money order on your post office.

MR. GRAVES: Of course, the vast bulk of the people that we are trying to reach, Mr. Morgenthau, I think, do not have checking accounts.

H.M.JR: - Well, there were sixty million of them when we sent out those statements.

MR. GRAVES: The most of the folks that we are after, I am afraid, would give us money and you would be right up against the difficulty then--

MR. GAMBLE: Wouldn't the answer to that--

MR. GRAVES: Let us study this thing over.

H.M.JR: Harold, I have got to have a plan Monday, and I am going to ask the President to make this talk for us. We are all out on the end of a limb. I thought you fellows would come in with a program and you haven't. It isn't there. Just establishing a quota - I mean, if I am selling shoes and I say I want you to sell a million pair of shoes at so much, unless you have got a plan you can't sell them. There is no difference. There is no use talking about advertising or anything

else until we get a method, a technique of doing this.

MR. GRAVES: Well, let's try.

H.M.JR: Let's do it.

MR. GRAVES: I mean, let's try to figure out a method.

H.M.JR: You can do it, Harold. Get Eddie Bartelt in. He has got a good original brain. Get some of these fellows. Poor Danny, he is weighted down with too many things.

MR. GRAVES: All right.

H.M.JR: As I say, we will meet again on Monday.

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Y

*RING THE BELL
FOR UNCLE SAM*

100%

GENERAL MOTORS EMPLOYEES

**BOND
DRIVE
FOR
VICTORY**





April 17, 1942

Dear President MacCracken:

Thank you for your letter of April 9th in which you tell of some of Vassar's activities on behalf of War Savings Bonds.

It is most encouraging to all of us at the Treasury to know that the Vassar faculty and student body are doing so much to help in financing the war effort.

I should like you to know how much I personally appreciate all that you are doing for us.

Sincerely,

(Signed) H. Morgenthau, Sr.

President Henry Noble MacCracken,
Vassar College,
Poughkeepsie, New York.

FK/cgk

n.m.c. Photo file
cc - Joan Mayerschen

VASSAR COLLEGE
POUGHKEEPSIE NEW YORK
Office of the President

April 9, 1942

Dear Mr. Secretary:

Two copies of your recent Defense Savings Program have been placed on the college bulletin board in our Main Building, where they will be seen by everyone. The other three copies have been sent to the Emergency Committee of the Faculty and Students, which is under the chairmanship of Miss Leila Barber, of our Department of Art.

An important address by Professor Newcomer has been delivered at a college assembly at which the attendance of all students was required. The local Vassar Bank, where practically all the students have accounts, is selling Defense Bonds, and the Defense Stamps are sold in the Vassar Post Office. A special campaign this week was inaugurated in which direct personal solicitation is to be made through centers of student activity.

Sincerely yours,

Henry W. Lee

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

April 17, 1942

Dear Mr. Cashen:

I am very sorry that it was not possible for me to accept your invitation to meet with the members of your Association this week. I hope that I shall be able to meet with you in the near future, since I think it is more important than ever that we discuss the voluntary War Savings plan and other features of the Treasury's program which your organization has been supporting.

I have been much encouraged by reports coming from different parts of the country telling me of the fine work on payroll savings plans which is being done by joint committees of labor and management on many of the railroads. I understand that these committees are personally contacting all the railroad workers, explaining the payroll savings plan and urging them to do as much as they possibly can in the systematic purchase of War Savings Bonds. This is a good example of the democratic spirit, and it shows that the American people are undertaking individually to supply the money to protect their free institutions.

The Treasury's program involves the financing of at least twelve billion dollars of the cost of the war up to July 1, 1943, through the sale of War Savings Bonds to the people themselves. This means that we shall have to put aside more than ten percent of our entire national income in War Savings Bonds. As the lowest paid groups probably will not be able to allocate ten percent of their earnings for bond purchases, it is necessary for the higher paid trades and crafts like many of yours to exceed the average. As an example of what can be done by groups of workers earning relatively good pay, it may interest you to know that the United Automobile Workers, C.I.O., have just promised me that they will set aside not ten percent but twenty percent of their entire earnings for the war effort.

As you know, I have been under great pressure in the press and elsewhere in recent weeks to abandon the voluntary system of savings and to substitute for it a compulsory savings plan imposed by law. Yesterday I told the Ways and Means Committee of the House of Representatives that we were going to have another chance to prove that the voluntary system could do the job. This means that the Treasury needs the support of labor more than ever before; and by "support" I mean the active work of all your general chairmen and organizers in seeing that your members really save the substantial share of their earnings which is needed to finance the war. Neither the Government nor the employers are as well qualified to reach the workers with this appeal as are the workers on labor organizations. I am confident that you and your organization will give me that support.

Sincerely,

(Signed) W. Borah

Mr. Thomas C. Cashen,
Chairman, Railway Labor
Executives' Association,
Washington, D. C.

FK/cgk

D. M. C.

Copy to Mr. Humphreys

April 17, 1942

TO: MR. HAROLD N. GRAVES *g*
FROM: VINCENT F. CALLAHAN
SUBJECT: PROGRESS REPORT FROM DEFENSE SAVINGS STAFF

PAYROLL SAVINGS

Approximately 4,000 additional concerns installed the Payroll War Savings Plan this week, bringing the total to 59,366 firms with 19,560,000 employed workers.

The United Auto Workers, CIO has installed the Payroll War Savings Plan for its staff and is encouraging the investment of 20 per cent of its members' wages in Bonds. The General Motors Corporation is undertaking a special promotional drive to secure complete cooperation in purchases by all of its employees.

RETAIL STORES DIVISION

The National Cash Register Company is printing new stickers and cards featuring our new name "War Savings Stamps and Bonds" for use on cash registers throughout the country. The Drug Industry Council, representing 65,000 drug stores, is printing and distributing large quantities of display material, which will tie in with the special drive being planned for all retailers during May.

W.F. Callahan

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PLEDGE CAMPAIGN

The Pledge Campaign has been completed in Oregon and is underway in the following states:

Iowa		Texas	
Colorado	April 6	Utah	April 13 or 20
Idaho	May 1 (tentative)	Virginia	March 31 in
Florida	April 13		3 counties
Montana	April 13		April 1 in 17
Nevada	April 13		counties
New Mexico	April 13	Wyoming	April 6
South Carolina	April 7	Wisconsin	April 6
South Dakota	April 13	Minnesota	County by
			County

Starting dates for other states are as follows:

Alabama	June 9	Nebraska	April 15
Arizona	April 20	New York City	
Arkansas	April 27	& Buffalo	June 14
Connecticut	May 1		(Some counties
Georgia	May 3 (in rural	North Carolina	in May)
	regions)	Northern Calif.	May 4
	May 10 (else-	North Dakota	May 24
	where)	Ohio	April 27
Illinois	May 11	Oklahoma	May 1
Indiana	April 27	Pennsylvania	May 15
Kansas	May 4 (tentative)	Southern Calif.	April 16
Louisiana	May 15		April 22
Maryland	May 4		(tentative)
Massachusetts	April 20 to May 5	Tennessee	May 3
Michigan	May 11 & 12 only	Vermont	April 19
Mississippi	May 19	Washington	May 3
Missouri	April 20		(tentative)
	(week or 10 days		
	later in St.		
	Louis & Kansas		
	City)		

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PLEDGE CAMPAIGN (Continued)

States which are still unreported are:

Delaware	New Jersey
District of Columbia	Rhode Island
Kentucky	West Virginia
Maine	Alaska
New Hampshire	Hawaii

In New York State the Pledge Campaign will begin on June 14 and it is anticipated that at least 200,000 canvassers will participate.

Attached is a copy of a special PLEDGE FOR VICTORY advertisement contributed by Philadelphia banks and newspapers on the day their Pledge Campaign started.

At least a dozen states have celebrated their own MacArthur Day as a day for the purchase of War Savings Bonds and Stamps, and the idea is being taken up in other states.

MAIL ORDER DIVISION

The Mail Order Division reports total sales through April 15 of \$26,633,894, an increase of \$227,393 since the previous week.

NEWSPAPER CARRIER PLAN

An analysis of the sales of War Savings Stamps by newspapers using the carrier plan shows a total sales of

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NEWSPAPER CARRIER PLAN (Continued)

226,529,000 stamps by 862 newspapers - an increase of 10,764,000 stamps over the returns shown the previous week.

FEBRUARY STAMP SALES

An analysis of sales of War Savings Stamps in February, with a detailed chart showing total sales for May 1941 through February 1942, is attached.

SPECIAL EVENTS

A group of eight Jemez Indians from New Mexico have been appearing before various groups in Chicago through the courtesy of the Santa Fe Railroad, and they are now touring 13 other cities in the East and Middle-West.

A series of three rallies in Hartford, Connecticut on April 13 raised \$3,000,000 in Bonds. Featured at the rally were Carole Landis, Dorothy Mackaill, Raymond Massey, Barry Wood, Edna Ferber, and Clem McCarthy.

More than 75 name stars have appeared at the Victory House Movie Celebrity Hour in Los Angeles since February 1.

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NEWSREELS

The newsreel crews are now working in Alabama, California, Louisiana, Mississippi, Tennessee, and Virginia.

WOMEN'S DIVISION

A total of 25 states have entered a pledge-signing contest sponsored by the General Federation of Women's Clubs in connection with the Pledge Campaign. The special War Bond Program prepared by the Good Housekeeping Club Service and reaching 22,000 unaffiliated women's clubs is bringing in many requests for information on the Pledge drive. In the week following the production of the Girl Scout pageant in Constitution Hall, close to 1,000 requests for copies of the War Savings Pageant were received. Arrangements are being made for representatives of the Treasury to speak at twelve conventions meeting during the latter part of April and May.

ADVERTISING

The special Victory Supplement No. 2 issued by Metro Newspaper Service with suggested advertising material on War Savings Bonds to be sponsored locally, is attached.

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RADIO

"Youth Builders" boys and girls in New York have started the Junior Minute Man on the air in behalf of War Savings Bonds; a press feature on this is attached.

A total of 746 radio stations now broadcast the Treasury Star Parade three times a week. WPAD of Paducah, Kentucky furnishes special publicity on the Treasury Star Parade. (Attached).

A total of 459 radio stations now have the Payroll Savings Plan, with 356 of them 100 per cent.

Radio attachments (3 to 7) show special material sent out this week, including letters to station sales managers with special kit of announcements for local sponsorship; ten stories for home economics directors; a set of "Do's and Don'ts" for use in the Pledge Campaign; and a set of baseball announcements.

A special bond announcement given during a news-cast is shown in attachment 9; the Chicago plan for achieving maximum cooperation of radio stations is given in attachment No. 10; an original announcement by station WAIT is shown in attachment No. 11.

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PRESS

An editorial on Victory Bonds and War Bonds appearing in the New York Daily Mirror and the new "Buy War Bonds" masthead of the Daily Mirror are attached. Also, a cartoon from the Sacramento Bee of April 8, showing their interpretation of the change-over from "Defense Bonds" to "War Bonds" is attached.

CARTOONS - A new half-page Sunday comic feature, "Small Fry", to be released twice each month, was offered this week to all newspapers carrying a weekly comic section. Replies are now beginning to come in but no definite indication of the feature's success can be ascertained yet. Proofs of this feature are attached.

Attached are proofs of the special cartoons drawn for us by artists who release through King Features Syndicate. These cartoons were sent out directly by them.

MAGAZINES - Attached is the front and back cover of a special magazine issued by Fawcett Publications, entitled "MacArthur, Hero of Destiny", with a full page Bond ad on the back cover. Through the cooperation of Fred Sammis, our volunteer fan magazine contact man in New York, Fawcett Publications are running this full-page ad in five magazines of their Women's Group in the June issues. The magazines are
MOTION PICTURE and MOVIE STORY.

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BUSINESS PUBLICATIONS

Returns have been received showing that 302 business publications have requested our special half-page ads, "A Target For Tonight" and "The Axis Wants Your Business". Returns from 40 per cent of all audited farm publications indicate that they will run our special farm ads. This covers twenty publications with a circulation of 3,835,000. Attached is the special kit sent to 2,000 company publication editors.

AUTHORS

Two additional authors have agreed to write special articles on the Bond program, and eight others have promised to cooperate later; thus, bringing to thirty-six the total number of outstanding poets and writers who are now cooperating. Manuscripts have already been received from ten of the authors. A similar program will soon be launched among leading illustrators and gallery artists.

LABOR PRESS

Attached is a proof sheet of special labor pictures mailed this week in mat form to all labor papers. Also attached is the feature in the current issue of BUSINESS WEEK, showing how labor and management are cooperating in pushing the sale of War Bonds through the Payroll Savings Plan.

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CHURCH PRESS

Church publications show all types of our material being used. Many of the leading Jewish and Catholic magazines are writing articles and editorials urging the purchase of Bonds. Several Catholic and Protestant missionary and educational institutions are tying their campaigns for money with that of the War Bond Campaign.

Special news material was released to the Religious Press this week. Attached are proofs of pictures sent to the Church Press showing leading churchmen who are serving as Radio Minute Men.

Analysis of Exposure to Payroll Savings Plans
April 11, 1942

	Number exposed to payroll savings plans	Total number in the country (estimated)	Percent of total exposed
Part A - Summary by Number of Organizations Exposed			
I. Business organizations			
(1) Large railroads.....	158	167	95
(2) Other firms with 500 employees or more.....	5,733	7,329	78
(3) Other firms with 100 to 499 employees.....	<u>14,815</u>	<u>26,839</u>	<u>55</u>
(4) Subtotal - large firms.....	20,706	34,335	60
(5) Firms with less than 100 employees.....	<u>38,660</u>	*	*
(6) Total business organizations.....	59,366	*	*
II. Governmental organizations.....	*	*	*
III. Grand total.....	<u>59,366</u>	<u>*</u>	<u>*</u>

Part B - Summary by Number of Employees Exposed

I. Business organizations			
(1) Large railroads.....	1,273,260	*	*
(2) Other firms with 500 employees or more.....	14,167,288	*	*
(3) Other firms with 100 to 499 employees.....	<u>3,207,764</u>	*	*
(4) Subtotal - large firms.....	18,648,312	*	*
(5) Firms with less than 100 employees.....	<u>910,879</u>	*	*
(6) Total business organizations.....	19,559,191	30,400,000 ^{1/}	64
II. Governmental organizations			
(1) Federal Government.....	397,981	1,700,000 ^{1/}	23
(2) State and local governments.....	<u>1,006,755</u>	<u>2,700,000</u> ^{1/}	<u>27</u>
(3) Total governmental organizations.....	<u>1,404,736</u>	<u>4,400,000</u>	<u>22</u>
III. Grand total.....	<u>20,963,927</u>	<u>34,800,000</u> ^{1/}	<u>60</u>

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

April 17, 1942

^{1/} Excludes agricultural employees, military personnel, employees on WPA or NYA or CCC projects, proprietors, firm members, self-employed, casual workers and persons in domestic service.
* Data not available.

Firms Employing 100 to 499 Persons Participating in Payroll Savings Plans
(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Jan. 10	Apr. 4	Apr. 11		Jan. 10	Apr. 4	Apr. 11
Alabama.....	17	137	137	285	6	48	48
Arizona.....	15	42	42	58	26	72	72
Arkansas.....	22	43	43	142	15	30	30
Northern California.....	160	501	501	501	32	100	100
Southern California.....	495	744	753	1,171	42	64	64
Colorado.....	64	112	112	170	38	66	66
Connecticut.....	100	276	277	622	16	44	45
Delaware.....	0	17	18	84	0	20	21
District of Columbia.....	8	50	51	152	5	33	34
Florida.....	48	143	145	145	33	99	100
Georgia.....	56	124	126	589	10	21	21
Idaho.....	19	30	30	50	38	60	60
Illinois.....	48	1,163	1,245	2,252	2	52	55
Indiana.....	0	400	403	586	0	68	69
Iowa.....	4	151	153	271	1	56	56
Iowa.....	114	275	275	275	41	100	100
Kentucky.....	75	120	120*	312	24	38	38
Louisiana.....	0	167	167	384	0	43	43
Maine.....	3	59	60	198	2	30	30
Maryland.....	32	150	165	405	8	37	41
Massachusetts.....	53	604	626	1,523	3	40	41
Michigan.....	137	664	670	1,022	13	65	66
Minnesota.....	181	370	376	399	45	93	94
Mississippi.....	30	58	58	143	21	41	41
Missouri.....	0	452	472	664	0	68	71
Montana.....	22	39	40	40	55	98	100
Nebraska.....	5	67	101	123	5	79	82
Nevada.....	8	14	14	24	33	58	58
New Hampshire.....	7	80	89	145	5	55	61
New Jersey.....	171	391	436	869	20	45	50
New Mexico.....	12	33	33	35	34	94	94
New York.....	505	1,871	2,008	4,219	12	44	47
North Carolina.....	29	260	270	499	6	52	54
North Dakota.....	4	9	12	29	14	31	41
Ohio.....	0	1,062	1,080	1,739	0	61	62
Oklahoma.....	29	161	164	345	8	47	48
Oregon.....	21	187	197	271	8	69	73
Pennsylvania.....	713	1,612	1,655	2,032	35	79	81
Puerto Rico.....	46	147	148	224	22	66	66
South Carolina.....	13	69	71	174	7	40	41
South Dakota.....	5	18	19	19	26	95	100
Tennessee.....	0	182	199	448	0	41	44
Texas.....	74	266	285	1,375	5	19	21
Utah.....	13	36	36*	111	12	32	32
Vermont.....	30	58	59	63	47	92	94
Virginia.....	31	258	265	338	9	76	78
Washington.....	71	227	232	323	22	70	72
West Virginia.....	0	88	91	272	0	31	33
Wisconsin.....	0	264	267	680	0	39	39
Wyoming.....	1	17	17	17	6	100	100
Alaska.....	0	2	2*	2	0	100	100
Railroads.....	46	49	49	52	88	94	94
Total.....	3,541	14,346	14,864	26,891	13	53	55

April 17, 1942

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

* Data are for April 4, inasmuch as no April 11 report was received.

Firms Employing 500 Persons or More Participating in Payroll Savings Plans
(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Jan. 10	Apr. 4	Apr. 11		Jan. 10	Apr. 4	Apr. 11
Alaska.....	9	50	50	76	12	66	66
Arizona.....	15	21	21	21	71	100	100
Arkansas.....	6	17	17	18	33	94	94
Northern California.....	114	160	160	196	58	82	82
Southern California.....	123	167	170	170	72	98	100
Colorado.....	22	26	26	32	69	81	81
Connecticut.....	97	151	152	185	52	82	82
Delaware.....	2	16	17	28	7	57	61
District of Columbia.....	12	29	29	52	23	56	56
Florida.....	18	35	35	66	27	53	53
Georgia.....	35	60	61	143	24	42	43
Idaho.....	6	10	10	10	80	100	100
Illinois.....	277	425	435	634	44	67	69
Indiana.....	41	133	133	180	23	74	74
Iowa.....	9	42	43	53	17	79	81
Kansas.....	16	33	33	33	48	100	100
Kentucky.....	19	45	45*	70	27	64	64
Louisiana.....	0	38	39	85	0	45	46
Maine.....	42	54	54	54	78	100	100
Maryland.....	40	105	106	154	26	68	69
Massachusetts.....	41	280	281	370	11	76	76
Michigan.....	305	333	333	333	92	100	100
Minnesota.....	87	103	103	105	83	98	98
Mississippi.....	12	17	17	28	43	61	61
Missouri.....	0	157	162	162	0	97	100
Montana.....	4	5	5	5	80	100	100
Nebraska.....	28	40	40	41	68	98	98
Nevada.....	3	5	5	5	60	100	100
New Hampshire.....	17	30	30	30	57	100	100
New Jersey.....	185	242	249	249	74	97	100
New Mexico.....	5	6	6	6	83	100	100
New York.....	435	868	885	1,350	32	64	66
North Carolina.....	49	110	112	158	29	65	67
North Dakota.....	0	1	1	1	0	100	100
Ohio.....	285	507	514	557	51	91	92
Oklahoma.....	22	40	41	62	35	65	66
Oregon.....	51	70	70	70	73	100	100
Pennsylvania.....	336	572	579	625	54	92	93
Rhode Island.....	58	73	74	90	64	81	82
South Carolina.....	27	73	73	96	28	76	76
South Dakota.....	1	4	4	4	75	100	100
Tennessee.....	4	66	68	106	4	62	64
Texas.....	36	61	61	187	19	33	33
Utah.....	8	10	10*	14	57	71	71
Vermont.....	10	13	13	13	77	100	100
Virginia.....	41	99	100	100	41	99	100
Washington.....	44	64	65	74	59	86	88
West Virginia.....	2	43	45	67	3	64	67
Wisconsin.....	84	146	147	147	57	99	100
Wyoming.....	0	1	1	1	0	100	100
Alaska.....	0	3	3*	3	0	100	100
Railroads.....	98	109	109	115	85	95	95
Total.....	3,185	5,768	5,842	7,444	43	77	78

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

April 17, 1942

* Data are for April 4, inasmuch as no April 11 report was received.

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Fourteen Business Days of April, March and February 1942
 (April 1-16, March 1-17, February 1-17)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	April	March	February	April over March	March over February	April over March	March over February
	Series E - Post Offices	\$ 42,677	\$ 50,231	\$ 57,253	-\$ 7,554	-\$ 7,022	- 15.0%
Series E - Banks	<u>125,426</u>	<u>145,149</u>	<u>211,330</u>	- <u>19,723</u>	- <u>66,181</u>	- <u>13.6</u>	- <u>31.3</u>
Series E - Total	168,103	195,380	268,582	- 27,277	- 73,202	- 14.0	- 27.3
Series F - Banks	20,732	23,925	33,449	- 3,193	- 9,524	- 13.3	- 28.5
Series G - Banks	<u>91,097</u>	<u>105,532</u>	<u>164,119</u>	- <u>14,435</u>	- <u>58,587</u>	- <u>13.7</u>	- <u>35.7</u>
Total	<u>\$279,933</u>	<u>\$324,837</u>	<u>\$466,150</u>	-\$ <u>144,904</u>	-\$ <u>141,313</u>	- <u>13.8%</u>	- <u>30.3%</u>

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

April 17, 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 - April, 1942
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales Series E	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
April 1942									
1	\$ 2,476	\$ 10,517	\$ 2,380	\$ 9,608	\$ 22,504	\$ 12,993	\$ 2,380	\$ 9,608	\$ 24,980
2	2,999	8,264	2,119	7,570	17,953	11,263	2,119	7,570	20,953
3	3,222	7,572	1,185	6,235	14,992	10,794	1,185	6,235	18,214
4	2,778	9,292	1,387	5,334	16,013	12,070	1,387	5,334	18,790
6	4,961	13,035	2,329	8,027	23,391	17,996	2,329	8,027	28,352
7	2,958	5,722	834	8,983	15,539	8,680	834	8,983	18,497
8	2,309	9,610	1,142	6,562	17,314	11,919	1,142	6,562	19,623
9	2,906	9,304	955	5,715	15,974	12,210	955	5,715	18,880
10	2,730	8,052	1,573	5,261	14,885	10,782	1,573	5,261	17,615
11	2,150	5,224	668	2,720	8,613	7,374	668	2,720	10,762
13	4,619	17,572	2,432	8,604	28,609	22,192	2,432	8,604	33,228
14	2,513	6,152	1,076	3,333	10,561	8,665	1,076	3,333	13,074
15	2,584	5,102	1,251	5,374	11,728	7,686	1,251	5,374	14,312
16	3,472	10,008	1,400	7,773	19,180	13,480	1,400	7,773	22,652
Total	\$ 42,677	\$125,426	\$ 20,732	\$ 91,097	\$237,255	\$168,103	\$ 20,732	\$ 91,097	\$279,933

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

April 17, 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.

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Draft A presented to Secretary at
9:25 am, April 17, 1942

Miss Channing

This broadcast celebrates the completion of a quarter of a century of communal service on the part of the Jewish Welfare Board.

Twenty-five years ago, during the first World War, the Jewish Welfare Board was organized as a service agency with two main objectives. One was to minister to the religious interests of Jewish soldiers; the other, and by far the more important, was to give recreation and comfort and companionship to all men in uniform.

~~Now we are at war again, and~~ again the Jewish Welfare Board has risen to its full wartime duties. It has joined hands with other organizations through the U.S.O. and it has worked to the limit of its resources to make all service men -- soldier, sailor, marine, and

-A

aviator -- feel at home wherever they may be.

We civilians so often wish in this war that we could show our admiration and our gratitude to the men who have given up so much to fight for us. We have had ~~so~~^{two} little opportunity to take uniformed men into our home for a meal or to cheer them on parade, or to take away from the loneliness that all of them feel in strange places far from home. Nothing that we civilians can do on the home front can possibly be compared with the sacrifices by the men who have interrupted their careers and offered their very lives in the service of their country. I believe that the Jewish Welfare Board and similar service agencies are doing just the kind of job that we ^{civilians} would like to be doing for our fighting men. For that reason, if for no other, the

work of these agencies deserves every bit of support and encouragement that we can give.

For ^{that} ~~this~~ reason we can all be thankful for the existence of these fine organizations, but there is another reason just as compelling. The services of these agencies -- Catholic, Protestant and Jewish -- reflect the essential unity of our country in a time of crisis like this. In peacetime, the Jewish Welfare Board is concerned primarily with Jewish problems. Through many kinds of activity it awakens new pride in the Jewish moral heritage and encourages our young people to take advantage of the opportunities which this free country of ours gives them. In time of war, however, the Jewish Welfare Board unites at once with all other agencies to do the utmost for our men in

- 4 -

uniform, regardless of their religion or of the country from which their people came.

Our enemies like to point to our peacetime differences and to our many national and religious strains in the hope that they can divide us in wartime. What they fail to realize is that the freedom enjoyed by every creed and group in our nation creates precisely that unity which we are showing now in our war effort. We are welded together in this emergency not in spite of ^{our diversity} but because we have been free under the American system to develop our spiritual differences. The Jewish Welfare Board takes its place among the service agencies in the same way and in the same spirit as our soldiers and sailors meet the enemy. It serves without a thought of difference, and it remembers only our common cause and our common faith in America.

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Draft B presented to Secy at 2 pm

April 17, 1942

DRAFT OF SECRETARY MORGENTHAU'S
BROADCAST OVER THE BLUE NETWORK
FOR THE JEWISH WELFARE BOARD,
FROM STATION WKIP, THE NELSON HOUSE,
POUGHKEEPSIE, NEW YORK, 9:25 PM APRIL 18, 1942

This anniversary broadcast has given all of us,
I think, a clearer understanding of the great work that
the Jewish Welfare Board and other service organizations
are doing for our men in uniform.

~~We have needed that clearer understanding.~~ This
is a war in which we stay-at-homes can see very little
of the men who are training in far-off camps or serving
in still more distant posts of duty abroad. We civilians
often wish that there were some way of showing our
admiration and gratitude to the men who have given up
so much to fight for us. We have had too little opportunity
to invite soldiers and sailors into our homes for a meal,
or to cheer them on parade, or to do anything to take away

from the loneliness that all of them feel in strange places far from home.

~~Now, thanks to this broadcast, we know that this kind of friendly service is being done.~~ The Jewish Welfare Board and similar service agencies are doing precisely what so many of us would like to do for the soldiers and sailors if we could. Starting its work twenty-five years ago in the First World War, and now in this far greater ^{War} ~~struggle~~, the Jewish Welfare Board has joined hands with Catholic and Protestant service organizations to make all men in uniform feel at home, wherever they may be. It does much more than care for the religious needs of ^{of Jewish faith} ~~Jewish~~ soldiers. It does its best to give recreation, comfort and companionship to all

service men, whatever their religion, ~~and whatever the country from which their people came.~~

For this reason I believe that the work of these agencies deserves every bit of support and encouragement that we can give. We on the home front will be asked to *make* *many* sacrifices ~~in many ways~~ to win this war, but nothing we can do can possibly be compared to the sacrifices by the men who have interrupted their careers and offered their very lives in the service of our freedom. We cannot go to the camps and battle stations to lighten the load of the men in uniform, but at least we can be thankful to the service organizations which are doing that job on our behalf. They are developing the qualities of heart and mind that have always marked American fighting men. They are helping to build an army and navy of free men that will outfight, outlast and destroy all the drilled and regimented armies of our enemies.

April 17, 1942
2:18 p.m.

Norman
Thompson: Yes sir.

HMJr: Norman.

T: Yes sir.

HMJr: I want to give the combined Kuhn-Odegard-Graves
trio the right to send any telegrams or letters
over my name without my seeing it.

T: I see.

HMJr: Reinstate that.

T: I see - all right.

HMJr: The three of them can

T: Yes, you want the three to go over each individual -

HMJr: Well, anything - anything that the three agree on -
two out of three.

T: Two out of three.

HMJr: Yes sir.

T: All right, I'll take care of it.

HMJr: Two out of three.

T: O. K. sir.

HMJr: All right

April 17, 1942

MEMORANDUM TO: Mr. Graves
Mr. Kuhn
Mr. Odgaard

Referring to my memorandum of yesterday, it is not intended that the requirement that communications over the name of the Secretary must receive his personal approval or signature shall apply to communications in connection with the Defense Savings program if all three, or at least two, of you clear any such communications.

(SIGNED) W. N. THOMPSON

Administrative Assistant
to the Secretary.

WNT:aja

April 16, 1943

MEMORANDUM TO: Mr. D. W. Bell
Mr. Gaston
Mr. Sullivan
Mr. Foley
Mr. Blough
Mr. Buffington
Mr. Graves
Mr. Haas
Mr. Kuhn
Mr. Oddegard
Mr. Paul
Mr. Pehle
Mr. Schwarz
Mr. Tarleau
Mr. White

The Secretary desires that no communication of any kind be sent out from the Department bearing his name unless in each instance it has received his personal approval or signature. It will be appreciated if you will see that the Secretary's instructions in this connection are complied with.

(SIGNED) W. N. THOMPSON

Administrative Assistant
to the Secretary.

WNT:aja

April 17, 1942
2:40 p.m.

HMJr: Hello.

JONES: Henry?

HMJr: Yes, Jesse.

J: How are you?

HMJr: I'm alive.

J: Henry, a friend here who's - it's a - the motion picture fellows, you know have a lot of blocked money in England and Australia and around. They wonder if there could be any way that you could take - say, for instance - use the blocked sterling in some of your payments

HMJr: I don't know, but if they'd come over and see Harry White, he'd be glad to listen to them.

J: I'll send them over to see Harry.

HMJr: Would you do that?

J: Certainly will. I wonder if he could do it this afternoon?

HMJr: Ah

J: I'll put in - I'll make the appointment.

HMJr: Will you?

J: I'll call him.

HMJr: Righto.

J: Thank you very much.

HMJr: Thank you.

J: Bye -

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 17, 1942

TO Secretary's files
FROM Ferdinand Kuhn, Jr.

I have let her know.

Memo of 4/16/42

April 16, 1942

Ferdinand Kuhn
Secretary Morgenthau

Mrs. Morgenthau is leaving at 4 o'clock today.
Please telephone her and let her know just what
arrangements you have made for her in New York. Done - 4/16/42

April 17, 1942

TO: MR. FOLEY
FROM: THE SECRETARY

You should read the editorial in today's Post
on patents.

4/17/42

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Mr. Jr took original of this with him
to farm today to show to the President.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 16, 1942.

TO Secretary Morgenthau
FROM George Buffington GFB.

RE: PAUL SHIELDS

I have talked in confidence with three men who know Mr. Shields personally and have had business relations with him extending over ten years. In certain respects the information is conflicting and it is difficult to express a conclusive opinion in answer to the President's question without knowing more about the reason for the inquiry.

Mr. Shields is regarded as a dynamic personality and a man of considerable ability.

He is honest, tough, and selfish.

He has a great many very close friends and, as one man expressed it, an equal number of enemies.

He has been successful in business.

He likes to run things and is only interested when he can dominate a situation.

He took a prominent position in New York Stock Exchange affairs, following Richard Whitney's defalcation, in an effort to clean up the Exchange.

One man with whom I talked who has worked with Mr. Shields closely on various business matters says he is a man with unlimited crust. /

THE WHITE HOUSE
WASHINGTON

April 11, 1942.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY

What do you think of
Paul Shields?

F. D. R.

Handwritten notes:
- [unclear]
11-1-42
C. G. [unclear]
[unclear]



April 17, 1942.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston

Two members of the Uniformed White House Police are about to be inducted into military service unless we request deferment.

Under the law we have to recruit these men from the Metropolitan Police. The Metropolitan Police asks permanent deferment for all its officers. It has become almost impossible to get any more men from the Metropolitan Police on this account. Their officers advise them not to transfer.

Supervising Agent Reilly and Chief Wilson recommend that we adopt the policy of asking permanent deferment for White House police officers. This would be inconsistent with our policy as to Secret Service agents of the White House detail, who are much more valuable and have better training.

I recommend the following:

(1) That we ask six months deferment only for men of the White House Police who may be selected for induction into military service. pic
10/11

(2) That we seek an amendment of the law which will permit us to select and train our own police officers instead of relying on the Metropolitan Police. This seems to be desirable wholly apart from the selective service consideration and Chief Wilson agrees to this. pic
10/11

*W.S.
Gaston*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 17, 1942

TO Secretary Morgenthau
FROM Mr. Haas
Subject: Current Developments in the High-grade Security
Markets; Carrying Values of United States Government
Bonds Held by Banks

SUMMARY

- (1) Prices of Treasury notes have lost an average of about $2/32$ since April 1, while Treasury bonds have gained about the same amount (Chart I).
- (2) The average carrying value of United States bonds held by New York City banks is substantially in excess of that for the same issues for banks outside of New York City. The average carrying value of New York City banks, however, is substantially below the market.
- (3) Corporate and municipal bond flotations continue at a low level and constitute no present hazard to the Treasury financing program (Chart II).
- (4) Municipal bond prices continued to rise during April. During the two weeks ending April 11, the Treasury average of high-grade corporate bond yields fell 3 basis points (Chart III).

Secretary Morgenthau - 2

I. United States Government Securities

During the past two weeks, trading in the Government security market has continued the quiet pace that prevailed in the preceding two-week period. Since April 1, Treasury notes have undergone a slight general decline, losing an average of about 2/32. Treasury bonds gained about the same amount (Chart I).

The following table shows price changes by maturity classes since April 1 for taxable and tax-exempt notes and bonds:

	Average price change April 1-April 16		
	Tax- exempt issues	Taxable issues	All issues

(Decimals are thirty-seconds)

Notes

1 to 3 years	- .02	- .02	- .02
3 to 5 years	<u>1/</u>	- .02	- .02

Bonds

5 to 15 years to call	+ .01	+ .03	+ .01
15 years and over to call	+ .04	+ .02	+ .03

II. Carrying Values of United States Government

Bonds Held by Banks

Figures have recently become available on the average carrying values of United States securities held by member banks. These data were compiled by the bank supervisory agencies at the request of the Treasury Department.

1/ No issues outstanding.

Secretary Morgenthau - 3

The average carrying values of Treasury notes and bonds held by member banks inside and outside of New York City are shown and compared with the average market prices of these securities in the following table:

	Carrying Values		Average market value
	Banks in New York City	Banks out- side New York City	
Notes	100.15	100.18	100.52
Bonds under 10 years maturity	104.22	101.26	105.48
Bonds over 10 years maturity	104.55	102.78	106.57
Total notes and bonds	103.02	101.93	105.34

NOTE: Decimals are true decimals rather than thirty-seconds. Bonds are classified by final maturity rather than first call date.

The higher carrying values of bonds in the portfolios of the New York City banks are rather striking. It probably reflects the greater amount of trading carried on by these banks. In a rising market this naturally tends to realize trading profits and to push up average carrying values. It should be noted, however, that carrying values even in the case of New York City banks were substantially (more than 2 points) below average market values prevailing at the end of the year.

III. Corporate and Municipal Bond Flotations

The volume of corporate and municipal bond flotations has continued at a low level during 1941 and the first three months of 1942 (Chart II). The only month in which new capital flotations exceeded \$150 millions was August, when the American

Secretary Morgenthau - 4

Telephone and Telegraph Company offered a \$234 million new money bond issue to its stockholders. Total flotations in March amounted to only \$143 millions, of which only \$77 millions was for new money. The problem of competition between Government and private capital issues is thus not a serious one at the present time.

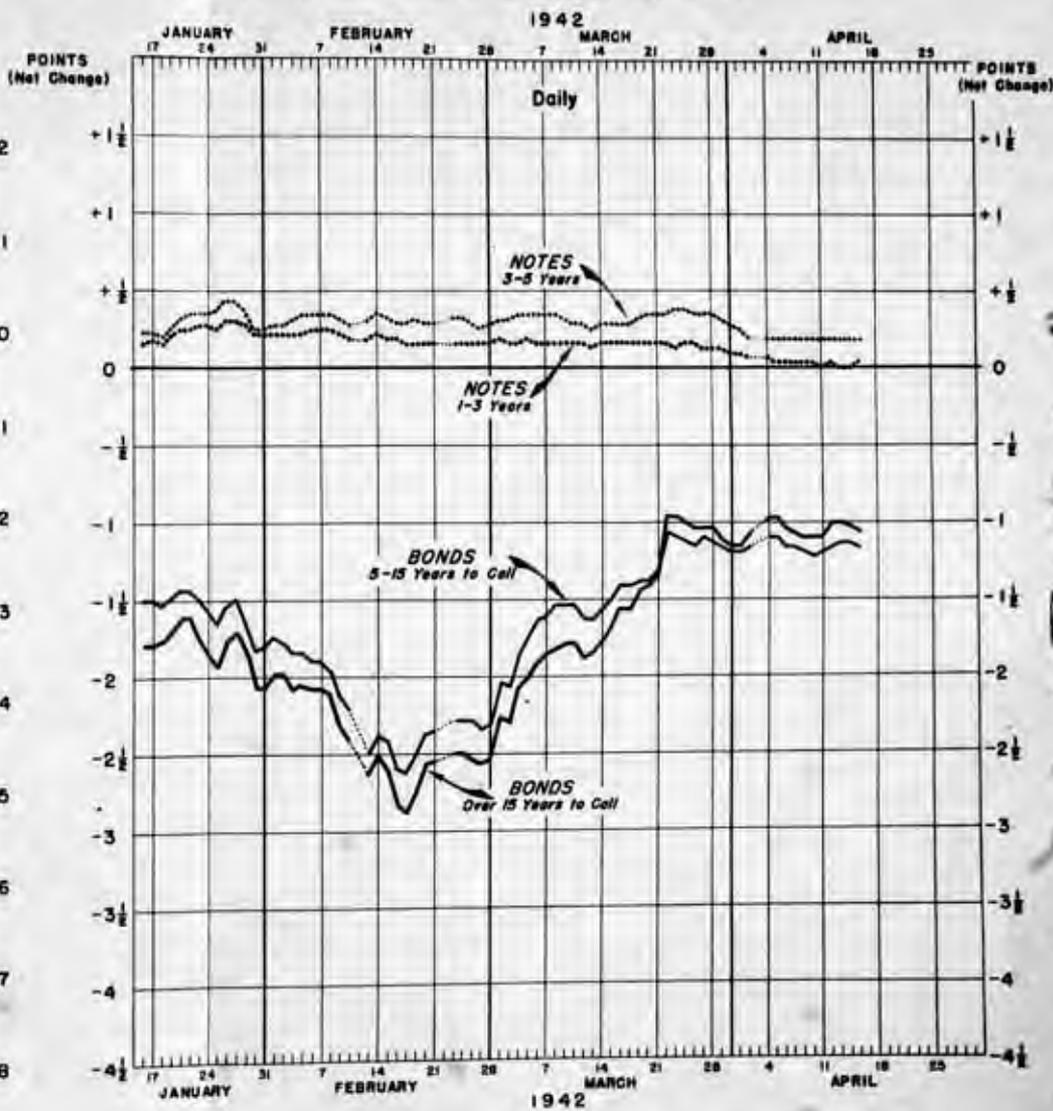
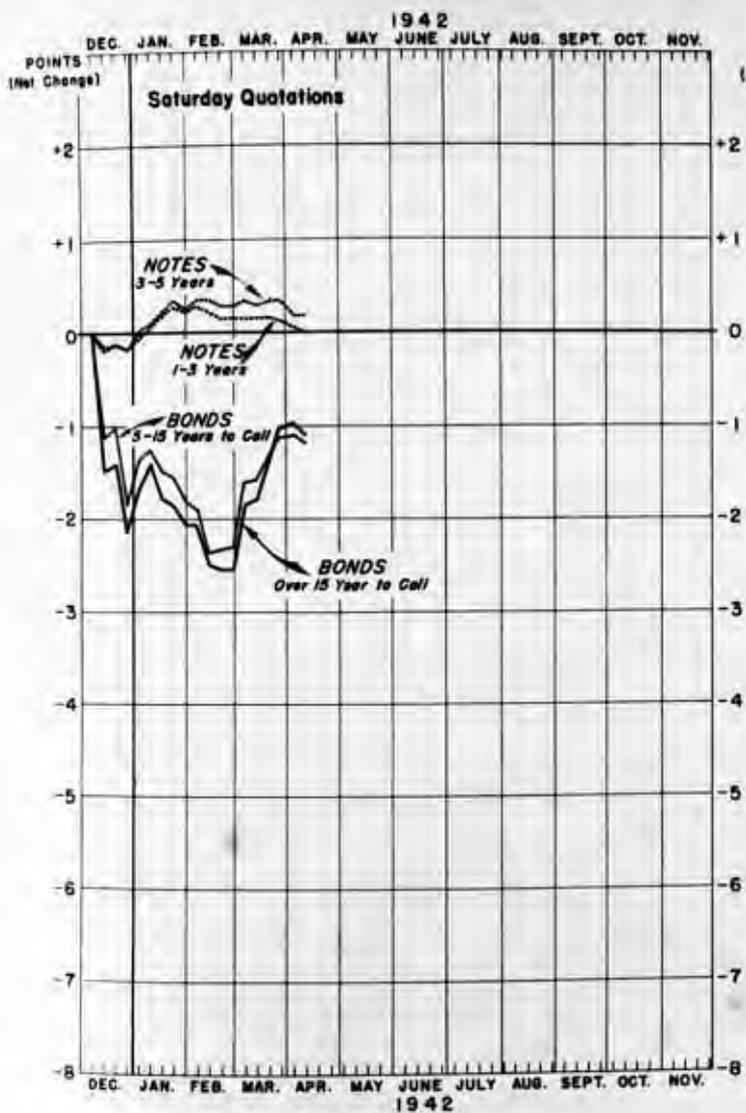
IV. Other Domestic High-grade Securities

Municipal bond prices continued to rise during April. The Dow-Jones average yield of 20 municipal bonds declined (prices rose) 6 basis points from 2.47 to 2.41 percent during the two weeks ending April 11. During the same period, the Treasury average of high-grade corporate bond yields declined by 3 basis points, and the average yield of taxable Treasury bonds fell by one basis point (Chart III).

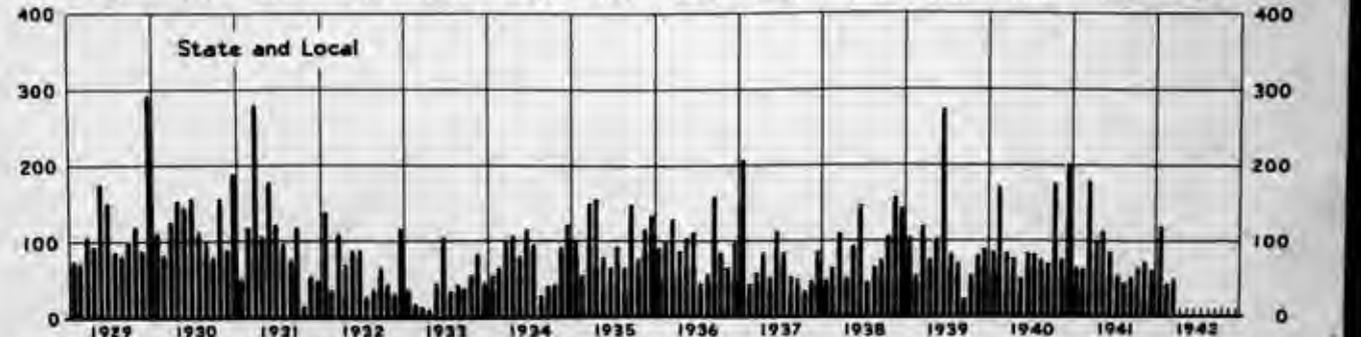
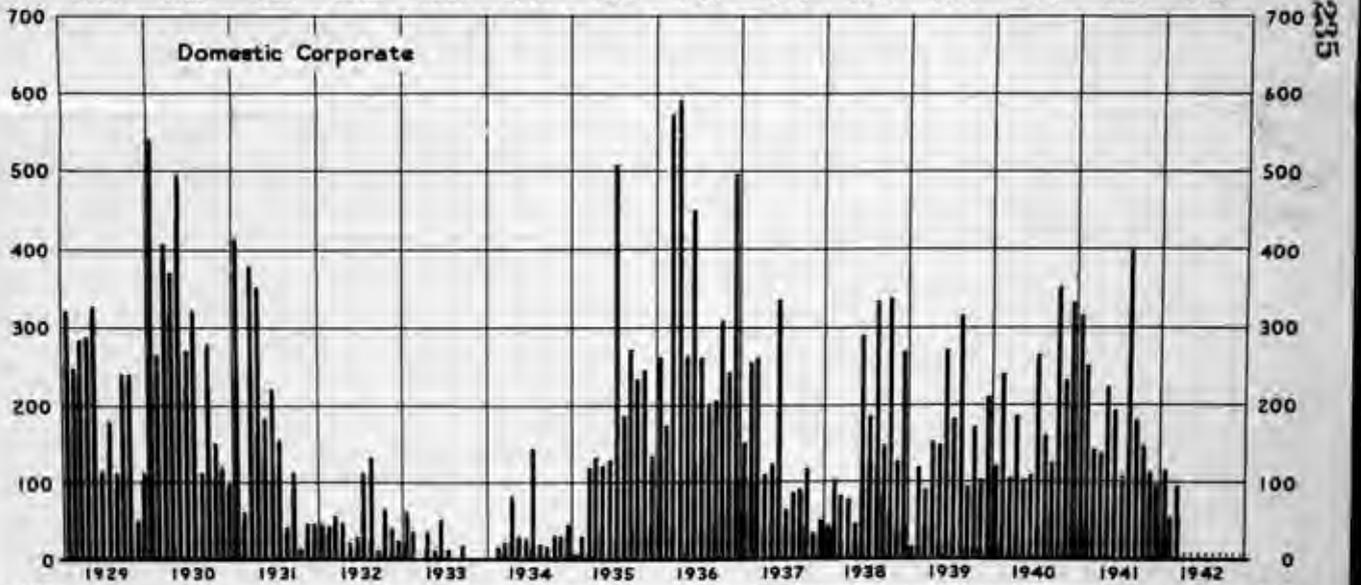
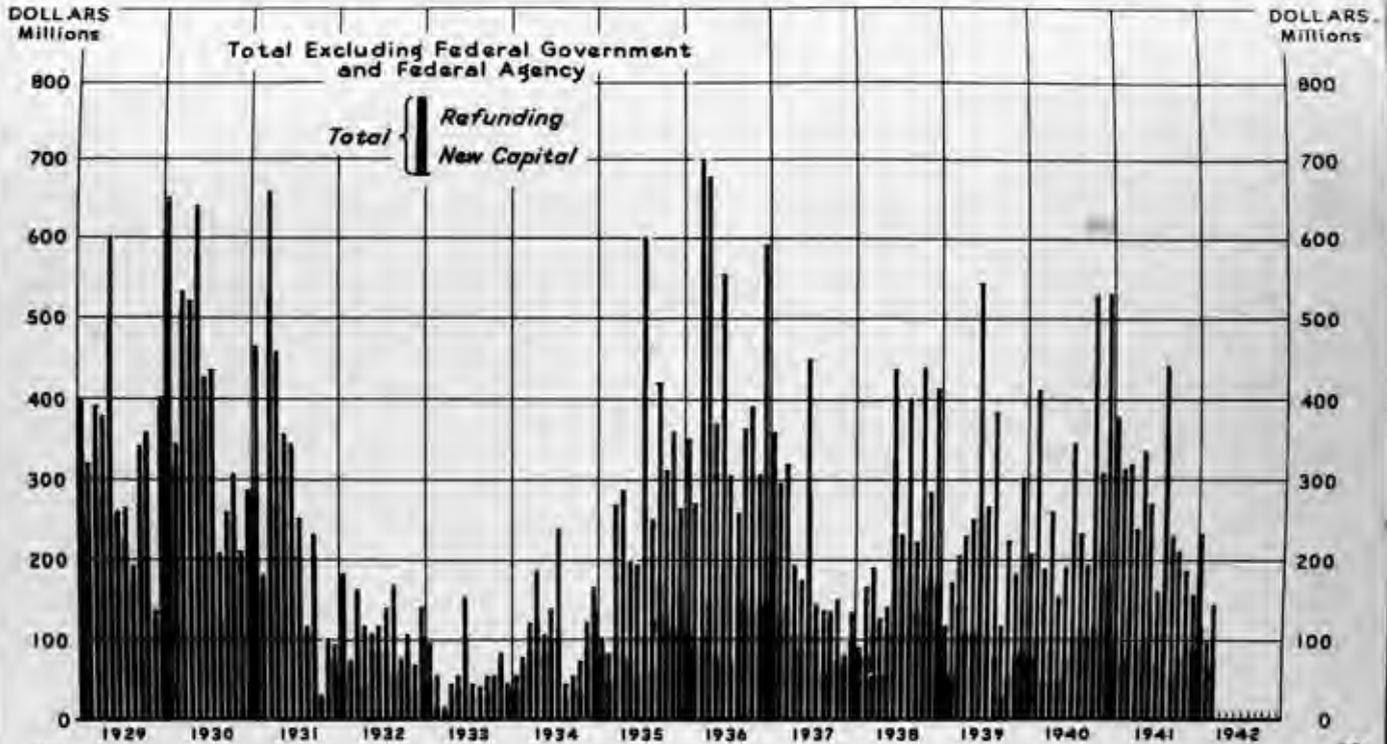
Attachments.

CHANGES IN THE PRICES OF U.S. SECURITIES

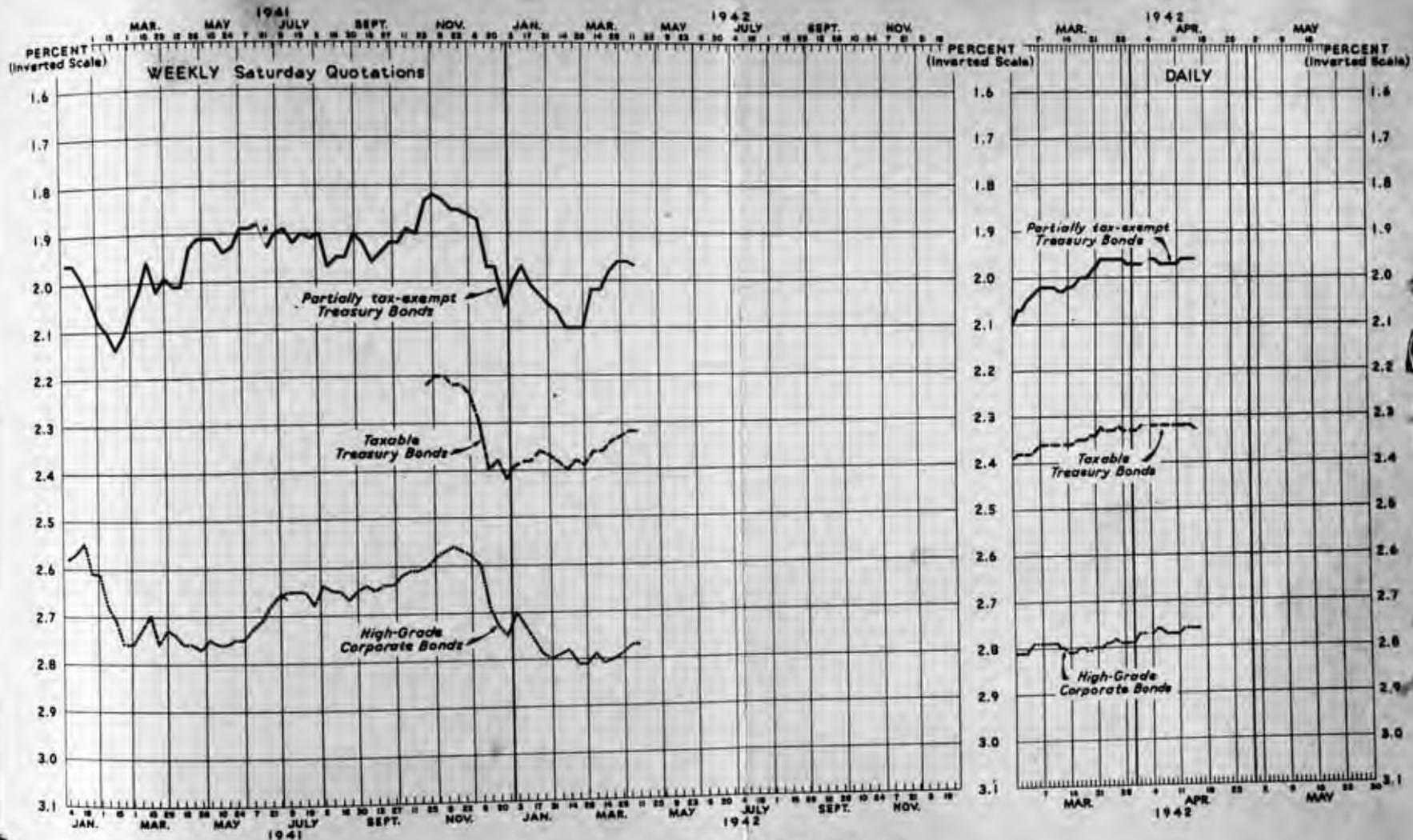
Points Plotted Represent the Difference from December 6, 1941 Price of Each Maturity Class



TOTAL DOMESTIC BOND FLOTATIONS (EXCLUDING FEDERAL)



AVERAGE YIELDS OF LONG-TERM TREASURY AND CORPORATE BONDS



* Change in composition of Long-Term Treasury average

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 17, 1942

TO Ferdinand Kuhn, Jr.

FROM Herbert Merillat

EDITORIAL OPINION
ON THE HOME FRONT:
THE BATTLE ON INFLATION

The growing danger of inflation has occupied the editorial mind more and more in the past fortnight. In "inflation control" the press has found a rubric to cover its chief demands for measures to combat the nation's domestic ills -- measures such as restrictions on labor, limits on war profits, over-all price control, increased taxation on low incomes, and compulsory savings. Editorial friend and foe alike are demanding that the Administration take the lead in an integrated all-out attack against inflation.

The White House conference of the President with Secretary Morgenthau, Price Administrator Henderson, Federal Reserve Chairman Eccles, and Budget Director Smith aroused hopes that the Administration would at last push such a campaign on a broad front. The press prophets jumped to the conclusion that the program would include

- 2 -

freezing of wages, freezing of all prices, limits on profits, higher taxes than those recommended by the Treasury, and compulsory savings. News reports throughout the country thus outlined the program in the most authoritative tones -- whether from a belief that this would actually be the Administration program or from a desire to bring pressure for such a program, it is impossible to say.

In any case, later developments changed the prognosticators' tune. Congressional leaders' reluctance to impose higher taxes and Secretary Morgenthau's proposal to push bond sales on a voluntary basis have knocked out two items on the program. Neither development has yet aroused much editorial comment.

The Richmond News-Leader says "Mr. Morgenthau still is overconfident in his judgment of what can be effected by the voluntary sale of government securities." The Washington Post also thinks the Secretary's hope is a forlorn one. It says that the pay-roll deduction method is not likely to succeed without pressure from above. Moreover, it says such a plan designed for sales

- 3 -

to industrial workers will not reach the self-employed or persons not employed at all. It suggests that banks be given some financial inducement to push bond sales.

The Wall Street Journal is "glad Secretary Morgenthau is reluctant to adopt the idea" of compulsory savings. "Indeed, we think its final and definite rejection might be a considerable stimulant to voluntary sales." The Philadelphia Inquirer also thinks "there is every reason to believe that" the Secretary's "confidence is not misplaced." It is optimistic over the possibilities of a sales campaign conducted by an army of volunteer workers. General editorial reaction, however, has not yet become clear.

Two recommendations predominate in the editorial demands for an inclusive program against inflation -- "over-all" freezing of prices, including wages, and heavier taxation of low incomes.

An over-all price ceiling on the Baruch model has widespread press support, as it did last year. In "I-told-you-so" tones many commentators remark that selective price control was bound to fail so long as

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wages and farm prices were not subject to effective restrictions.

The eastern metropolitan press, which discusses over-all freezing more critically than the press in general, points to the difficulties of now freezing retail prices, wholesale prices, wages, and profits in such a way that great injustice will not result.

Sales Tax

Additional taxes on low income groups are also insistently demanded by a large section of the press as a necessary item in the anti-inflation program. The first choice of most papers continues to be the sales tax. The President's recent reaffirmation of his dislike for a sales tax provoked editorial charges that he is unrealistic in continuing to oppose a measure needed to raise revenue and check inflation. The Wilmington Journal's comment is typical: "Time and again the President, Secretary Morgenthau, and other Administration leaders have served notice on the country that inflation must be avoided whatever the cost. Their warnings would have a ring of greater sincerity if they themselves were

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not so studiously determined to sidetrack the one plan -- a general sales tax -- which would most effectively check a buying rush and the consequent sky-rocketing of prices."

MEMORANDUM FOR THE SECRETARY.

April 17, 1942.

Mail Report

There has been a decided lull in the mail on tax matters, etc., during the past week. The proportion remains about the same with protests against the sales tax far outnumbering endorsements for it. In the postal card campaign against the sales tax, there have been 164 cards. General mail against it outnumbers requests for it by two to one. There are still protests inspired by telephone companies who have convinced their workers that the Government's program will work a hardship on those receiving old-age pensions from the companies.

Toward the end of the week a number of letters were received commenting on the recent issue of "Our America". These are included under Bonds Favorable and Unfavorable.

Ge Forbush

- 1 -

General Comments on the Present Emergency

Ramona Reach, Canovanas, Puerto Rico. I am a girl 12 years old. I am in the 7th grade of the Andres Flores School in Canovanas, P.R. I am enclosing my "First Dollar Received" to help our country win this war. I earned it by helping my mother in her housework.

Fred L. Haskett, Dallas, Texas. (Travel Service) * * * Conditions are growing worse in this part of the nation, especially among independent business men. Many firms have closed during the past week, and each week henceforth, unless changes come about, will find many more firms closing. Last week a daily newspaper in Dallas with many years of life, ceased and folded up. There will be many more newspapers to fold up during the next few months to come. The reason: Excessive taxes, loss of advertising and increased labor and material costs. In the newspaper business there are two types of advertising -- local and national. * * * Curtailment of national advertising is forcing most of the advertising agencies out of business. Little advertising agencies, dealing entirely with local clients, are quitting business. * * * If depletion charges in oil production are not allowed, it means that every independent oil producer in Texas, Oklahoma, Kansas, and other states will go broke. Also: If the OPA does not permit at least 25 cents a barrel increase in price of oil from "stripper" wells, it means that soon at least 40,000 stripper wells in Texas will be closed down, and taking other states with stripper production, perhaps not less than 100,000 strippers will produce no more. If these wells closed for a few months, they can never again be placed in production. The economic loss to the nation, and our supply of crude, will be staggering. * * *

William A. Hoke, Cashier, The Delta National Bank, Delta, Pennsylvania. It appears a number of our customers heard the radio address yesterday of Senator Millard E. Tydings. We did not hear it, but apparently he said something in the address that lead customers of banks to believe that

- 2 -

deposits in banks would be taxed or were to be assessed for the purpose of helping to finance the war. We have had a number of calls today from persons who were going to withdraw their money if this were the case. While we think that if this were the case, and they would withdraw their money to escape from being assessed, they would not be very patriotic, but we do not believe this to be the case, and would like to go on record as opposing radio addresses or even newspaper articles that are misleading or may be interpreted to mislead the public. We tried to assure the persons inquiring that no such plan had been suggested by the Treasury Department. * * * Anything that you may be able to do to get the public straightened out in regard to the above will be appreciated.

Anna A. Goldbeck, Philadelphia, Pa. Two old ladies, one nearly 79 years old, have decided to send their Government \$25. We think to do this when we can is better than buying Stamps and Bonds, as we are not likely to be here when they mature. (Encloses check for \$25.)

Edward A. Vaughan, Publisher, Dallas, Texas. Knowing as I do that our wonderful President is your friend, I am mailing you a copy of my paper with an article about the finest man that ever went to the White House. I hope you like same. You are doing a fine job yourself -- just keep your health, and if the jackals snap at you, just let them. They can't hurt a man that is giving his Country all his best efforts. Best wishes always.

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Favorable Comments on Bonds

Maurice Mayer, Yonkers, N.Y. I deeply appreciate your several letters, which naturally are in recognition of my systematic purchase of Bonds, and want to assure you of my continued buying - to the utmost of my ability. * * * I read an article written by you in the magazine, "Our America", which gives me more inspiration, and should inspire every red-blooded American. * * *

Leona J. Beidleman, Toledo, Ohio. Thank you for the pamphlet, "Our America". It came today, just as the disheartening news came over the air of the desperate plight of our gallant and hard-pressed men on Bataan Peninsula. It made me suddenly realize how little I have been doing to help in this great war of ours. * * * I cannot go out and work in defense industries, as I have two young children who need my care, but I can help by buying twice the amount of Bonds estimated on your scale from my husband's weekly wage. In our apathy, I truly wonder if we do deserve our beloved General MacArthur and our brave boys who are fighting and dying for us.

Allon Wolsey, Camp Pendleton, Va. As we buy our Defense Stamps and Bonds, little by little, it often seems to me a sin that we should loan our resources and earnings (be they ever so little) to our Govt. at interest. It is a privilege to be able to be of some help in the gigantic war effort being carried on for the defense of our lives, homes and way-of-life. May I therefore urge the offering of interest-free obligations for those to whom money has secondary importance? America can and must win.

R. J. Thomas, International President UAW CIO, Detroit, Mich. (Telegram) I am proud to announce that National UAW CIO has reached goal of fifty million dollar Defense Bond sales pledged to you December, 1941, to replace USS ARIZONA on which a UAW CIO boy was killed in action. The UAW CIO now pledges a second fifty million dollar Defense Bond drive. With our Defense Bond drive going

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into high gear, we are sure that we will reach the second goal quicker. We want to provide another battleship. We fight a two ocean war and the UAW CIO wants to have a ship in each ocean so that we can carry the struggle against Fascism to Tokyo and Berlin. Many of our membership urge that second ship be christened the USS UAW CIO to symbolize the unity and might of organized labor, and its part in the world struggle to throttle the aggressor nations. Would appreciate statement from you for our membership.

Frank Hollmann (Class of 1945), Patchogue High School, Patchogue, N. Y. The following pupils of Patchogue High School wish to ask if the Government could issue a \$5 War Bond. We believe this would encourage us to save and buy more Stamps. As it is now, many can only save 10¢ a week, and this means about four years before obtaining a Bond. We want to do our share in winning this war, but we feel that very few of us can purchase sufficient Stamps to obtain a \$25 Bond.

Glenn Herrick, Ithaca, N.Y. When I returned home today from a special visit to the bank to buy War Bonds, I found a copy of "Our America" on our doorstep. I sat down and read it through. * * * I sat quietly in the exultation of spirit induced by these patriotic pleas and in the contemplation of my country and of the love and labor and anguish with which our forefathers wrought its foundations of freedom. * * * Suddenly came a most depressive reaction. What could I accomplish for my Government in this crisis by the purchase of a few small Bonds when the Administration engulfs the proceeds at once in its millions of non-defense expenditures? * * *

Charles F. Potter, Pasadena, California. A copy of "Our America" came in the mail today. Glad to see it and to read it. Let me congratulate you upon the fact that we may now buy Bonds and not have the word "defense" attached to them. Defense is very suggestive of "defeat" and we out in California do not like it. * * *

John C. Gillies, Trenton, N.J. I have just finished reading the latest issue of the Treasury Department's publication, "Our America". Heartiest congratulations. It brings out the feelings that lie deep down in one's heart and which seldom are put into words. More important, however, it brings out the dollars! * * *

Unfavorable Comments on Bonds

J. N. Johnsonborough, Altoona, Pa. I am informed that a meeting was held at Philadelphia the other day, and a setup was made whereby any persons with the set rate of 97¢ hourly should buy one Bond a month; 74¢ hourly, a Bond every two month; 54¢ hourly, a Bond every three months. I want to do everything possible to win this war, but all men's obligations are not the same, and this plan does not make allowances for this. * * * I am a former service man - was in France a year, and am registered in the last selective service call. * * * I am now paying for a Bond by the monthly payments, but I am informed that this will be no longer accepted. I have asked to be permitted to buy one every three months, and have been told this cannot be arranged -- one a month only. I feel that this pressure has gotten almost to the point of intimidation. I would like to know, from impartial source, if this is correct. * * *

"An Irate Citizen", Denver, Colorado. I notice in this pamphlet that one 10¢ Defense Stamp buys 5 cartridges for our boys at the Front. I'd like to know how many cartridges could be bought with money spent for this propaganda! (Encloses copy of "Our America") We know there's a war on and that it costs money.

Martin B. Myer, St. Davids, Pa. Time, space, energies, materials and what not are being expended in urging the purchase of War Bonds and Stamps, and rightly so. But the effectiveness of all this is being lost on a great many workers at the Philadelphia Navy Yard, where deductions have been made from pay envelopes but for some reason or other Bonds paid for have not been delivered to the purchasers. There appears to be a question in some workers' minds whether to purchase more. This should not be, and surely some agency at your Department's disposal can correct the situation. I am not a Navy Yard employee but in a good listening post.

Chas. R. Athey, Los Angeles, Calif. There is a story being circulated among the workers of the Douglas Aircraft Co. of Long Beach, Calif., that U. S. Defense Bonds are

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cancelled by the Government in case of death, and that the estate cannot cash the Bond at maturity. They also state that Bonds purchased by man and wife jointly cannot be collected by the wife, should the husband pass on first. Will you be good enough to give me a letter covering these points, as I find some workers have stopped buying Bonds since these reports have been circulated.

M. E. Stout, Waverly, Va. I am returning the picture on the front cover of "Our America", left in my mail box yesterday. May I ask what you and other leaders in our Government intend to do with those who do not agree with you? Hitler puts all who do not agree with him in unspeakable concentration camps, or else shoots them. Do you in Washington intend to follow the same course? If not, you, our leaders, had better watch your steps, even if in good intention, as such pictures are sure to brew trouble for those who do not believe in compulsory Flag Salute; and then your slogan, "Justice and Liberty for All", is gone with the wind! * * *

Wm. E. Zeuch, School of Organic Education, Fairhope, Ala. Various agencies of the Treasury over the radio, in the press and by word of mouth are constantly repeating the statement that U. S. Savings Bonds are the safest and best of investments. I would like to know how you expect any intelligent person to believe that, as things now stand, or how any honest agency of the Govt. could keep on making such statements. Several months ago I bought some U. S. Bonds. Since then, prices have been going up at the rate of about 2% a month. That means that the value of my Bonds, in terms of what they will buy, has been declining at the rate of about 2% a month. The small rate of interest received on those Bonds is a joke as an offset to the declining value. In the face of this fact, how can you, or any honest person, tell me or any other American citizen that U. S. Bonds are a good investment?

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R. B. Mateer, Philadelphia, Pa. (Encloses copy of "Our America") The attached came around with the regular mail today, and I am wondering if you have the approval of the Securities & Exchange Commission to this bit of propaganda. You are subject to this creation of the present Administration as is the individual or the corporation. So, I suggest you had better clear or blue sky this advertisement, seeking to sell questionable paper. Individual purchases of more Bonds are deferred (1) until you put through the Smith Bill prohibiting strikes, (2) until a general sales tax bill is enacted, (3) until the principal is restored to the Social Security Board, and, (4) until unnecessary vote catching mediums, such as the NYA and the CCC, are eliminated.

J. A. Hearon, Jobbers and Wholesale Grocers, Bishopville, South Carolina. Many of our Southerners are not going to buy Bonds unless this Administration cuts out the foolishness that is being carried on, especially the commodity stores giving away food to people who do not need it. Very few indeed need to be fed by the Government. This giving away business has brought about a very serious condition here in the South. People who once worked on farms and other kinds of business are now loafers and idlers, and cannot be hired at any price. When we offer to give them employment, they tell us they do not have to work because the Government feeds them and takes care of them. We feel that if we bought Bonds, our money would be used to support these loafers. It is high time to do away with all foolishness and politics, and unless this is done, and done quickly, we will lose the war and our America will become a subjugated nation.

John B. Reimer, Jamaica, N.Y. I have a grievance against you, based on the following facts: On February 24, 1942, I sent to your Fiscal Agent, the Federal Reserve Bank of New York, by registered mail, various Bonds for redemption. Among these Bonds was one for \$10,000, No. X 18485, purchased April 29, 1941, and registered in the name of Mrs. Dorothy Reimer Bleecker. * * * The Federal Reserve Bank negligently failed to send me a receipt for this Bond, and as I feared that it might have been lost, strayed or

- 8 -

stolen, I went in person to the Bank on March 7th and made inquiries. The young woman in charge said that it would take some time to look it up, and to come back in a half or three-quarters of an hour. When I came back at the appointed time, the young woman had "gone to lunch". * * * I finally got some other clerk to listen to my complaint. He looked up the papers and showed me that the Bank had received the Bond, but that it could not be paid until April 1st. On March 4th I wrote them to send me a receipt which was done the following day, but the receipt was dated as of February 25th. On April 1st I received a check from the Federal Reserve Bank for \$9,880. As I had previously received, on November 1st, a check for \$125 for interest, this made a total of \$10,005 which I got back from you for a Bond purchased April 29th, 1941. In other words, I got \$5 interest for \$10,000 loaned to you for a period of almost one year. Of all Loan Shark games, this is the worst one I have ever come across. I probably should be grateful that I got back anything. * * * Nobody in the Federal Reserve "gave a darn" as evidenced by their failure to even send the customer a receipt. Neither was there any one to tell the customer to hold the Bond for another 30 days in order not to lose six months' interest. * * * From this personal experience, I am justified in saying that the Federal Reserve Bank in their Bond Redemption Department are careless and inefficient, and have the same care for the personal welfare of the clients of the U. S. Government as a personal loan shark. * * *

Ira Jewell Williams, Philadelphia, Pa. I have been receiving at my home, copies of a publication called "Our America". Will you please, if possible, discontinue these, as I regard them as an unnecessary expense. I think the public could spare them.

Vernon Ward, Aurora, N. C. (Enclosed copy of Credoto Politico by Vernon Ward, an eleven-page pamphlet of author's political beliefs.) This morning the Treasury Dept. sent through the mail the pamphlet, "Our America, One Nation Indivisible with Liberty and Justice for All". How can you so desecrate a noble idea as to apply it to this tyrannical, money-ridden land? * * *

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William Richard Twiford, Miami, Florida. Yesterday I received your highly colored and expensively printed (paid for by the taxpayers) appeal to buy Bonds, bearing the title, "Our America". In the first place, I was surprised to learn that you and the money trust racketeers you represent would be so bold as to boast that America is yours. But you are dead right in this. Woodrow Wilson declared, shortly before he died, that America was more under the domination of predatory wealth than any other nation on earth. It has now progressed from domination to ownership. And I am glad to see you admit it. * * *

Mrs. George Woodward, Jr., Chestnut Hill, Philadelphia, Pa. * * * It is most discouraging to receive at the beginning of the shortage of essential household paper products the first and, I hope last, copy of "Our America". It contains nothing that is not covered daily by press and radio. * * * Most disheartening to see the Government appropriating so much paper when the public must cut down to less than the minimum requirement. * * *

Mrs. A. A. Spaur, Sidney, Mont. (Enclosing religious tracts.) We received in our mail a pamphlet called "Our America", a beautiful picture of junior boys and girls saluting Our Flag and saying, "One nation indivisible with liberty and justice for all." There isn't one in America that can say with a clear conscience, "This is true". You know it's false, and so do thousands more, and those who have it in their power are letting thousands of boys and girls suffer and almost starve. * * * Do you think it is right to rob these poor boys and girls of their dimes for Defense Stamps and Bonds, and the old people too, and let the beer barons have all they want? Etc., etc. (Strongly anti any alcoholic liquors!)

E. Perry, Lansing, Mich. You have had broadcast over this section of the country a brochure entitled, "Our America", quite commendable. There are some things I would like to call to your attention that the Government

has failed apparently to heed. "War is never cheap", true but there are a lot of unnecessary expenses made. * * * Money means nothing to you. You are not seeking economy, but you are asking the people to economize. * * * When you get all our money what are you going to give us who haven't any left -- after the war when the depression hits us, as it surely will? * * *

Harry Armstrong, Armington, Mont. I have a copy of "Our America", which I have read with interest and consequent thought. * * * The line in "Our America" that impressed me most is, "Every time you throw away a dime on useless expenditure, etc." The way money is being spent in Washington for "useless expenditures", those not directly for the conduct of war, it is going to be very difficult to get the majority of the people to buy War Bonds. * * * The advice not to "throw away a dime" is very sound, but unless Washington sets the example, it is similar to a father asking his son not to drink or smoke, while the father conspicuously and undeniably indulges in both.

Thomas L. Puryear, Newark, N. J. The postman has just delivered to me a leaflet titled, "Our America". * * * Across the cover and below the wording above is printed these words, "Our America". Under these words appears a picture of a number of white children who are saluting. * * * The purpose of this letter is to respectfully suggest how un-American the picture is. * * * The leaflet does not include children of the darker races who constitute a considerable part of our population. * * * Every negro who sees the leaflet will want to know why a negro was not included in the group. * * *

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Unfavorable Comments on Taxation

Frederick Bohrer, Executive Secretary, Brotherhood of Telephone Workers, N.Y.C. As representatives of employees of the New York Telephone Company, we are concerned in the "Trust Fund Tax" which you are reported to have recommended for legislation. Our information on that subject, at present, consists of newspaper items and statements by the management, and their satellites among the employees. In our quest for reliable information, we find it necessary to appeal to you Sir. There are several men in Washington, D. C., lobbying in behalf of the Telephone Company's "Pension Plan". They are appearing as representatives of the New York Telephone Company Employees, by virtue of holding office in the United Telephone Organizations, a conglomeration of Company inspired, subsidized and dominated Employees Associations, located in districts which follow the Company lines of demarcation. * * * You understand Sir, the average worker's lack of understanding of the vagaries of "high finance". How the "Pension Plan", held in trust by the Bankers Trust Company of New York, could be used for purposes alien to that of providing a beneficence to superannuated employees, is not common knowledge. * * * Unarmed with authentic facts, we are unable to pierce the hysterical din and clamor of "letters and telegrams to Congressmen saying 'save our pension plan', etc." * * * The appeal to help save the Company's "Pension Plan", by exerting political pressure, is a radical departure from an established, and stubbornly maintained policy. Never before was employee cooperation solicited in matters related to that Plan. All efforts by employees towards participation in the Plan were flatly and definitely repulsed, except as recipients of the Company's benevolence. * * * The Brotherhood of Telephone Workers will be honored if you reply Sir, despite the intrusion upon your time and thoughts.

Dr. Alice Gregory, Secretary, N. Y. Infirmary for Women and Children, N.Y.C. We wish to draw your attention to the following resolution voted at the recent meeting of

- 12 -

the Board of Trustees of the N. Y. Infirmary for Women and Children: "It was resolved that this organization, being a charitable hospital, chartered December 13, 1853, under the laws of New York State, staffed by women physicians and surgeons, the majority of the Trustees being women, and being supported by contributors, the vast majority of whom are women, feels that the joint income tax returns for husband and wife will work to its disadvantage and therefore opposed as vigorously as possible for the welfare of the Hospital."

Myron E. Lawson, Webster Groves, Mo. I want to believe that it has not come to your attention that there is on your staff a person named Randolph Paul. This letter is in strong protest against his recommendations which would force the discontinuance of the present Bell System Pension Plan. As a Bell System employee with 17 years' service, I know our plan has operated very satisfactorily for over 29 years. * * * I realize a lot of money is needed for the conduct of the war, but it should come from we working people now, not out of the pockets of the aged, after they retire from a lifetime of toil. Can't we postpone until after the war, these experiments in Communism?

Harold V. Boggs, Oakland, California. * * * Feeling that I would like to keep a year ahead on my Income Tax and have my money do the most for my Govt., I applied for \$900 worth of Series A Tax Bonds, to be made out in the name of myself and my wife. I received the Bonds which were made out in my name only. Of course, this was not satisfactory, and I asked to have them changed to the way I ordered them. However, these Bonds can't be made out in two names, so I am told -- and that to me does not make sense. * * * These Bonds were issued by your office for a purpose, and why not let them fully serve that purpose? My interest in my country is sincere -- I want every dollar I can spare to go into Government Bonds. I now have \$10,000 maturity value Savings and War Bonds, Series A to E, inc. I mention this only to show my thinking. Savings Bonds were not issued to be used for taxes, but Series A. Tax Bonds are. Can't you make it possible for me and others like me to buy them on a basis of serving the needs of the small taxpayer in California?

J. B. A. van Oort, Honolulu, T.H. The undersigned hereby asks for your cooperation to have incorporated in the new tax regulations the status of married people in cases where evacuation of wife and children in danger areas, as in the Hawaiian Islands, is required or desired. We who are working for the defense of the Islands, and who have double living expenses and all the hazards and war risks, we are not entitled to the same credit for personal exemption as married people living under normal conditions on the mainland. In my opinion, this is an injustice. An answer to this letter will be greatly appreciated.

Dear Mr. Secretary:

This has further reference to your letter of April 8, 1942, making inquiry as to the present status of General Aniline and Film Corporation.

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of this corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Ozalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

Since that time the situation has changed materially and the purpose of this letter is to bring you up to date.

The Government took title to the foreign-owned shares of the Corporation on February 16, 1942, and has installed a thoroughly competent American management of unquestioned loyalty. Some forty-odd

3.

executives and employees of the company have been removed because of doubts as to their loyalty, and the Department and the management are proceeding as rapidly as possible with a program calculated to remove every vestige of German control or influence.

Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

With respect to the operations of the Oxalid Division of the company, to which you adverted specifically in your letter of April 8, 1942, I am in a position to advise you that all German-born employees of the division engaged in either sales or service work have been removed from these positions, and that all employees in that division who would ordinarily have any contact with or access to any defense plants or Government establishments are American born and presumably to be trusted. Furthermore, arrangements have been made that any information obtained by such employees which would be proper for them to have in connection with the legitimate business of the division will, when and if forwarded to the main office of the division, be seen and handled only by company personnel whose loyalty is unquestioned.

Sincerely yours,

(Signed) E. Rosenbaum, Sr.

Secretary of the Treasury.

The Honorable

The Secretary of the Navy.

I have file 77-111-0

JJO'C, Jr/law
4-14-42

CONFIDENTIAL

THE SECRETARY OF THE NAVY
WASHINGTON

Serial No. 0849116

APR 8 1942

Sir:

In connection with the recent transfer to the Treasury Department of the stock of the General Aniline and Film Corporation - including its subsidiaries, such as Ozalid Corporation - it is requested that the Navy Department be advised as to the present status of the company.

It would be of particular interest to know whether all personnel of questionable loyalty to the United States have been divorced from the above mentioned corporations in order that the Navy Department may resume normal business relations with those corporations.

Respectfully,



Frank Knox

The Honorable,
The Secretary of the Treasury.

CONFIDENTIAL

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THE SECRETARY OF THE NAVY

Washington

April 21, 1942

My dear Henry:

Thanks for your letter of April 17 touching upon the situation and present status of General Aniline and Film Corporation. I am very glad to have the information which you now supply and I am passing this along to the proper bureau which deals with this Company.

Yours sincerely,

(signed) Frank Knox

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

APR 17 1942

Dear Colonel Donovan:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Ozalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

Since that time the situation has changed materially and the purpose of this letter is to bring you up to date.

The Government took title to the foreign-owned shares of the Corporation on February 16, 1942, and has installed a thoroughly competent American management of unquestioned loyalty. Some forty-odd executives and employees of the company have been removed because of doubts as to their loyalty, and the Department and the management are proceeding as rapidly

2.

as possible with a program calculated to remove every vestige of German control or influence.

Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

Sincerely yours,

(Signed) E. H. Renshaw

Secretary of the Treasury.

Col. William J. Donovan,
Coordinator of Information
Twenty-fifth and E Streets
Washington, D. C.

JJO'C.Jr/lsw
4-14-42

n m c
copy to Daley

APR 17 1942

Dear Mr. Purcell:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Oxalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

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Dear Mr. Secretary:

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Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of Agriculture.

JJO'C.Jr/lsw
4-14-42

J. M. C.

APR 17 1942

Dear Mr. Secretary:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

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Sincerely yours,

(Signed) E. Worswick

Secretary of the Treasury.

The Honorable

The Secretary of Commerce.

JJO'C.Jr/lsw
4-14-42

M. M. C.

APR 17 1942

Dear Mr. Coy:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Osalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

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Sincerely yours,

[Signature]

Secretary of the Treasury.

Hon. Wayne Coy
Office for Emergency Management
State Department Building,
Washington, D. C.

JJO'C.Jr/lsw
4-14-42

M.M.C.

APR 17 1942

Dear Mr. Attorney General:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

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Sincerely yours,

Secretary of the Treasury.

The Honorable

The Attorney General.

JJO'C.Jr/lsw
4-14-42

Handwritten initials

APR 17 1942

Dear Mr. Secretary:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Ozalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

Since that time the situation has changed materially and the purpose of this letter is to bring you up to date.

The Government took title to the foreign-owned shares of the Corporation on February 16, 1942, and has installed a thoroughly competent American management of unquestioned loyalty. Some forty-odd executives and employees of the company have been removed because of doubts as to their loyalty, and the Department and the management are proceeding as rapidly

2.

as possible with a program calculated to remove every vestige of German control or influence.

Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

Sincerely yours,

(Signed) S. H. ...

Secretary of the Treasury.

The Honorable

The Secretary of State.

H. M. C.

JJO'C. Jr./lsw
4-14-42

NOV 7 1942

NOV 7 1942

Dear Mr. Secretary:

You will recall that on January 10, 1942, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Osalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

Since that time the situation has changed materially and the purpose of this letter is to bring you up to date.

The Government took title to the foreign-owned shares of the Corporation on February 18, 1942, and has installed a thoroughly competent American management of unquestioned loyalty. Some forty-odd executives and employees of the company have been removed because of doubts as to their loyalty, and the Department and the management are proceeding as rapidly

2.

as possible with a program calculated to remove every vestige of German control or influence.

Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

Sincerely yours,

(Signed) H. H. Woodruff

Secretary of the Treasury.

The Honorable

The Secretary of War.

JJO'C.Jr/lsw
4-14-42

J. M. C.

Dear Mr. Warren:

You will recall that on January 10, 1943, the Department forwarded to you a memorandum relating to a number of situations found to exist in connection with the operations of General Aniline and Film Corporation, at that time owned and controlled by German interests and operating under Treasury Department supervision.

We called your attention to the fact that the Oxalid Division of the company was in an unusually good position to obtain defense secrets, inasmuch as its sales and service men (in some instances German aliens or German-born American citizens) had access to many defense plants and Government offices; that the Agfa Ansco Division of the company processed and developed official Government films of a confidential nature; and that the company in general could be used as a cloak for subversive activities in many respects.

Since that time the situation has changed materially and the purpose of this letter is to bring you up to date.

The Government took title to the foreign-owned shares of the Corporation on February 13, 1943, and has installed a thoroughly competent American management of unquestioned loyalty. Some forty-odd executives and employees of the company have been removed because of doubts as to their loyalty, and the Department and the management are proceeding as rapidly

2.

as possible with a program calculated to remove every vestige of German control or influence.

Although the reorganization of the affairs of the company, particularly the elimination of all personnel of doubtful allegiance, has not been completed, I can say with confidence that the situations described in the memorandum accompanying our letter of January 10, 1942, have been corrected, and that you may safely deal with the corporation on the same basis as any other American company.

Sincerely yours,

(Signed) H. Rosenbloom, Jr.

Secretary of the Treasury.

Hon. Lindsay C. Warren
Comptroller General of the United States
General Accounting Office Building
Fifth and F Streets
Washington, D. C.

JJO'C.Jr/law
4-14-42

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OFFICE OF THE ATTORNEY GENERAL
Washington, D. C.

April 20, 1942

My dear Mr. Secretary:

I have your letter of the seventeenth with reference to General Aniline and Film Corporation, and have noted that the reorganization of the company has not been completed.

Sincerely yours,

/s/ Francis Biddle

Attorney General

The Honorable

The Secretary of the Treasury

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DEPARTMENT OF COMMERCE
Office of the Secretary
Washington

April 21, 1942

My dear Mr. Secretary:

I have for acknowledgment your letter of April 17, furnishing current information relating to the operations of the General Aniline and Film Corporation.

The Department appreciates this information and its dealings with this company will be on the basis of the facts contained in your communication.

Sincerely yours,

/s/ Wayne C. Taylor

Acting Secretary of Commerce.

The Honorable,
The Secretary of the Treasury,
Washington, D. C.

OFFICE OF THE ATTORNEY GENERAL
Washington, D. C.C
O
P
Y

April 17, 1942

The Honorable,
The Secretary of the Treasury,
Washington, D. C.

My dear Mr. Secretary:

The receipt is acknowledged of your letter dated April 1, 1942, relative to the employment of Henry L. Stimson as Special Assistant to the Attorney General in the Spanish silver cases.

As requested there is attached hereto the usual certificate, signed by Assistant Attorney General Shea, for your use in connection with the settlement of Mr. Stimson's claim.

Sincerely,

/s/ Francis Biddle

Attorney General.

Enc.

DEPARTMENT OF JUSTICE

Henry L. Stimson,
In re: Spanish silver cases.

I hereby certify that the services set forth in the foregoing account were actually rendered as stated, and that the same could not be performed by the Attorney General, or Solicitor General, or the officers of the Department of Justice, or by the district attorneys, and the account is approved for payment.

FOR THE ATTORNEY GENERAL,

Assistant Attorney General