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June 5, 1942
9:00 a.m.

Daniel
Bell: I thought we ought to all be talking the same language as long as I'm going to be here and you fellows are going to be in there.

HMJr: I see.

B: And we've got a memorandum we thought we'd like to have you read over.

HMJr: Well, I'll be ready a little later.

B: It won't take you a minute.

HMJr: Only a minute?

B: Well, it'll only take you - just long enough to read a little over a page memorandum, and if there's any comment, we ought to change it before either one of us go into conferences.

HMJr: Well, I can do it right now.

B: All right.

HMJr: This second.

June 5, 1942
9:50 a.m.

Clifton
Mack:

Yes, sir.

HMJr:

I'm sorry. I've got all these meetings this morning, so let's take a couple of minutes and you tell me what you have on your mind.

M:

Very good. I have a hunch that the War Department's Service of Supply - that's Somervell's organization, you know.....

HMJr:

Yeah.

M:

.....are getting ready to take over some of the Lend-Lease buying that we're doing. Now, that's only a hunch on my part, but I think I've got a pretty good basis for it.

HMJr:

Yeah.

M:

And I don't want to be in the position of them writing a letter saying-to Lend-Lease-or taking action, and then we're on the defensive, you see.

HMJr:

Yeah.

M:

So I thought - I hated to bother you with it - but I thought that if sometime when it's convenient if you could just get in a word to McCabe about why can't - how's the Treasury getting along and could they - are there other non-military items the War Department is buying that we should get, because it seems to me that the trend should be the other way, you know, and.....

HMJr:

Well, what sort of things does Somervell want to buy?

M:

Well, the Engineer's Division are thinking in terms of taking over equipment - road building equipment.

HMJr:

Yeah.

M:

And all that. Well, we've been buying that for

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years. We're equipped to handle it. We know it. And they're thinking in terms of, as a matter of fact, of taking over a lot of these so-called non-military purchases that we're now handling for Lend-Lease. Now, this is information that I get from some of the men that have gone from War Production Board over to Army, and they have fancy commissions, you know, now.

HMJr: Yeah.

M: And they're thinking in terms of enlarging their buying, you see.

HMJr: Well, Clif, I really don't think - and in the mood I'm in right now, I don't think I'd fight it myself very much.

M: I see.

HMJr: I mean - it's a war, and if that's what the Army wants.....

M: Yeah. Well, I can see that view.

HMJr: I mean it's - if we fight it and then they don't get the stuff, then we hold it up, and then it's our fault.

M: Yes. Well, I can see that. Of course, my thinking is, that here we have an organization. We know we can turn out stuff faster than they can, you see.

HMJr: I know.

M: But I can see your view on that.

HMJr: But it's - I would expect you to bring it to my attention.

M: Sure.

HMJr: And that's what you're there for, to fight for your own organization; but if I don't put up a real fight on that front, I hope you're not too disappointed.

M: No, that's perfectly all right, and I'd understand it. Now, there's one other thought, that sometime - there's no rush about it - but sometime when you have a few minutes, I'd like to talk with you. It has to do with conservation of materials and equipment like that.....

HMJr: Yes.

M:in terms of the all-over Treasury Department field service.

HMJr: Yes.

M: And it.....

HMJr: What would you want to do on that? What's your idea?

M: Well, I have in mind this, that - you see today, there's great stress on conservation of equipment and space, and manpower.....

HMJr: Yeah.

M:and you know the Treasury agencies throughout the field, they've grown up more or less in independent space.....

HMJr: Yeah.

M:and they're operating independent with each other as the investigative units used to do before you had that survey made and brought them together.

HMJr: Yeah.

M: Well, now, my thought is that - for example, in a city such as Chicago, where we have a good many Treasury agencies located in probably a dozen different locations.

HMJr: Yeah.

M: If they could be brought together, for example, in a building like the Merchandise Mart.....

HMJr: Yeah.

M:and then we could have consolidated space, consolidated service functions, we could save terrifically on equipment - which is tremendously important because later on we're not going to be able to get equipment - and the sooner we start to conserve, the better it is.

HMJr: Well, you don't have to wait to talk to me. Talk with Norman Thompson.

M: Very good.

HMJr: And if the two of you agree, go ahead.

M: Fine.

HMJr: You don't have to - if the two of you agree, go ahead.

M: Very good.

HMJr: You don't have to wait on me.

M: Well, that's fine.

HMJr: What else?

M: Well, those were the two principal things.

HMJr: No, don't wait on me. Talk it over with Norman.

M: All right. And as soon as I get something that looks specific, we'll send it over to you.

HMJr: That's right.

M: Fine. And we're taking over all buying of paper. We're doing that the first of July. We're going to do a real job on that, I know.

HMJr: Good.

M: Fine.

HMJr: Thank you.

M: Yes, sir.

June 5, 1942
9:55 a.m.

HMJr: Hello.

Daniel Bell: Hello.

HMJr: Bell.

B: Yes, sir.

HMJr: If you think well of it, that special advisory group that I had, George Harrison and that bunch.....

B: Yeah.

HMJr: What would you think of inviting them to come down a week from Monday?

B: Be all right.

HMJr: And tell them to be prepared to stay for two days.

B: All right.

HMJr: So then they could get hotel accommodations and that thing, you see. That would be before the financing.

B: Yeah.

HMJr: Then I'd like to talk things over with them.

B: You want the same group?

HMJr: Same group.

B: What would you think of this time inviting them through the presidents of the Federal Reserve Banks.

HMJr: Oh, no, no, no.

B: All right. Well, I just thought maybe it would make them feel better.

HMJr: Well, why should I invite George Harrison?

B: Oh, I - what do you mean?

HMJr: I mean - and.....

B: Through them?

HMJr: Yeah.

B: I see. Well, I just thought maybe it would make them feel better.

HMJr: Well, don't they feel all right?

B: Well.....

HMJr: Are they in your room there?

B: A couple of them, yeah.

HMJr: Well.....

B: Do you want somebody from the Coast this time? I haven't gotten any name which I'm entirely satisfied with.

HMJr: Well....

B: I just have a couple of names.

HMJr: There's an awful good banker down there at Los Angeles. A trust company.

B: I got - you don't remember his name?

HMJr: No, there's some trust company president down there.

B: Well, I've got a name there.

HMJr: What?

B: I've got a name. I got a name from Los Angeles Cy Upham gave me.

HMJr: You don't know what it is?

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B: Just a moment. George M. Wallace.

HMJr: Who?

B: Wallace, President of the Security First National.

HMJr: No, that's not the man.

B: And a fellow by the name of Motherwell.

HMJr: No.

B: Wells Fargo, at San Francisco. He said those were the two best suggestions he could make for the Coast.

HMJr: Well, I don't know these people. I don't want to invite anybody I don't know.

B: Yeah. I don't know, and I can't.....

HMJr: No. We'll let the West Coast go. Marriner Eccles can represent the West Coast.

B: Well.....

HMJr: No, I want to invite these people personally, to come down personally to - with me.

B: All right.

HMJr: And they've got nothing to do with the Federal Reserve. No.

B: You don't want - you said Eccles. You don't want Eccles in on that group?

HMJr: No, I want to get a chance to talk.

B: All right. This same group.

HMJr: If you please.

B: I'll invite them.

HMJr: Thank you.

B: All right.

June 5, 1942
10:00 a.m.

WAR BONDS

Present: Mr. Graves
Mr. Gamble
Mr. Coyne
Mr. Mills
Mr. Isbey
Mr. Doherty
Mr. Collins
Mr. Moore
Mr. Manning
Mr. Patterson
Mr. Ford
Mr. Ludlow
Mr. Carstens
Mr. Pulliam
Mr. Smith

H.M.JR: Gentlemen, we asked you to come down here because the various States of which you are in charge are the more important States that we hope will sell the F and G Bonds.

I guess Mr. Graves has been telling you that we here feel, and I am sure that you will agree with us, that we have really got to begin to sell the F and G Bonds. Up until now I don't think either Mr. Graves or I have put particular pressure on anybody to sell them, because I think we thought we would save that for June and July when we needed the money to make the quota; but this is the fifth of June and we haven't gotten off to a very good start so far in June on our sales in relation to what we need.

Now, there has been an awful lot of argument back and forth as to who is going to have the responsibility to sell them, but we felt here that it has taken us almost a year and a half to build up this organization. I have got confidence in it, and I think, if given the proper help, that you men can give us what we need, and

we thought we would have a meeting-first with me. I take it you know what it is all about. I would just like to go around the room and hear from each of you as to what you think you can do and what you think of this suggestion, which I take it Mr. Graves has laid before you. I think if we just go around and you tell me whether you think you can make it or you can't make it in June - you see, a lot of people in this town, for one reason or another, hope we are not going to make it. They have got their own selfish reasons, but I think with enough push and help - we have got all these people that want to get in and help us sell F and G Bonds, and I think the thing to do is to take advantage of their offer.

MR. COLLINS: I will make the quota in June, and the War Savings Staff and the Federal Reserve Bank are in perfect accord. We have already called in our various committee members for the Victory Fund, as well as appointing a committee for the F and G's. We have already discussed our county organization and the two chairmen of the F and G and the Victory Fund are in accord, so that we are working perfectly and in perfect cooperation with the Fed. I am sure I will be all right, Mr. Secretary.

H.M.JR: Well, let me ask you this, because the statement that I have heard, not in relation to Illinois, but the criticism is that you have tried to sort of fight for the same men. Now, how are you divided up in Illinois between yourselves, the Federal Reserve and the Victory Fund Committee on the F and G? Where do you draw the line?

MR. COLLINS: Well, Mr. Young, president of the Federal Reserve Bank, has appointed his committee, and he consulted me in appointing that committee. Then Mr. Young and I discussed the F and G committee, and in perfect accord we decided on a man who would organize our Chicago and Cook County committee; and then between Mr. Young and myself we decided how we are going to operate through the county, and we have men on each committee. They are intermingling, but it is perfectly understood that one man on the F and G reports directly to me and has full charge of F and G over and against the Victory Fund Committee.

H.M.JR: Does the man who is in charge of F and G - does he have to be on the Victory Fund Committee?

MR. COLLINS: He is on the Victory Fund Committee.

H.M.JR: What position does he hold?

MR. COLLINS: Just a member.

H.M.JR: He isn't their--

MR. COLLINS: He isn't their chairman or executive manager.

H.M.JR: He is not?

MR. COLLINS: No, sir. Our man is Mr. Whipple.

H.M.JR: He is the best man?

MR. COLLINS: I think so.

H.M.JR: Do you think he is as good as the executive manager of the Victory Fund?

MR. COLLINS: Yes, I do. He has been quite active in our organization in the past with the investment bankers.

H.M.JR: I see.

MR. COLLINS: Very good man, very cooperative.

H.M.JR: But you think you will get the results?

MR. COLLINS: I think we will, yes, sir, and they are cooperating very well.

H.M.JR: Are you satisfied with the setup?

MR. GRAVES: With Illinois there has never been any change. Mr. Young, the president of the Federal Reserve, and Mr. Collins have always worked in complete harmony in relation with the setup.

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H.M.JR: But you are satisfied?

MR. GRAVES: Perfectly.

H.M.JR: Harold, have you told the people of this readjustment on the eight hundred million?

MR. GRAVES: I have told them. I told them we had to sell three hundred fifty million dollars of F and G Bonds in June if we are to make our June quota. They all know that and know, I think, their respective shares in that job.

H.M.JR: They know about the shift, about expecting more F and G's?

MR. GRAVES: That is right.

H.M.JR: And take all the E's you can get.

MR. GRAVES: Yes, they know.

MR. LUDLOW: Mr. Secretary, for Pennsylvania, without setting up a special F and G top committee, in May on our fifty-four million dollar quota we reached thirty-nine percent in F and G. Those are the actual figures.

H.M.JR: Thirty-nine?

MR. LUDLOW: Thirty-nine percent, just under forty percent, which I think is pretty close to the National average of F and G two months ago. I don't know what it was a month before that. After the Victory Fund Committee was appointed, Dr. Williams, the President of the Philadelphia Federal Reserve, sent for me. He was working under the misapprehension that they were to begin by largely selling the F and G and gradually take it out of our county committees and end up by our having only the E Bonds.

I immediately sent word to Mr. Graves that that would entirely disrupt our sixty-seven county organizations,

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that we can't work all for E and let the F and G go to a new group. We have built up an organization and under the plan submitted this morning we can work admirably if Dr. Williams understands that that is the way that they are to do.

~~Mr.~~ (Mr. Pulliam entered the conference.)

MR. LUDLOW: Of the million of the three hundred and fifty for June, I am sure that Pennsylvania under the proposed plan can make its very full share - no doubt of it, but not if they break our committees down and give us simply the E and pass the F and G to some new group.

H.M.JR: You have seen this draft?

MR. LUDLOW: Yes, and we are very much in favor of it.

H.M.JR: That is all right.

MR. LUDLOW: It is quite workable and I know if Dr. Williams is told that that is the understanding of the Department - the man he has brought in, Bendere, as his special assistant, will do a magnificent job with us. As I understand, we are responsible for the quota and therefore I want my county chairmen to be responsible. I am going to set up in each county a special F and G committee, the head of which can be chosen by Dr. Williams and myself working together. That is our understanding of the plan, and it is a very workable plan.

H.M.JR: The thing that I want in each county or each locality is the best man, irrespective of his tag. I don't care who he is.. He might be a lawyer or a doctor.

MR. LUDLOW: In many cases he will not be a banker in Pennsylvania.

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H.M.JR: But whoever the best man is, with no tag on him, I want him to work for us. See? I mean, I don't care - he might be a lawyer; he might be a doctor, or he might be anything.

MR. COLLINS: In smaller counties where we have a particularly outstanding citizen whose word to other professions is all-commanding, he might be the very desirable man in that county. I have such in mind.

H.M.JR: Now, Harold, is that all right with you?

MR. GRAVES: Yes, it is.

H.M.JR: You are satisfied?

MR. GRAVES: You notice the qualification; he says if Mr. Williams will accept this program that it will work.

H.M.JR: Mr. William's capacity is my fiscal agent; he will accept it.

MR. LUDLOW: That makes it a very workable thing in Pennsylvania.

H.M.JR: He will. He is there as my hired man. I mean, I don't know whether you gentlemen know, but we pay pretty nearly two-thirds of their expenses. I don't know whether you know that or not. Isn't it something like that?

MR. GRAVES: Yes.

H.M.JR: I think for the Federal Reserve Banks that we pay pretty nearly - what we pay the Federal Reserve Banks makes a difference of profit and loss. It makes a difference of about - I may be a little wrong, but it is somewhere in there. I think we pay about two-thirds of the expenses. The only work they have got, practically, is Treasury work. I mean, it has been that way for a

long time. They now do some other work, but for a long time--

Now, how about Massachusetts?

MR. DOHERTY: Mr. Secretary, up until now our F and G program has been worked out under the auspices of the Massachusetts Bankers' Association, with a chairman in each one of the fifteen clearing-house districts, and the liaison between my office and the Federal Reserve hasn't been, probably, as good as it might be.

We haven't exerted any particular pressure up until lately on the sale of F and G Bonds, except locally on the part of organizations and municipalities.

H.M.JR: Excuse me - did you say if Williams accepts this thing, Pennsylvania will give me the quota?

MR. LUDLOW: Absolutely - no doubt.

H.M.JR: Excuse me.

MR. DOHERTY: I think under the proposed setup that I would have to revamp my plans, but the question was raised on the occasion of Mr. Sparks' visit up there on the twentieth of May by a number of bankers as to pressure being exerted for accelerating the sale of F and G Bonds; and I thought it was good judgment to have a consistent statement, a resume of the contents of the memorandum on F and G Bonds, go out under the sponsorship of the Massachusetts Bankers' Association and that has gone out to every bank in Massachusetts.

So I, personally, am of the opinion that in the main the real substance for realization of these quotas is going to come from numerous and well-developed payroll allotments, and that is what we have been concentrating on.

H.M.JR: I don't - I mean, Massachusetts won't make its June quota unless you sell a great many more F and G's.

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MR. DOHERTY: I realize that now.

H.M.JR: Mind you, it is the E's that we want and we want it from the pay-roll allotment plan. That is what we want, but towards the public, so that they won't condemn the whole thing, I have got to get this F and G money. Now, there is a little hokum in the thing, and I realize it, but until this organization can get going and go through this mass of details to get the factories to put in the plan to become issuing agents, and all the rest of that stuff which takes so much time - until this thing can get rolling, we have got to put the pressure on the F and G and make up that which we may not get. And another thing, I realize perfectly well there is all this controversy in the papers about this tax bill; until that is passed, our job is doubly hard.

MR. DOHERTY: There is no question but that publicity is a detriment in the installation of pay-roll allotment plans. I have found repeatedly--

H.M.JR: How are you as of ten-fifteen this morning on your June quota?

MR. DOHERTY: That I don't know.

H.M.JR: Not going to make any promises?

MR. DOHERTY: You mean promises for the realization of the June quota? I don't see any reason why we shouldn't make it because we have got the ability to make it.

H.M.JR: Are you going to?

MR. DOHERTY: I would say we ought to.

H.M.JR: Is this arrangement now all right, I mean, this on F and G's?

MR. DOHERTY: Yes, I have read and discussed the outline of organization. I think it is feasible and workable and practical in every way.

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H.M.JR: But you have got to make some changes?

MR. DOHERTY: Yes.

H.M.JR: O.K.

MR. MOORE: Mr. Secretary, I can't commit Ohio so strongly to make its June quota. I don't believe we could make it without the extra support of F and G, but so far as the new plan of the Federal Reserve pumping up the F and G Bonds I think that would help very much and we will find no difficulty whatsoever in getting cooperation in getting it.

H.M.JR: How is your man in Cleveland in the Federal Reserve?

MR. MOORE: He is very splendid. We have - without knowing of this plan, we have already subordinated the State organization more or less to the Victory Fund Committee.

H.M.JR: You will have to make a readjustment?

MR. MOORE: I think we will in local communities, not so far as the State organization is concerned. I don't think we will have any trouble with that at all.

H.M.JR: That means that in Ohio it will be one way, Illinois another?

MR. GRAVES: I don't think they will be different. He doesn't mean that they will be different. It will be substantially the same--

H.M.JR: That is all right--

MR. GRAVES: . . . in both Ohio and Illinois--

H.M.JR: That is all right as long as they get the results.

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MR. MOORE: That was my point a while ago. I don't see that it makes any practical difference who is subordinate so far as Cleveland, Ohio, is concerned. It may make a difference in Cincinnati or Dayton or Toledo, but those points we will have to iron out, and I think we can.

H.M.JR: How about Indiana?

MR. PULLIAM: I didn't - I have just read this memorandum. The first thing that we did out there after setting up - the first thing was the Labor Advisory Council to make sure we had the support of organized labor on pay-roll allotment - very successful. The next thing was to set up, which we did in January, what we called the Victory Sales Council. I think it is largely the same type of thing that you are talking about here. We have twenty-two of the leading bankers or large investment bankers in the State. Those men have been given - every county in the State is covered by this Sales Council. We didn't have to put very much pressure on that sales organization for May. We knew our May quota was in the bag without too much pressure.

Now then, they are already doing an excellent job for us on the June quota, and I believe that supplementing this I wouldn't like to disturb this Victory Sales Council in Indiana, because it is really set up to do just what you are talking about. They are charged with only one responsibility, to sell F and G Bonds. They know everybody in the State that can buy F and G Bonds.

H.M.JR: Well, supposing - you didn't have the benefit of this talk with Graves and the others from nine to ten, so I think we had better--

MR. GRAVES: I think it might be well to pass Mr. Pulliam and let me talk aside with him. As I see it, Mr. Pulliam's problem there will be to adopt his present setup to this proposed organization, which I have no doubt can be easily arranged with Mr. Young. I wouldn't

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anticipate any difficulty in working out an arrangement that would save your present organization exactly as it is.

MR. PULLIAM: If you set up another organization, we would use the very members we have got in there. We have got everybody in the State who is really on his toes in this kind of a thing into this work now.

MR. GRAVES: Indiana has been ahead of the pack for a long time on this F and G proposition. I have known that they have a peculiar problem, and for that reason Mr. Pulliam has always had a strong F and G organization for the last several months, but I think it can be fit right into this pattern without any--

H.M.JR: How do you feel about your June quota?

MR. PULLIAM: We will make it without question. We have got pledges already for F and G Bonds for better than twelve million dollars that will be bought in June, July, and August. This Victory Sales Council already has those pledges. Now, that will be increased to around twenty million by the end of this month, so there is no question about our quota.

H.M.JR: Do you know what happened Tuesday at the Allison plant?

MR. PULLIAM: I know all about it.

H.M.JR: What happened?

MR. PULLIAM: The company union won by a vote of fifty-eight to thirty something and about three percent not voting.

H.M.JR: By fifty-eight, which was fairly - was it fairly close?

MR. PULLIAM: The CIO got thirty-eight percent,

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and the company union fifty-eight or fifty-nine, and I think that would leave about three or four percent not voting at all. The participation there on pay-roll allotment there is a hundred percent now, and they are bringing it up. They have got the thing organized; about five hundred workers in the plant are soliciting the employees, to bring their pay-roll allotment up to ten percent.

H.M.JR: It is working all right?

MR. PULLIAM: I think it is going to work very nicely. This labor situation had something to do with holding back until after it was out of the way. It hasn't affected their participation, but it has affected the drive to get it up to ten percent.

H.M.JR: Those men must be getting pretty high pay.

MR. PULLIAM: Very high pay; and the CIO leadership is not bitter over this thing. They are going to go along with us. After the election was over I got hold of the CIO leaders, and they said they weren't going to hold back, that they would go ahead the same as though they had won the election.

H.M.JR: As far as they were concerned there were no bad feelings?

MR. PULLIAM: No.

H.M.JR: I am trying my best in our labor relations to stay on bonds, not to get into any other angles on labor, and there are plenty of them.

MR. PULLIAM: Our main difficulty has been the difficulty between AF of L and CIO, our original trouble. That is ironed out. They are working together in fine shape.

H.M.JR: While we are on that labor thing, have any of these AF of L field workers hit Indiana yet,

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these organizers who are working now exclusively on the AF of L--

MR. PULLIAM: The bond thing - I think there have been one or two in there in the last sixty days.

H.M.JR: This would be the last week.

MR. PULLIAM: No, then there hasn't been.

H.M.JR: Maybe they haven't got there.

MR. COLLINS: I have had one in Illinois.

H.M.JR: They are supposed to be working exclusively for us.

MR. DOHERTY: They have been in Massachusetts.

H.M.JR: Are they - I mean, as they travel around they are supposed to confine themselves--

MR. PULLIAM: Our trouble on labor is not going to be - bringing up to ten percent - is not going to be in the organized labor plants; it is going to be in the unorganized labor plants.

H.M.JR: Of course that is one of the things they keep throwing - well, we had this General Motors show before the Ways and Means Committee. They asked Walter Reuther, "All right, that is organized labor; what about unorganized labor?" He said, "Well, that is simple enough. Let them join the CIO and everything will be all right." Remember? You weren't there, were you?

MR. ISBEY: No, but I heard about it.

H.M.JR: That was his answer. Who comes next?

MR. ISBEY: We will make our quota, Mr. Secretary, for June and July. We haven't pushed at all the F and G Bonds because we felt we were going to need them in

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June and July for our pay-roll savings, to catch up. We have good cooperation from the investment bankers and they have one man that has been assigned to us that is paid by them to help do the job. As far as the Federal Reserve Banks are concerned, we are getting along fine, complete cooperation, so there is no trouble there.

H.M.JR: How about this plan we have drawn up?

MR. ISBEY: As long as you keep up at the top - if you start getting the divisions in all these things, that is where the trouble comes. You have got to keep them together. That is fine. I say it is O.K. We can work fine.

H.M.JR: Well, will many of the men on the Victory Fund, do you think, be working on this?

MR. ISBEY: Right. We haven't scratched the surface in Michigan on the F and G Bonds.

H.M.JR: You have got to begin to scratch. (Laughter)

MR. ISBEY: We will show you the results, too, and our E Bonds, of course, are now coming strong - pay-roll savings.

H.M.JR: Have they got all of your issuing agents?

MR. ISBEY: Yes, Ford set up a complete department. It is a pleasure to go out there and see. They are entitled to the Treasury flag at the Rouge plant. They have got their ninety thousand men, and I would like to have you come out and--

H.M.JR: You mean - I was supposed to go tomorrow with Don Nelson, but I am not going. He invited me to go with him and Captain Lyttelton. They are going out to the Ford plant, but I thought I would come sometime on Bonds.

MR. ISBEY: They asked for you, if you would present the flag - Mr. Ford--

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H.M.JR: Mr. Who?

MR. ISBEY: Ford.

H.M.JR: Which Ford?

MR. ISBEY: They have gone all-out for the Treasury program.

H.M.JR: Which Ford?

MR. ISBEY: Edsel, and Harry Bennett.

H.M.JR: If these men haven't seen this thing, they ought to see this new ruling on issuing agents that the Comptroller General has just made, which permits these companies to deduct as expense the cost of issuing these bonds. For instance - even if Ford, for instance, wanted to hire somebody to do it - if he didn't want to do it - he could hire somebody to do it and deduct the expense and charge it to Government contracts.

MR. ISBEY: Our problem is solved then. We can get them all.

H.M.JR: You know about it, Mills?

MR. MILLS: Yes, sir.

H.M.JR: You ought to get--

MR. MILLS: Do you want it explained, Mr. Morgenthau?

H.M.JR: Before they leave town; but they can charge it up as an expense. With that on now, I think--

MR. ISBEY: Fine, excellent.

H.M.JR: They even asked to go so far as to charge publicity - for instance, could General Motors charge their publicity - they said no, but they could charge the bookkeeping and all of that as an expense and add to the contract, everything but the publicity.

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MR. ISBEY: Our greatest problem is solved.

H.M.JR: Everything but the publicity.

MR. ISBEY: That is fine.

H.M.JR: So, Mills, do your little job.

MR. MILLS: It is only on the cost-plus fixed-fee contracts and the manufacturers. It doesn't extend right down through all of the issuing agents, Mr. Secretary. It is the larger ones and those are the problem ones to look after.

H.M.JR: But it is particularly the Detroit and Los Angeles, and San Diego - if that doesn't settle the eight airplane companies in Los Angeles and San Diego I shouldn't think anything would. Wouldn't that be helpful in southern California?

MR. MILLS: Very, and in Washington with the Boeing people in their middle western--

H.M.JR: It is just on the cost-plus--

MR. SMITH: That would help Connecticut, wouldn't it?

MR. MILLS: Yes, United Aircraft, probably have a bearing on them.

MR. MANNING: In New Jersey, Mr. Secretary, we have set up a special committee for F and G's headed by Colonel Franklin D'Olier of the Prudential Insurance Company, and I am certain we will have no trouble with the Federal Reserve. We have a difficult job for June, but I am sure we will make it. I am positive we will make the July quota.

H.M.JR: Really?

MR. MANNING: Well, we have a lot of new business that will come in. Lifting the limitation is very, very helpful.

H.M.JR: But your E Bond thing is rolling nicely?

MR. MANNING: E Bonds coming along very nicely and we have, as you know, two Federal Reserve Districts in New Jersey, and both members of the Victory Committees are members of my committee, Mr. Corbin, in Newark, and Mr. Archer in Camden.

H.M.JR: How is Curtiss-Wright in Hackensack?

MR. MANNING: Well, they have been beginning to step up their quota very nicely the last three weeks.

H.M.JR: They must have an enormous number of employees.

MR. MANNING: Yes, they have, twenty-thousand. They are coming along very nicely, and so is Bendix.

H.M.JR: How about some of your shipyards?

MR. MANNING: New York Shipbuilding - we have had some difficulty with them, but they are coming along very nicely. I think the Philadelphia Federal Reserve people will probably tell you the difficulty in trying to have them become issuing agents, but this information this morning I think would clear up that, so that we will--

H.M.JR: But this new suggestion on F and G is all right with you?

MR. MANNING: Fine.

MR. SMITH: I think we are going to be all right, Mr. Secretary. I think we will make our June quota; if there is any question about it - this will be a big boost for us if we get the proper man.

H.M.JR: If you get what?

MR. SMITH: The proper man. If the Federal Reserve and ourselves can agree, and I don't think that there is any doubt about it, because our State chairman is

very, very well thought of in Boston. And I think, with the assistance of Mr. Paddock in Boston - I don't think there is any doubt about it.

H.M.JR: Are you worried about June or July?

MR. SMITH: No, sir.

H.M.JR: You are not?

MR. SMITH: Not a bit, no, sir.

MR. GRAVES: These fellows are willing to let us do all the worrying, I think. (Laughter)

H.M.JR: You tell them we do plenty.

MR. SMITH: I think, Mr. Morgenthau, if you could come up there it would be a big help to us on the F and G, particularly.

H.M.JR: Well--

MR. SMITH: The Dawes' statement in Chicago went right through New England.

H.M.JR: The Dawes' statement?

MR. SMITH: He was willing to go along with you on any project which you were--

H.M.JR: Oh, that went back to that American Bank in Chicago?

MR. SMITH: Chicago, yes, sir. That took all the politics out of it, and he was very emphatic, I thought. They publicized it all through New England.

H.M.JR: We can get plenty of Republicans to endorse this thing if you want that.

MR. SMITH: Will they get out and go to work?

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H.M.JR: Yes, I think if that would help you any - yes, we can give you some prominent Republican speakers.

Well, what happened in New York?

MR. FORD: Dewey spoke for me two nights ago.

H.M.JR: How did that go?

MR. FORD: Very well, indeed.

H.M.JR: Nobody told me anything. Did it rain?

MR. FORD: We had bad luck. It did not rain. We had between ten and twelve thousand people. The stadium holds about seventeen at capacity, but that audience stayed there from half past seven until eleven.

MR. PATTERSON: It threatened to rain.

H.M.JR: But Dewey spoke?

MR. PATTERSON: Yes, I think they will report to you it was entirely satisfactory.

MR. FORD: Dr. Tobias expressed himself - very pleased with it.

H.M.JR: Who? I thought you said Dr. Devine.

MR. FORD: No, we are saving that for the up-the-Hudson meetings.

MR. SMITH: We are still using Mrs. Morgenthau's recording in the radio stations up there.

H.M.JR: I am pleased to hear that.

MR. SMITH: Round table discussion.

H.M.JR: Didn't know there was one. But otherwise you are all right?

MR. SMITH: I think so, yes.

MR. PATTERSON: Mr. Secretary, speaking for New York, this memorandum is completely workable, and we just hope that the presidents of the Federal Reserve banks won't try to change it, because that might mean ambiguity of responsibility and division of responsibility. If that is the case, we would respectfully protest.

We already have our F and G committees set up. We have fifteen of the partners of the largest investment houses in New York who are heading up a committee of nearly two hundred top investment bankers. They have been working for two weeks, beginning to get our county F and G Bond committees organized.

We can work with Allan Sproul. We like him. We trust him, and we can get along with him.

We feel, sir, that we want to have as much complete freedom in New York as you care to give us. And so far as New York is concerned, if we don't make good over-all it won't be your fault. You have given us the tools and complete cooperation. We have a man by the name of Perry Hall who has been appointed as the executive director of the Victory Committee there. He hasn't appointed his committees, but we propose to talk with him and Allan Sproul, and work this thing out.

H.M.JR: You think it is all right?

MR. PATTERSON: I do, sir.

H.M.JR: It may work out that Perry Hall would work for both?

MR. PATTERSON: Yes, Perry Hall would be the executive director who would work for both.

H.M.JR: You mean it might work out that way?

MR. PATTERSON: No reason why he shouldn't work for both. He is satisfactory to us.

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H.M.JR: Hasn't he been in charge for you since January?

MR. PATTERSON: No, he has never - he hasn't been in charge at all. He has been a committee member and we have had a great many committees, but Allan Sproul appointed Perry Hall as the executive director of the setup and I think we can work with him.

H.M.JR: And how do you feel about June and July?

MR. PATTERSON: I am not so - I wouldn't want to commit ourselves for June. It is easy to do that here, but I am not going to do it. I am in hopes that we can make our June quota if this memorandum sticks.

H.M.JR: It will stick.

MR. PATTERSON: We have nearly twenty-one percent of the total sales in the country allocated to New York, twenty point eight - one hundred and sixty-one million, seven hundred some thousand. We will put up the damnedest fight possible to make it. We don't want to feel it is going to be a fight because it is a good program, and we have got, we think, the best committees in New York State and we are just beginning to roll. I would say, seven of our eight cylinders are functioning, and the eighth will be in operation, we hope, without delay.

Now, I repeat, with this memorandum sticking, I am in hopes, Mr. Secretary, that we can make our quota.

H.M.JR: Do you want to add anything?

MR. FORD: I don't think there is anything to add. I just say the reverse of what Dick said. If we can't have this F and G Bond I know we can't make our quota. That is just impossible, because it isn't possible to get the amount of money that has been allocated to us out of pay-roll sales in New York State. It just isn't there. We have got to get the majority, and I think more than we have been counting on, out of the F and G Bond sales; so this is life and death to us, this discussion, pretty much.

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H.M.JR: It is?

MR. FORD: I think so.

H.M.JR: Ted, do you want to say something?

MR. GAMBLE: I would only like to say, Mr. Secretary, that I think this report tells you that these gentlemen have done some work on F and G's prior to this meeting. I think they are very understanding of this whole problem, and I think you have gathered from them the willingness to avail themselves of every possible piece of talent in these States. I think this memorandum has defined and made it possible for them to do that and yet stay on top, which they must be able to do if it is going to work.

H.M.JR: Harold, have you got any after-thoughts?

MR. GRAVES: I don't believe so.

June 4, 1942.

MEMORANDUM FOR UNDER SECRETARY BELL:

As a guide to our discussions tomorrow with State Administrators and the Federal Reserve Bank people, I suggest that we submit the following arrangements and procedure for promoting the sale of F and G Bonds. This represents my understanding of, or at any rate is consistent with, the instructions given us yesterday by the Secretary.

1.--The State and local organizations of the War Savings Staff will be held primarily responsible for the sale of F and G Bonds. At the same time, however, these organizations will be expected to take advantage of the facilities which have been tendered by the Federal Reserve Banks, including, among other things, the services of members of the Victory Fund Committees as individuals, to the extent that the State Administrators (or Chairmen) may consider that such services will be helpful in increasing the volume of F and G Bond sales.

2.--In instances where the State Administrators (or Chairmen) consider it practical to do so, and especially in States in which a substantial volume of F and G Bond sales is to be anticipated, the State Administrators (or Chairmen) will invite the President of the Federal Reserve Bank for the District in which the State Headquarters of the War Savings Staff is located, to serve as Chairman of a special F and G Bond Group, whose function it will be to supervise the promotion of F and G Bond sales throughout the State as a whole. This Group will perform its functions as an adjunct of the State organization of the War

Mr. Bell--2.

Savings Staff. The President of the Federal Reserve Bank will be expected in any such case to depute a subordinate officer to represent him in the performance of his duties as Chairman of this Group.

3.--The Chairman of the F and G Bond Group in each State in which this arrangement is adopted, in collaboration with the State Administrator (or Chairman), will be charged with the responsibility of selecting qualified persons in each county or community of the State to promote F and G Bond sales in such county or community. The persons so selected will constitute a special F and G Bond Group for the county or community concerned, and they will perform their duties as a part of the activities of the regularly-established War Savings Committee for that county or community. The Chairman of the State F and G Bond Group will, however, be authorized to communicate directly with the members of the F and G Bond Groups in the several counties or other local communities with reference to matters within the Group's jurisdiction.

4.--The use of the Victory Fund Committee as such is not contemplated by the foregoing, and the persons to be employed as members of, or workers under, the State and county F and G Bond Groups referred to, will be selected with regard only to their qualifications for employment in promoting the sale of F and G Bonds and without regard to whether they are or are not members of the Victory Fund Committee.

5.--The arrangements here outlined will be undertaken subject to the understanding that no administrative expenses will be incurred by State or local F and G Bond Groups as a charge against the Treasury Department except with the prior approval of the State Administrators (or Chairmen) of the War Savings Staff and the Executive Director, War Savings Staff, Washington, D. C.

Harold N. Graves
Assistant to the Secretary.

HNG/mff

June 5, 1942
11:35 a.m.

WAR BONDS

Present:

Mr. Graves
Mr. Bell
Mr. Buffington
Mr. Eccles
Mr. Gamble
Mr. Mills
Mr. Bryce
Mr. Isbey
Mr. Doherty
Mr. Collins
Mr. Moore
Mr. Manning
Mr. Patterson
Mr. Ford
Mr. Ludlow
Mr. Carstens
Mr. Pulliam
Mr. Smith
Mr. Sproul
Mr. Williams
Mr. Paddock
Mr. Young
Mr. Wagner
Mr. Fleming
Mrs. Klotz

H.M.JR: Well now, we had this meeting, gentlemen, with the presidents of the Federal Reserve Banks, with Mr. Eccles acting as liaison. They feel that they don't want anything in writing; they don't want anything formal on it. They don't want any Washington, in other words, and I don't blame them.

But this is the agreement that we have come to, that I say to you gentlemen who are chairmen of the War Bond committees in each State, "Would you, Mr. X,

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please go to the president of the Federal Reserve Bank of your district and say to him, 'Bill, I want to go into your office and sit down and lock the door, and I want you to help me put across this F and G quota in my State. I want you to give me all the help that I can get."

If each of you State chairmen will go to wherever your president of the Federal Reserve Bank is and ask him to give you that kind of help, in the way of selling help, each of these presidents of the banks - and it has the entire approval of Mr. Eccles - has agreed that they will give you their enthusiastic help and backing.

Now, the representative for the presidents of the banks is Mr. Sproul, and he can say his piece, what you are ready to do.

MR. SPROUL: I think you have said it, Mr. Secretary. You asked the presidents of the Federal Reserve Banks in their capacities as fiscal agents of the Treasury and as chairmen of the Victory Fund Committees in their districts to give all the help they can to the War State Savings Bond organizations. You asked the War State Savings Bond organizations to get in touch with us and to see how that help can best be given. We sit down with them in our respective districts and work out whatever plans we can to give them all the help we can in selling F and G Bonds under their June and subsequent quota arrangements.

H.M.JR: Is that the way you understand it?

MR. ECCLES: That is the way I understand it.

H.M.JR: Is that agreeable to you?

MR. ECCLES: Perfectly.

H.M.JR: There is nothing in writing, simply verbal; no titles, no names, no nothing, but plenty of good will.

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Now, does any State chairman not understand this, or is any State chairman not entirely agreeable to work on this basis?

MR. LUDLOW: Mr. Secretary, I both understand it, and I am agreeable to it. I still want to know whether in a State like ours where Dr. Williams has the Philadelphia Reserve and has the Cleveland Reserve, whether I go to him for help through the whole State or only his part of the State.

H.M.JR: I tell you what you do, you flip a coin.

MR. LUDLOW: I would lose with him every time on that.

MR. ECCLES: We have that situation in a good number of States, and I would think you would have to go - the western part of Pennsylvania would go to Cleveland and the eastern part would go to Philadelphia.

H.M.JR: What I was going to say was flip a coin as to which Federal Reserve Bank chairman you see first.

Now, let's take plenty of time. Any other State chairman that wants to ask a question?

This all, gentlemen, instead of having anything in writing, gets to the matter of good will. These State chairmen tell me they will give you all the time, all the help at their disposal, to help put across this June quota. See? So it just gets down to human beings and the question of good will.

I don't want anybody to go out of this room with any doubt in his mind as far as War Bonds are concerned.

MR. PULLIAM: Mr. Secretary, may I ask what is the specific function of the Victory Fund Committee setup of the Federal Reserve organization, as far as each State is concerned?

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H.M.JR: As they say on these over-the-air forums, that is a very good question. I will try to answer it.

The function of the Victory Fund Committee is this, in the language we use - I think we use larger financing--

MR. GRAVES: Larger investors.

H.M.JR: I have to raise, as I told you gentlemen earlier, beginning with the first of July, four and a half billion dollars in new money each month; and on the assumption and hope and belief that you gentlemen will do a billion, it leaves three and a half billion dollars that somebody has got to sell.

Now, in our efforts to sell that - you may remember the Federal Reserve Banks never were equipped to sell securities, and under the SEC Act of '34, I believe, or '33, the selling of securities was separated from banks. So we face a situation where we want salesmen who know how to sell securities, regular Treasury securities. We don't think of it as blocks of ten thousand dollars or over, but usually in blocks of a million dollars or over.

What we want is these trained salesmen - and they sought me out; I didn't seek them. They said, "What can we do to help?" I need all kinds of help, and they are going to help me on what I call the regular Treasury financing, which will go largely to banks and institutions, insurance companies, and so forth and so on.

Does that answer your question?

MR. PULLIAM: It answers it up to a point. The question has been raised frequently in the last two weeks. We have a Victory Sales Council in Indiana. The impression has gained headway very rapidly in the last few days that the investment bankers are going

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to receive some sort of a small token commission on the sale of Government securities other than F and G's. That question, I think, if it is possible, should be settled one way or the other. In other words, if it is possible to have you answer that - that is the question that is raised every day.

H.M.JR: Well, I have had the heads of various securities organizations in here several times, and they have never asked for any compensation. They are here as representatives for these various organizations. Mr. Bryce is here as a volunteer representative, and they have never asked to be compensated. So I think that is the answer.

MR. BRYCE: Who is the head of your F and G's, Ed Wuensch?

MR. PULLIAM: No, Mr. Peterson is the head.

MR. BRYCE: You get hold of Wuensch and he will straighten you out.

MR. PULLIAM: The investment people are against the commission idea in Indiana, but they are still inclined to believe, because of this New York meeting, that there is going to be something of that kind. If the answer is no--

MR. BRYCE: I was in the New York meeting, and that wasn't touched on at all. They got the wrong impression over a highball in the cocktail room, or something. It is true in the Victory Fund setup there are certain men in the Federal Reserve district that will be paid, executive managers.

MR. PULLIAM: But that is not a commission.

MR. BRYCE: No, but they have a few paid men, one in each district, and three or four on a voluntary basis.

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MR. PULLIAM: That is the way to do it.

MR. BRYCE: As they organize the Victory Fund Committee and take on the job the Secretary talked about, through the Federal Reserve Bank on a reimbursable basis their expenses will be compensated.

H.M.JR: Harold, are you satisfied?

MR. GRAVES: Yes.

MR. BRYCE: There is no commission involved in it whatsoever.

H.M.JR: Sproul, are you satisfied?

MR. SPROUL: Yes.

MR. ECCLES: Yes.

H.M.JR: Ted?

MR. GAMBLE: Yes.

H.M.JR: Now, any other questions? If there are no other questions - a number of you State chairmen are here and a number of the Federal Reserve Bank presidents are here, and I would tackle them now. I wouldn't lose any chance. They are all in a good humor and full of Washington fresh air.

May I just say this. I don't underestimate the job. A lot of you people are giving your time for nothing, and this is a terribly big job. Now, in my job even if I wanted to fool anybody I couldn't fool anybody. We get out a daily statement every night; we show just what we sell. It can't be like the question of rubber shortage - I mean, you can't do that in the Treasury - I mean, they know every night just how much we have sold. As I say, even if we want to fool them we can't.

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So we have got an extra tough job, and I like to continue to feel - the President feels this is one thing he hasn't had to worry about yet, that is, is he going to get the money to pay for the guns and the ships and planes; and with the help of you gentlemen and the good will everybody has expressed I feel that I can continue to tell him that he won't have to worry about the money for the guns and the ships and the planes.

I appreciate your coming down here, and I am going to be like some of these State chairmen. I am going to stop worrying. (Laughter)

MR. ECCLES: You should.

H.M.JR: Thank you all.

June 5, 1942
11:53 a.m.

HMJr: Hello.

Operator: All right.

HMJr: Hello.

Ronald Ransom: First, I hope you enjoyed "Candida" ~~Monday~~ Monday night as much as I did.

HMJr: Yes, it was fine.

R: That was a magnificent coming-in scene. Henry, I have this pretty constant question that comes up in connection with our effort to make people pay personal debts and stay out of debt.

HMJr: Uh, huh.

R: The question of listing the relative importance of the means of absorbing consumer income is rather easy, of course taxation is the principal and most important one. Then the question of buying War Bonds and paying personal debts.....

HMJr: Yeah.

R: fall along behind that. I would like to follow your own personal preference. As far as I'm concerned, I - I would like to say in two or three talks that I've got to make to registrant groups, that the payment of personal debt at this time out of current income is serving the national purpose as is the purchasing of War Bonds.

HMJr: Well, look, do you mind doing this?

R: Yeah?

HMJr: Just because, I - I just got through an awful tough meeting and I'm not sure whether I'm clicking.

R: Yeah?

HMJr: If you've got something like that, write it out.....

R: Yes?

HMJr: and if you didn't mind sending it over to Ferdinand Kuhn, K-u-h-n.....

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R: Yes.

HMJr: And let - let Ferdie look at it.

R: Yes.

HMJr: He lives and breathes this all day long.....

R: Yes.

HMJr: and I might say something to you now that was out of tune.

R: All right.

HMJr: So, if that isn't asking too much?

R: Not at all.

HMJr: Well, if you were going to make a speech or something...

R: Yeah?

HMJr: And, ah, Ferdie will drop over and see you - ask him to come over and see you.

R: Well, I'll - well, I'll do this, if it suits you, when I get this damn speech drafted, I'll send him a copy of it and ask him to take a look at it and see that it doesn't - cross up with any campaign you people have on hand.

HMJr: Well, it's terribly nice of you calling me, and I appreciate it.

R: Yes. One other thing - on the radio last night I heard a young girl make a suggestion that - of course, it might not have come to your attention - she said that she had been selling War Bonds and doing well, but that she'd do better if the slogan was, "Invest in War Bonds", not, "Buy War Bonds".

HMJr: I see.

R: I was afraid that you might miss that one.

HMJr: That's a good idea.

R: Okay.

HMJr: Thank-you.

R: Good-bye.

June 5, 1942
11:58 a.m.

HMJr: Hello.

Operator: Senator Maybank.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Senator
Maybank: Hello, Mr. Secretary.

HMJr: How are you, Senator?

M: I'm sorry I missed your call yesterday, and
this morning I've been over in Appropriation
meeting.

HMJr: Yeah.

M: What I called you up about yesterday, I was
just merely making observation so to speak.....

HMJr: Please.

M: Dick Russell and myself have got a little bill
that we might introduce on Monday to the effect
that through the Treasury of the United States,
these states that are on gasoline rationing
be reimbursed by the loss of state taxes. Of
course, that would take a great deal of money,
but what our real idea is is to - if this
gasoline rationing is to get as serious in
the Seaboard States as we're led to believe,
and it's not going to be put into effect in
the other parts of the country, what we really
want to do is to protect our bond finances.
Of course, any new road construction or any-
thing like that is out of the question.

HMJr: Yeah.

M: But we did believe that the Federal Government,
through rationing and through the necessity of

- 2 -

rationing, all of which we have no complaint against and want to help with in every way we can if it's necessary on account of transportation, but then at least our bonded - bonds and reimbursements be protected, because if they shouldn't be protected and something should go wrong, it would merely hurt all the other bonds in the state and would merely hurt all the sale of War Savings Stamps and everything else. That was just the general.....

- HMJr: Well, what you're raising - of course, you realize - is a very important question.
- M: Yeah. Well, of course, if the national gasoline rationing goes in, why we'd just forget about the thing.
- HMJr: What I'd like to do is this. Do you know John Sullivan, Assistant Secretary of the Treasury?
- M: I think I've met him.
- HMJr: Now could I ask - could you and Dick Russell see him any time today and let him talk to you about this? I'd like him to talk to you. What time would you like to see him?
- M: Well, now, the only thought is, I just left Dick Russell over there. He's Chairman of this Free Conference Committee on Agriculture.....
- HMJr: Well, I mean, when.....
- M:and Appropriations, and they're having quite a....
- HMJr: Well, when - well, when would you - when would it be all right.....
- M: Well, now, any time this afternoon would suit me all right. I don't know what time would suit Mr. Russell though.
- HMJr: Well.....
- M: Could he call Mr. Russell up and tell him that

- 3 -

any time would be agreeable to me?

HMJr: I'll have him call up Senator Russell.

M: Yeah. Any time that Senator Russell says is agreeable to him is agreeable to me, this afternoon, after two o'clock.

HMJr: I'll do that.

M: I slipped over here from Appropriations Committee. I'm going on back over there directly, but I know we'll be through by two.

HMJr: Thank you so much.

M: Thank you, Mr. Secretary.

June 5, 1942
12:01 p.m.

John
Sullivan: Yes, Mr. Secretary.

HMJr: I talked with Senator Maybank of South Carolina. You'll have a copy of it within the next ten or fifteen minutes.

S: Yes, sir.

HMJr: If I understand it - I may not understand it correctly - but they want some kind of a refund to the States on what they lose in the gasoline tax through rationing. That's what I understood, you see.

S: Yes.

HMJr: I might not have understood it correctly. But anyway, he - I suggested that you could see him and Dick Russell, so he said if you would call up Senator Russell's office, of Georgia, and say that any - that Senator Maybank said he's available any time after two o'clock, that Senator Russell is available. See?

S: Yes.

HMJr: And that you would go up and see the two of them wherever it's convenient for both of them.

S: Yes, sir.

HMJr: Can you do that?

S: Why certainly, sir.

HMJr: Because this is something which certainly both Nelson and Henderson ought to know about, and, of course, it's the most - if I understand it, it'll be the most terrific raid on the Treasury.

S: Oh, there's no doubt about that.

HMJr: I mean, we just couldn't stand for anything like that.

S: Oh, no.

- 2 -

HMJr: But can I leave it in your hands?

S: Yes, sir. And I won't have an opportunity to speak to you, probably, after you get out of Cabinet. Will you want me to acquaint Leon and Nelson with this matter?

HMJr: Yes. If you please.

S: I will. Now.....

HMJr: After you've - I'd see Russell and Maybank first.....

S: Oh, yes.

HMJr:and get the story right. I may not have it right.

S: Yes. Well, I won't call Russell until I get the transcript of your conversation.

HMJr: That's right.

S: Now, I have seen Doughton and George.

HMJr: Yeah. What did they say?

S: And they were opposed to giving the names out, and as a result of those conversations, I have written for your signature.....

HMJr: Yeah.

S:a letter which describes our meeting with the Joint Committee, and their consideration as to whether or not at a later time they would give out the information.

HMJr: Right.

S: Then I say that section 55 of the Code rigidly prescribes the committees to which the Treasury can divulge any data.

HMJr: That's right.

- 3 -

S: And that his committee is not one of those we're authorized to give the information to; but inasmuch as the Joint Committee on Internal Revenue Taxation possesses the authority to give it to them, I refer them to Doughton.

HMJr: Good.

S: Now, both Doughton and George agreed with that.

HMJr: Good.

S: And I - shall I send this in for your signature now?

HMJr: If you'd send it in right now, I could sign it.

S: I'll send it right in right away. And then I'll be back from Russell and Maybank by the time you get out if you want to hear anything about it.

HMJr: Well, I don't.

S: But I doubt.....

HMJr: Well, it's one of those things. They're just feeling us out.

S: Right. Well, I hope you have a very good holiday.

HMJr: Thank you. And, John, if you give this to Stephens, or have your girl give it to Stephens, I can sign it right now.

S: I'll send it in this minute.

HMJr: What a time I had yesterday!

S: Well, incidentally, Mr. Doughton spoke about that this morning.

HMJr: Yeah. What did he say?

S: And he wanted me to tell you that he was - the quotation was, "wonderfully pleased", and in fact, he used it twice, and he wanted to tell you - (talke aside) this goes right in to Lieutenant Stephens right away - and he wanted me to tell

- 4 -

you that he thought you handled yourself extremely well.

HMJr: Thank you.

S: That he thought that the committee would insist that Boehne call in the offending newspaperman and really give it to him, and he thought that you should do the same thing.

HMJr: (Laughs) Well, I'm not going to call in any - as far as I'm concerned, it's a closed book.

S: Well, I drove Doc Crowther down.

HMJr: Yeah.

S: Crowther was waiting for a cab, and I saw him and I picked him up and drove him back down. That was this morning early. I went up to see Doughton.

HMJr: Yeah.

S: And Crowther said he thought it was the most ridiculous performance yesterday, having you come up there, a busy man, wasting your time on a thing like that, that he'd seen since he'd been in Congress.

HMJr: Well, Crowther was helpful, incidentally.

S: Yes. I'm awfully sorry he's leaving that committee.

HMJr: Righto.

S: Have a good time, sir.

HMJr: Thank you.

S: All right.

June 5, 1942
12:13 p.m.

HMJr: Hello, Mayor Becker.

Mayor
Becker: Yes, Mr. Secretary. How are you?

HMJr: I'm fine. How are you?

B: I've been trying to get hold of you. I wanted to report to you on what our plans are here on the 29th, and hope you might be able to come. On the 29th here, they're having a very large luncheon, at which we will have representatives from all over the United States at that National Display Men's Association.

HMJr: Yeah.

B: And in the evening we thought that it would be wonderful for you to come and attend our opera. You know we have nine thousand and ten thousand people a night at this Municipal Opera of ours.

HMJr: I was there in '33.

B: Well - in '33. Fine. We want you to come, and if there'd be any possible chance for you to come on the 29th, we'd like to have you at the luncheon, make a little talk, and then in the evening go to the opera. You see?

HMJr: Well, Mayor.....

B: At the opera, merely introduce you so that the audience would know that you're there, and you could make a talk for a minute or two, you see.

HMJr: Well, it's terribly nice of you, and I feel honored that you want me; but the way it is now, I'm not making any speaking dates for the time being.

B: I see.

HMJr: I just can't do it. I mean, the job here in Washington has just got me swamped.

- 2 -

B: Well, I imagine it would be.

HMJr: And I haven't now for some time accepted any speaking dates. I occasionally talk on the radio, but I can do that from my desk.

B: Yeah.

HMJr: But I do appreciate it, and I want to thank you so much, and I hope some other time I'll be able to accept.

B: Fine. I wanted to speak to you on your other matter, the one regarding the heroes.

HMJr: Yes.

B: We've got everything under way here, already lined up in good shape, and everything's set to go.

HMJr: Well, that's wonderful.

B: Thank you for calling me. I tried to get you, and I.....

HMJr: Well, I was up on the Hill testifying yesterday.

B: I know the jam, and I'm sorry to have to bother you personally. I know how busy you are.

HMJr: No, I'm always glad, and I'm indebted to you for what you're doing to help us.

B: Well, fine. Thank you.

HMJr: Thank you very much.

June 5, 1942
3:42 p.m.

HMJr: Hello.

Operator: Senator Glass.

HMJr: Hello.

Senator Glass: Mr. Secretary?

HMJr: Yes, this is Henry talking.

G: This is Carter Glass.

HMJr: How are you, sir?

G: I'm fairly well. Mr. Secretary.....

HMJr: Yes, sir.

G: So many years ago that I hate to mention it, I appointed Sam Brame in the Revenue Office in Richmond.

HMJr: Yes.

G: He'll be seventy years old the first of August.

HMJr: Yes.

G: He's infinitely capable.....

HMJr: Yes.

G:and young for his age - very young for his age - and I would like very much to have him continue.

HMJr: Well, I'll ask the President to do it, and I'll recommend it. I'll be very glad to.

G: Well, that's very good of you.

HMJr: I unhesitatingly - I think this is the first thing you've ever asked of me, and I'll unhesitatingly do it.

- 2 -

G: Well, that's very good of you. Brame is - he's a fine man, a fine character, fine intelligence, and has made, I think you'll find, a splendid official.

HMJr: Well, that's enough for me that you say so.

G: And he's really young - infinitely younger than his years would indicate.

HMJr: Well, if he's as young as you are, he's all right.

G: (Laughs) Well, he's much younger.

HMJr: Well, he must be almost at his mother's breast.

G: (Laughs) Well, thank you very much, Mr. Secretary.

HMJr: All right. Good-bye.

G: Good-bye.

June 5, 1942
3:50 p.m.

GROUP

Present:

Mr. Bell
Mr. Buffington
Mr. Sullivan
Mr. White
Mr. Foley
Mr. Blough
Mr. Kuhn
Mr. Gamble
Mr. Haas
Mr. Schwarz
Mr. Paul
Mr. Thompson
Mrs. Klotz

H.M.JR: This is just sort of a friendly-like meeting - no business. I hope to leave in about five minutes.

MR. BELL: A good-by meeting.

MR. WHITE: If this (indicating papers) isn't business, it goes under the name of something else.
(Laughter)

H.M.JR: I said friendly-like, and I will read your memorandum. You see that I have got a clean desk. I have got a satchel this big full of papers. I hope to bring them back--

MR. BELL: The same way? (Laughter)

H.M.JR: We really had a good meeting this morning, after three days' sweating, on this F and G. Don't you think so, Dan?

- 2 -

MR. BELL: Very good.

H.M.JR: The boys made me sweat.

That is about all I have got. The President asked me to keep a plane up there all the time so I can come down--

MR. SULLIVAN: That puts us all at ease, Mr. Secretary. (Laughter)

MR. BELL: How long does it take to get down?

H.M.JR: An hour and twenty minutes.

MR. BELL: Stay within an hour and twenty minutes of the Treasury. (Laughter)

MRS. KLOTZ: Don't go too far away.

H.M.JR: I think I wouldn't be more than three hours away without checking in on the phone. I mean, the President has only asked me to do that once before.

MR. SULLIVAN: Chick and I were going to Chicago next week end.

MR. SCHWARZ: Friday.

H.M.JR: I think what he has in mind is this battle which is evidently going on right now.

MR. SULLIVAN: We were leaving Friday night.

H.M.JR: I mean, with Bell here and Norman, I would keep in touch with them. I mean, so if something happens, you know, Bell, so there will always be somebody around.

MR. BELL: Yes.

H.M.JR: To take care of Harry White in case of emergency. (Laughter)

- 3 -

MR. WHITE: I will be within three hours, but not much closer.

H.M.JR: I guess that is about all. Got some stuff?

MR. WHITE: Just two things, very quickly--

H.M.JR: You can ride over with me to the airport.

MR. WHITE: All right, I will be glad to. It isn't that important, but I would be glad to.

MR. BELL: This is the telegram.

(The secretary signed a telegram dated June 5, 1942, addressed to the presidents of the Federal Reserve Banks.)

H.M.JR: This is all right with everybody? Have you seen this?

MR. BUFFINGTON: Yes, sir.

MR. BELL: And the five presidents were in there, and Harold mentioned it.

H.M.JR: Where is Harold?

MR. BELL: Up at the committee.

H.M.JR: Everybody happy on F and G's?

MR. BELL: Ted, you haven't seen it.

MR. GAMBLE: Mr. Graves spoke to me about it.

H.M.JR: Take a look at it; and you, Ted Gamble, will see that Harold Graves, as soon as he has had his hearing, gets out of here and stays away.

- 4 -

MR. GAMBLE: He is thoroughly booked, is leaving tomorrow evening at eleven forty-five.

H.M.JR: Where is he going?

MR. GAMBLE: He is going to the West Coast.

H.M.JR: Is he?

MR. GAMBLE: Yes.

H.M.JR: Is he going to do that?

MR. GAMBLE: Train trip - he relaxes on the train.

MRS. KLOTZ: That is what he likes to do.

H.M.JR: All right. I think it is crazy, but if that is what he wants that is what he wants. Is it?

MR. GAMBLE: Yes.

MRS. KLOTZ: He loves to be on the train, and I think--

MR. GAMBLE: He takes all the slow trains.

H.M.JR: Is that what he does?

MR. GAMBLE: He took a slow train trip, Illinois Central - took three days to get to Georgia. (Laughter)

H.M.JR: All right.

MR. PAUL: I wondered if there was any chance of getting you to take up this Reader's Digest thing.

H.M.JR: No. I read it, and if you don't mind my saying so I think it is about as far removed from war work as anything that I would be interested in. I wouldn't touch it, if it were me; I mean, if somebody

- 5 -

else wants to go to bat for them, O.K. If they were doing that Disney picture, there would be some excuse.

MR. PAUL: They are.

H.M.JR: No. Frankly, I can't see it. I read it. I think Don Nelson would laugh at me.

Would you (Bell) mind, either you or - I think it had better be you - Purcell, either once a month or once in three months, gets out a bulletin analyzing savings, and all the rest of that, you see, and it has done us a lot of harm both times. Yesterday Lauch Currie said he thinks they are only two billion dollars off in their figures.

MR. HAAS: I called him up. You asked me to call him up, and I did. He said he would be very glad to submit it to the Treasury prior to releasing it in the future.

H.M.JR: Oh, did I ask you to do it?

MR. HAAS: You asked me, and I called him.

H.M.JR: You mean from now on Purcell--

MR. HAAS: He is going to submit it to you.

H.M.JR: Have you followed through with Lauch Currie?

MR. HAAS: No. When Lauch left he said he had a memorandum he was going to send to me. It hasn't come yet.

H.M.JR: And I spoke to Jesse Jones, so their bulletin, also, from now on they will give us a chance to see. Lauch Currie said he thought they were only off two billion dollars in their figures.

Are you all right, young fellow?

- 6 -

MR. BUFFINGTON: Yes, sir.

MR. SULLIVAN: I tried to see Senator Russell. I talked with Senator Maybank on the phone, and I know what they want. You may forget it.

H.M.JR: It is out, isn't it?

MR. SULLIVAN: Sure.

H.M.JR: Is that right, all they want is to have the United States Government refund what the State of South Carolina loses through gasoline rationing?

MR. SULLIVAN: You are wrong. They understand that Nelson has appointed a committee, and they want somebody from either Georgia or South Carolina on the committee.

H.M.JR: That is all?

MRS. KLOTZ: That is not what he said.

MR. SULLIVAN: I know, I had a transcript of it, but I think this is just a build-up for the other.

H.M.JR: Am I not right as to the final--

MR. SULLIVAN: Yes. I mean, the purpose of the bill is the same.

H.M.JR: I will call up, gentlemen, once a day. That doesn't mean you have to be here. If somebody has something really important, leave word with the operator, and they can talk to me. I will try not to fuss with you, and I will appreciate it--

MR. BELL: "If you don't fuss with me"?

H.M.JR: If you don't fuss with me. And everybody take it as easy as they can this coming week.

Give my regards to the flyers.

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MR. KUHN: I will.

H.M.JR: I talked to the mayor of St. Louis. He said he was waiting to hear from you.

You got B. Baruch and Fiorello all right?

MR. KUHN: So far so good.

H.M.JR: That is Monday night?

MR. KUHN: Monday, yes, sir. They will be down here Saturday and Sunday. I will let you know what McIntyre sends back about the White House.

MRS. KLOTZ: Did you sign the letter to McIntyre?

H.M.JR: Oh, yes.

All these things, if they are going well let them go, but if you need me, really need me, O.K., but I really am tired. I am going away particularly happy that we got this F and G thing straightened out.

You haven't heard from Sam?

MR. FOLEY: Not a word. Have you?

H.M.JR: I don't imagine he got in to see the President. Captain Lyttelton is here, and I imagine he has got his hands full, but I think that was in pretty good shape.

Rec'd from Mr. Hansen
on 6/24/42

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 5, 1942

Honorable Henry Morgenthau, Jr.
c/o Robert Guex
Fishkill, New York

My dear Mr. Secretary:

Please let me say that this note is entirely personal and unofficial. As your secretary told you, I had hoped to be able to see you for a few moments today but found your day completely occupied. I am happy, however, to take advantage of your kind suggestion that I might write you this note.

The matter I wanted to talk with you about is I feel of the utmost urgency and a matter upon which prompt action appears to be imperative.

As it looks now, the Congress is going forward with legislation which will tie up the government loan stocks of wheat and corn until the prices of these commodities reach parity. The effect of this action will be to raise the cost of feeds to a point which will make it utterly impossible for the price administration to hold the ceilings on the end products particularly at the retail level. It is easy to see how disastrous this situation will be for the whole program of price stabilization.

The reason why I particularly wanted to see you was that I am well aware of the strong and statesmanlike stand that you have on more than one occasion taken with respect to this particular problem of the effective utilization of the stocks in the government loan pool and I know from your past utterances and record your vital interest in this important problem.

FOR VICTORY



Honorable Henry Morgenthau, Jr.
Page 2.

June 5, 1942

In the event that Congress ties up the stocks, as may likely have occurred by the time you get this letter, it would seem imperative (if we really mean business on price stabilization) that the President should veto the bill which carries this rider. If he does so, however, it would seem necessary at the same time to take stronger measures than have yet been taken effectively to stabilize wage rates. Without attacking the wage situation it appears quite impossible to attack the farm problem. It is always the wage argument which is used by the farm bloc to justify their position.

I am informed that already in several consumers goods industries increases in wage rates now occurring or impending make it impossible to continue operation at the price ceilings fixed by the price administrator. Thus on two fronts -- the wage front and the farm front -- price stabilization is currently most seriously imperiled.

What is needed is to obtain the acceptance of this program by the top people in the labor movement and I wanted to talk with you in the hope of enlisting your active support in pushing simultaneously for (1) a release of the wheat and corn stocks and (2) for effective wage stabilization.

With kindest personal regards,

Very sincerely yours,

Alvin H. Hansen

Alvin H. Hansen

P. S. Could I perhaps see you for a few moments upon your return to Washington?

A.H.H.

June 5, 1942

The following received letters enclosing printed copy of report Secretary presented to Joint Committee on Internal Revenue Taxation on May 28, on subject of Wartime Tax Avoidance. Dated June 4. Copies to NMC.

The President
Hon. Harry Hopkins
Vice President Wallace
Hon. Stephen Early
Hon. Cordell Hull
Hon. Henry L. Stimson
Hon. Francis Biddle
Hon. Harold L. Ickes
Hon. Claude R. Wickard
Hon. Jesse H. Jones
Hon. Frances Perkins
Hon. John W. McCormack
Hon. Joseph W. Martin, Jr.
Hon. Alben W. Barkley
Hon. Sam Rayburn
Col. Edwin A. Halsey
Hon. Charles McNary
Hon. John Taber
Hon. Clarence Cannon
Hon. Gerald P. Nye
Hon. Carter Glass

June 5, 1942

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Hon. Joseph W. Martin, Jr.
Hon. Alben W. Barkley
Hon. Sam Rayburn
Col. Edwin A. Halsey
Hon. Charles McNary
Hon. John Taber
Hon. Clarence Cannon
Hon. Gerald P. Nye
Hon. Carter Glass

June 4, 1942

My dear Mr. President:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

Delivered by Sturgis 11:10
6/5/42

June 4, 1942

Dear Harry:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Hon. Harry Hopkins,
The White House.

By Messenger

*Sturges 11:10
6/5/42*

June 4, 1942

Dear Steve:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Stephen Early,
Secretary to The President.

By Messenger

Scaris 11:10
6/5/42

June 4, 1942

Dear Frances:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Frances Perkins,
Secretary of Labor.

June 4, 1942

Dear Jesse:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Jesse H. Jones,
Secretary of Commerce.

June 4, 1942

Dear Claude:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Claude R. Wickard,
Secretary of Agriculture.

June 4, 1942

Dear Harold:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Harold L. Ickes,
Secretary of the Interior.

June 4, 1942

Dear Francis:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Francis Biddle,
The Attorney General.

June 4, 1942

Dear John:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable John W. McCormack,
House of Representatives.

June 4, 1942

Dear Joe:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Joseph W. Martin, Jr.,
House of Representatives.

June 4, 1942

Dear Alben:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Alben W. Barkley,
United States Senate.

June 4, 1942

Dear Sam:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Sam Rayburn,
Speaker of the House of Representatives.

June 4, 1942

Dear Colonel Halsey:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Colonel Edwin A. Halsey,
Secretary of the Senate.

June 4, 1942

Dear Charley:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Charles McNary,
United States Senate.

June 4, 1942

Dear Congressman Taber:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Honorable John Taber,
House of Representatives.

June 4, 1942

Dear Congressman Cannon:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Clarence Cannon,
House of Representatives.

June 4, 1942

Dear Senator Nye:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Gerald P. Nye,
United States Senate.

June 4, 1942

Dear Senator Glass:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Carter Glass,
United States Senate.

June 4, 1942

Dear Henry:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Henry L. Stimson,
Secretary of War.

June 4, 1942

Dear Cordell:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Honorable Cordell Hull,
Secretary of State.

June 4, 1942

Dear Henry:

I am sending you herewith a printed copy of the report which I presented to the Joint Committee on Internal Revenue Taxation, on May 28th, on the subject of Wartime Tax Avoidance.

Yours sincerely,

(Signed) Henry

Hon. Henry A. Wallace,
The Vice President.

WARTIME TAX AVOIDANCE



A Report by Secretary Morgenthau to the
Joint Committee on Internal Revenue Taxation
May 28, 1942

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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1942

Statement of

SECRETARY MORGENTHAU

before the

Joint Committee on Internal Revenue Taxation

Thursday, May 28, 1942

THE VERY HELPFUL interest in tax collection problems shown by the members of the Joint Committee on Internal Revenue Taxation, under the able leadership of your Chairman, Mr. Doughton, encourages me to appear before you to discuss an administrative matter.

I know that this Committee and the Congress are determined that no man and no corporation shall be permitted to make exorbitant profits out of the war effort. It is the responsibility of the Congress to draft legislation to achieve that purpose. It is our responsibility at the Treasury to use all the powers the Congress has given us to see that all taxes are fully, honestly and justly collected. It is our responsibility to see that by no form of trick or chicanery is any one taxpayer permitted to escape his just share and thus to throw unjust burdens on others.

I have come before this Committee tonight to tell you of some instances of what seem to me to be particularly unpardonable attempts to escape wartime taxation, and I should like to report what the Treasury is doing and intends to do to stop these practices. In every instance the method used by the taxpayer was to inflate expenses with the evident purpose of avoiding normal and excess profits taxes on corporation earnings. The devices used included the payment of excessive salaries, the distribution of unearned bonuses and the payment

of unreasonable sums for purported services to persons closely connected with the management of the companies involved.

It will be obvious to members of this Committee that these practices, if successful, would reduce the revenue of the Government, the revenue we need so urgently for fighting and winning the war.

We do not intend that this shall happen. We do not intend that any of these practices shall succeed. The Congress has already given power to the Treasury to deal with cases of this kind, and that power is being exercised.

The instances I shall mention to you were discovered as a result of speeding up our investigation of 1941 returns of corporations holding war contracts. Reports of the examination of 31 returns for 1941 are now available. Let me mention briefly seven cases illustrating the practices with which we have to deal.

Company A makes an important airplane part. This corporation is owned by one man who hired himself as its sales representative. His compensation in 1941 was \$1,656,000. By consolidating these earnings with those of the corporation, we have blocked this obvious attempt to divert profits and we have increased the corporation's income tax by \$1,117,000.

Company B makes steel. All stock in this corporation is held by three families. Excessive salaries were paid to officers who were also stockholders. The Revenue Agent has recommended disallowance of \$82,000 in salaries, and the company has already agreed to this disallowance.

Company C makes vital equipment for airplane pilots. This corporation paid \$31,104 in rent in one year to the wife of the president for using property which had cost her \$45,412. A brother of the principal stockholder, without special training or ability, drew a salary of \$15,000 a year and a son and daughter, just out of school, got \$7,500 a year each.

Company D makes tools and dies. This company is owned

by two brothers and their wives. It paid dividends of \$40,000 in 1940 and \$100,000 in 1941, while salaries totaling \$128,000 were paid in 1941 to the president, his wife and his brother.

Company E makes forgings. The stock is owned by three families. From 1938 to 1941 the salaries of employees who were stockholders and relatives of stockholders increased 523 percent. Excessive salaries for 1941 have been disallowed to the amount of \$568,000.

Company F makes equipment for airplanes. Three principal officers of this corporation took salaries of \$100,000 each and the corporation claimed it had set aside over \$575,000 in bonuses. Salary and bonus payments totalling \$516,000 were found to be excessive. Other disallowed deductions included \$16,000 paid for watches given to employees, \$14,000 for banquets and picnics, \$4,000 for photographs taken at banquets and picnics, and \$1,900 for tickets to football games. Other important deficiencies were found in the tax return.

Company G makes a device important to aviation. This corporation is owned almost entirely by one man, his wife and his brother. The two men increased their salaries from \$12,000 and \$15,000 in 1939 to \$72,000 and \$90,000 in 1941. The royalty rate on the patent jointly held by them was increased, with the result that with expanded sales for war purposes, the royalties paid to them increased from \$87,000 in 1939 to \$1,179,000 in 1941.

You will note that I have not named any of the corporations or the individuals concerned. I leave it to this Committee to decide whether that should be done. Personally I am inclined to believe it would have a very wholesome effect.

Assistant Secretary Sullivan and Commissioner Helvering are here tonight to give you further details of the results of some of these investigations. They stand ready to come before you from time to time and to report the results of further investigations now in progress.

It should be noted that these cases all deal with returns for 1941. It is of course true that all of the contracts for war work covered by these 1941 returns were signed before the United States entered the war and that nearly all the earnings represented in the tax-dodging devices attempted were pre-war earnings. But I think that changes the situation very little. An attempt to escape lawful taxes while we were actually at war would be only a slight degree blacker than an attempt to escape taxes which would pay for arming and equipping our Army and Navy when we stood in imminent danger of attack.

It may be that these instances are an isolated few and that not many more of the same kind will be found. I sincerely hope that will be the case. I am wholly confident that the great and overwhelming proportion of American corporations are too patriotic even to consider such practices.

We are taking two steps to detect and deal with the evils I have mentioned. In the first place, we are expediting examination of the tax returns and records of all corporations, beginning with those who have war contracts, to determine whether excessive expenses are being claimed. Ordinarily our investigation of returns filed for the year 1941 would not begin until July 1, 1942, and this work would continue through the fiscal year ending June 30, 1943. Under present circumstances we cannot afford to wait so long before acting. By speeding up our investigations we expect to check unlawful practices of this sort at an earlier stage.

In the second place, we are disallowing excessive expenditures which have the effect of reducing corporate tax liabilities. We are compelling the corporations to include such amounts in earnings, and at the same time we are requiring the recipient to pay full personal income taxes on the amounts received.

The disallowance of excessive expenditures does not represent a new procedure. The law and regulations permit the deduction only of ordinary and necessary business expenses

for the purpose of determining profits. In applying the law and regulations, the Bureau of Internal Revenue has often disallowed expenditures which seemed to lack sound business justification and which were, in effect, distributions of profits. Today, however, the problem has assumed major importance in view of the huge increases in income of a great number of corporations resulting from the war effort.

In presenting this problem to you, I am anxious to be as constructive as possible. It seems to me that the businessmen of this country are entitled to know not only the extent of our legal powers but also the standards that we have adopted in applying them. Accordingly, it may be helpful if I outline the following general considerations that will guide us in examining expenses claimed in tax returns.

1. *Salaries and Bonuses Paid to Officers and Employees.*

Deductions claimed for greatly increased salaries and extraordinary bonuses paid to officers or employees will be disallowed unless the taxpayer proves that the payments are, in fact, for services actually rendered and are reasonable.

In determining whether the payments are reasonable, it will be assumed that reasonable compensation is only as much as would ordinarily be paid for like services by like enterprises under like circumstances. The factors that will be considered in determining the reasonableness of such payments are the duties performed by the recipient, the character and amount of responsibility, the time devoted to the enterprise, and the peculiar ability or special talent of the particular officer or employee. Where the payments are to relatives or to shareholders, the taxpayer must show that family considerations have not influenced the amount paid and that the payments are not distributions of profits in disguise. Large profits attributable to causes entirely unrelated to the activities of the officers or employees, which are not unusual in these abnormal

times, do not of themselves justify or warrant large salary payments.

2. *Rents, Royalties and Other Payments to Shareholders.*

Deductibility of rents, royalties or other payments to shareholders depends upon whether such charges are in fact fair and reasonable payments for the use of property and are not merely a device for distribution of profits. Any shareholder should be entitled only to a fair return on his investment in the property which he permits the corporation to use.

3. *Payments to Profit Sharing or Pension Trusts.*

The deductibility of payments to pension trusts is governed by section 23(p) of the Internal Revenue Code. If payments to such trusts are reasonable, their deduction will be allowed. If the payments are unreasonable in amount, or if the trust is not created for the exclusive benefit of employees, or if it is a device to distribute profits to shareholders, the deductions will be disallowed. It is also our purpose to set up a barrier to deductions of large salaries, bonuses, or insurance premiums for officers under the guise of payments to a pension trust.

4. *Payments for Repairs.*

The deductibility for income tax purposes of costs of repairs depends upon whether the expenditure is actually for repairs, or is in fact a capital expenditure which should be added to capital investment or charged against reserve for depreciation, since the costs of repairs are deductible while capital expenditures are not. We must guard against the tendency during high profit years to make extensive improvements and to charge the cost of such improvements against profits under the caption of repairs.

It will be our policy to scrutinize carefully the items claimed as deductions for expenditures for repairs. We shall disallow

such deductions where it is not shown that the expenditures are in fact for repairs instead of for improvements or betterments which should be capitalized.

5. *Expenses or Allowances Paid to Obtain Government Business, Including Fees Paid to Washington Representatives or for Other Professional Services.*

Whether deductions for items of this class will be allowed depends upon whether they meet the test laid down in the Internal Revenue Code, that is, whether they are necessary and ordinary and reasonable. If such items are considered exorbitant or unreasonable, they will be disallowed as deductions. Many of the factors that apply in determining the deductibility of salaries and bonuses will apply also in determining the deductibility of items of this class. Particular attention will be given to deductions for payments which are against public policy, and all such deductions will be disallowed.

6. *Amounts Paid for Advertising.*

The test of whether expenditures for advertising are deductible is whether they are ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged. This is not intended to exclude institutional advertising in reasonable amounts or good will advertising calculated to influence the buying habits of the public. If such expenditures are extravagant and out of proportion to the size of the company or to the amount of its advertising budget in the past, or if they are not directed to public patronage which might reasonably be expected in the future, such payments will be disallowed as deductions.

With these standards as our guideposts, we are progressing as fast as practicable with our investigation of the 1941 returns. Those who are engaged in this work must, of course, think not only of the best interests of the Government but also of the

need of being completely fair to the taxpayers. The Committee, the Congress and the country are entitled to know that the unscrupulous and selfish few are not being allowed to distort their tax returns so as to escape their fair share of the costs of the war. I can assure the Committee of this: that nothing is being left undone which will expedite our work. If we find that our existing powers are not adequate to deal with the evil I have been discussing, I shall not hesitate to come before the appropriate committee to ask for any additional authority that may be needed.



JUN 5 1942

Dear Mr. Chairman:

I wish to acknowledge receipt of your letter of May 29th, asking me to furnish your Committee the names and addresses of the companies referred to in my discussion of tax avoidance with the Joint Committee on Internal Revenue Taxation on May 28th, and also to give you the names of other companies engaging in similar practices.

At this meeting on May 28th the question of publishing the names of the offending corporations was discussed at length and the Joint Tax Committee decided to postpone decision on this question until after the taxpayers in each case had been given the usual opportunity to file a protest to our proposed action in asserting a deficiency and thereafter had a reasonable opportunity to present their explanation of the particular transaction or practice being questioned by the Internal Revenue Bureau. After these conferences between representatives of the Internal Revenue Bureau and the taxpayers have been concluded, the Joint Committee on Internal Revenue Taxation will then decide whether the names of these corporations should be published.

Section 55 of the Internal Revenue Code rigidly prescribes the Committees to which the Treasury may divulge "any data of any character contained in or shown by any return", and your Committee is not one of those to which we are authorized to give such information.

Inasmuch as the Joint Committee on Internal Revenue Taxation possesses the authority to submit relevant and useful information obtained through income tax returns to the Senate and the House, and since the Treasury does not have this authority, may I suggest that the request embodied in your letter of May 29th be addressed to Chairman Robert L. Doughton of the Joint Committee on Internal Revenue Taxation.

Sincerely yours,

(Signed) E. H. Reizenstein, JR.

Secretary of the Treasury.

Honorable Carl Vinson,
Chairman, Naval Affairs Investigating Committee,
House of Representatives.

*Photo file n.m.c.
By Messenger Brown/1:16
file to Hampton*

JLS:kb

JUN 5 1942

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Sincerely yours,

/s/ H. Morgenthau, Jr.,

Secretary of the Treasury.

Honorable Carl Vinson,
Chairman,
Naval Affairs Investigating Committee,
House of Representatives.

JLS:kb

SEVENTY-SEVENTH CONGRESS

EDMUND G. TOLAND
MEMORIAL COURSES
ROOM 227 HOUSE OFFICE BLDG.

House of Representatives U. S.
Naval Affairs Investigating Committee
Washington, D. C.

WILLIAM J. HARRIS, MASS.
JAMES W. MOFFATT, W.V.
WILLIAM H. EDWARDS, ILL.
WILLIAM A. BROWN, N. J.
WILLIAM C. CANNON, ILL.
WILLIAM F. BRADEN, MASS.
WILLIAM F. BRADEN, TEX.
WILLIAM F. BRADEN, IOWA
WILLIAM F. BRADEN, PA.
WILLIAM F. BRADEN, NY.
WILLIAM F. BRADEN, CALIF.
WILLIAM F. BRADEN, MASS.
WILLIAM F. BRADEN, MD.
WILLIAM F. BRADEN, OHIO
WILLIAM F. BRADEN, N. Y.
WILLIAM F. BRADEN, D. C.

WILLIAM J. HARRIS, MASS.
JAMES W. MOFFATT, W.V.
W. STEWART EGLE, N. Y.
GEORGE J. BATES, MASS.
WILLIAM S. HESS, OHIO
ARTHUR S. JONES, N. H.
JOHN S. ANDERSON, CALIF.
JAMES WOLFENBUTER, PA.
WILLIAM W. BLACKNEY, MICH.
WILLIAM H. WHEAT, S.C.
WARD JOHNSON, CALIF.

ANTHONY J. DIMOND, FLORIDA
SAMUEL W. KISS, HAWAII
SULLIVAN PATRICK, P. R.

May 29, 1942

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

Dear Mr. Morgenthau:

It has come to my attention through the public press that yesterday you informed the Committee on Ways and Means of the existence of flagrant examples of tax avoidance through various devices. It is my further understanding that your examples were some 13 in number. I would appreciate very much if you would furnish the Committee the names and addresses of the companies you referred to, along with any other similar incidents that have come to your attention, in order that the Committee may investigate further along the lines of its duties as authorized by House Resolution 162 of the present Congress.

Very truly yours,

Carl Vinson
Carl Vinson
Chairman

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 5, 1942

TO Secretary Morgenthau
FROM Mr. White

I am giving you herewith a comparative statement of the earnings and expenses of the Stabilization Fund for the months of April and May, 1942.

<u>Earnings</u>	<u>April 1942</u>	<u>May 1942</u>
Interest earned on investments	\$ 19,568.41	\$ 20,220.69
Interest earned on Yuan	<u>23,574.01</u>	<u>24,389.84</u>
Total	\$ 43,142.42	\$ 44,610.53
Profits on handling charges on gold	<u>93,641.23</u>	<u>139,666.12</u>
Grand Total	\$136,783.65	\$184,276.65
 <u>Expenses</u>		
Salaries	\$ 16,496.70	\$ 20,502.61
Travel	173.16	838.77
Subsistence	756.00	39.14
Telephone and Telegraph	1,395.94	1,445.86
Stationery	-	18.68
All others	<u>295.34</u>	<u>457.09</u>
Total	\$ 19,117.14	\$ 23,302.15
<u>Net Earnings</u>	\$117,666.51	\$160,974.50

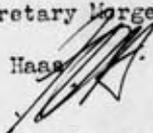
The increase in earnings for May resulted mainly from a rise in the volume of gold transactions with foreign countries on which the 1/4 of 1% handling charge was collected.

The various expense items fluctuate from month to month. In March they totaled \$28,076.60.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 5, 1942.

TO Secretary Morgenthau
FROM Mr. Haas 

In accordance with your request, I telephoned Mr. Purcell, Chairman of the Securities and Exchange Commission, and he said that he would be very glad to see that in the future no report on savings was released until it had been submitted to the Treasury.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE June 5, 1942

TO Secretary Morgenthau
FROM George Buffington G.B.

You asked some time ago that the Securities Industries submit to you a report of their efforts made on the recent issue of U. S. Treasury 2½% Bonds, 1962 - 1967. Herewith is a report received today from the National Committee of the Securities Industry for War Financing. The report shows under column one that the industry sold \$376,532,300. Column two shows that they made approximately 90,000 calls and column three shows that approximately 6,500 of those contacted purchased the bonds.

It is my opinion that the figure of \$376,532,300 is somewhat optimistic, inasmuch as certain sales reported in districts like New York might have been made without the efforts of the Industry.

You may want to sign the attached letter to the Committee thanking them for their efforts.

THE NATIONAL COMMITTEE OF THE SECURITIES INDUSTRY
FOR WAR FINANCING

FINAL REPORT of June 1, 1942

Memo of Sales of Treasury 2¹/₂'s 1962-67 as Reported
By State and City Chairmen for Period from May 4 to 14, 1942
Received at Chicago Office May 15 to June 1, 1942

Committees	1 Principal Amount Sold	2 Calls	3 Sales	4 Firms Reporting	5 Partners or Executives	6 Days	7 Salesmen	8 Days	9 Clerical	10 Days	11 Total Personnel	12 Total Days
1. Alabama	\$ 154,000	143	6	18	7	9	3	3	1	1	11	12 $\frac{1}{2}$
2. Arizona	547,000	50	5	5	7		1	3	3		11	11
3. Arkansas	48,100	89	14	8	7	8	14	9	6	9	27	26
4. California-Northern	790,800	1,237	82	24	49	63	108	57	21	18	178	138
5. Do. -Southern	2,401,100	2,346	117	69	62	80 $\frac{1}{2}$	200	116	24	27 $\frac{1}{2}$	286	223
6. Colorado	1,401,300	926	68	25	16	51 $\frac{1}{2}$	23	32	8	8	47	91 $\frac{1}{2}$
7. Connecticut-Northern	15,711,400	610	103	25		31	31	32	15	10	72	73
8. Do. -Southern	303,200	870	43	14	26	14	30	90	18	1	57	105
9. Delaware	720,800	489	22	6	9							
10. Dist. of Columbia	2,732,000	55	17									
11. Florida	164,000	112	7									
12. Georgia	3,412,900	2,445	215	23	42	53	73	72 $\frac{1}{2}$	33	30	148	155 $\frac{1}{2}$
13. Idaho	2,140,000	35	6	1	1						2	
14. Illinois	29,697,300	6,453	688	94	143	220	382	447	89	155	614	822
15. Indiana	6,378,800	1,104	69	43	50	61	47	40	10	11	107	112
16. Iowa	1,169,500	175	37			50 $\frac{1}{2}$	19	41	6	5	42	96 $\frac{1}{2}$
17. Kansas	632,000	339	54	12	17	33	28	25 $\frac{1}{2}$	10	6 $\frac{1}{2}$	71	65
18. Kentucky	1,344,800	563	79	12	33	99	10	10	3	6	72	115
19. Louisiana	1,041,900	535	27	25	59							
20. Maine	348,000*	196*	32*	21*							83	
21. Maryland	5,910,700	770	88		31		42		10		805	598
22. Massachusetts	25,838,300	8,659	577	117	165	220	530	258	110	110	257	530
23. Michigan	5,679,000	4,639	325	79	71	223	166	231	30	76	194	235
24. Minnesota	6,870,100	1,482	134	65	64	123 $\frac{1}{2}$	104	63	26	28 $\frac{1}{2}$	310	182
25. Mississippi	No Sales	24			112	67	156	80	42	35	86	103
26. Missouri-Eastern	3,731,500	2,599	227	66	33	48	44	42	9	13	50	
27. Do. -Western	584,900	820	47	27	29							
28. Montana	500,000*	1*	1*	1*			11		10			
29. Nebraska	1,555,200	475	59	29	29						11	6
30. Nevada	No Report				1		7	6	3		14	17 $\frac{1}{2}$
31. New Hampshire	1,450,000	28	9	4	6	7 $\frac{1}{2}$	6	4	2	6		
32. New Jersey	2,770,500	133	32	20	6							
33. New Mexico	No Report											
34. New York	183,018,300	34,144	1,917	379	803	932	1,661	842	344	352	2,808	2,126
35. North Carolina	3,164,900	1,042	80	18	35	122 $\frac{1}{2}$	32	144	15	30	82	296 $\frac{1}{2}$
36. North Dakota	No Report											
37. Ohio-Northern	7,305,500	1,762	135	24**	35	132	90	89	9	34	134	255
38. Do.-Southern	14,591,300	3,905	398									
39. Oklahoma	222,000	141	16	9	14	3	11	4	2	3	27	10
40. Oregon	227,500	582	11	22	33	38	43	15	10	9	86	62
41. Penn-Eastern	7,062,400	4,047	220	100	106	100	280	122	57	42 $\frac{1}{2}$	443	264 $\frac{1}{2}$
42. Do.-Western	3,235,500	1,011	88	28	55	78	87	58	12	23	164	159
43. Rhode Island	201,400	1,092	28	20***	26	49	53	30	8	3 $\frac{1}{2}$	67	82 $\frac{1}{2}$
44. South Carolina	30,000	100	5	10								
45. South Dakota	10,000*	7*	1*									
46. Tennessee	1,450,500	454	48	30	29	49 $\frac{1}{2}$	52	61	14	37 $\frac{1}{2}$	95	148
47. Texas	14,671,000	1,230	183	49								
48. Utah	1,897,500	33	13	4								
49. Vermont	1,125,000*	55*	6*		30	120	91	364			121	484
50. Virginia	658,100	634	45	25	1		13				14	
51. Washington	1,300,000	70	10	1	3	1	7	6	1	1	11	7 $\frac{1}{2}$
52. West Virginia	314,000	56	9	3	3	167	61	135	40	48	198	348
53. Wisconsin	9,900,500	1,341	110	55	77				1		2	
54. Wyoming	20,000	8	2	1	1							
	\$378,532,300	90,115	6,516	1,611	2,288	3,255	4,607	3,546	1,002	1,139	7,797	7,940

* - Interim report figures from May 4 to 9 - no other report received.

** - 50 firms reported on Nos. 1, 2 & 3.

*** - 32 firms reported on Nos. 1, 2 & 3.

TREASURY DEPARTMENT

92

INTER OFFICE COMMUNICATION

DATE June 5, 1942

TO Secretary Morgenthau
FROM Mr. Haas
Subject: Recent Changes in Prices and Yields of Government Securities

During the week ended last night, the market for Government securities fluctuated within a narrow range. Prices of both taxable and tax-exempt securities tended to decline, except for some of the longer term bonds. The taxable 2-1/2's of 1967-72 closed last night at 101-8/32, an improvement of 1/32 over the price a week ago. The new taxable 2's of 1949-51, however, showed a net drop of 2/32 for the week, closing at 100-19/32. The new 1-1/2 percent notes also declined, their premium of 13/32 last night being 2/32 less than that of a week ago.

A comparison with the March 19 benchmark shows no change in the general situation which has existed for several weeks. Prices of long-term securities, both taxable and tax-exempt, have improved, while prices of medium and short-term securities have declined. (See attached chart and tables).

For the third consecutive week, the bill rate stood at 0.36 percent. Certificates of indebtedness improved moderately, closing last night at 0.46 percent as compared with 0.48 percent a week ago.

Purchases by the Federal Open Market Account during the week totaled \$56 millions, including \$43 millions of bills and \$8 millions of the new 1-1/2 percent notes. Sales aggregated \$11 millions, resulting in a net increase of \$45 millions in the portfolio.

Attachments

Table I

Price and Yield Changes of United States Securities
May 28, 1942 to June 4, 1942

(Based on mean of closing bid and asked quotations)

Security	Prices			Yields		
	May 28, 1942	June 4, 1942	Change	May 28, 1942	June 4, 1942	Change
	(Decimals are thirty-seconds)			(Percent)		
Bills						
Average rate last issue	-	-	-	.36	.36	.00
Certificates						
1/2* 11/1/42	-	-	-	.48	.46	-.02
Taxable Notes						
3/4* 3/15/43	100.06	100.05	-.01	.51	.55	+.04
3/4 9/15/44	99.22	99.20	-.02	.89	.92	+.03
3/4 12/15/45	99.11	99.10	-.01	.94	.95	+.01
1 3/15/46	99.20	99.17	-.03	1.10	1.13	+.03
1-1/2 12/15/46	100.15w1	100.13w1	-.02	1.39w1	1.41w1	+.02
Taxable Bonds						
2* 3/15/48-50	101.15	101.14	-.01	1.73	1.74	+.01
2 6/15/49-51	100.23	100.22	-.01	1.89	1.90	+.01
2 9/15/49-51	100.21	100.19	-.02	1.90	1.91	+.01
2 12/15/51-55	100.11	100.12	+.01	1.96	1.96	.00
2-1/2 3/15/52-54	104.03	104.04	+.01	2.04	2.03	-.01
2-1/4 6/15/52-55	101.15	101.14	-.01	2.09	2.09	.00
2-1/2 3/15/56-58	103.11	103.10	-.01	2.22	2.22	.00
2-1/2 6/15/62-67	-	-	-	-	-	-
2-1/2 9/15/67-72	101.07	101.08	+.01	2.44	2.43	-.01
Wholly Tax-exempt Notes						
2* 9/15/42	100.20	100.19	-.01	1/32*	1/32*	0/32*
1-3/4 12/15/42	100.30	100.27	-.03	.03	.15	+.12
1-1/8 6/15/43	100.26	100.26	.00	.35	.33	-.02
1 9/15/43	100.25	100.25	.00	.40	.39	-.01
1-1/8 12/15/43	101.05	101.04	-.01	.37	.39	+.02
1 3/15/44	101.00	100.31	-.01	.44	.45	+.01
3/4 6/15/44	100.17	100.16	-.01	.49	.50	+.01
1 9/15/44	101.06	101.04	-.02	.48	.50	+.02
3/4 3/15/45	100.19	100.17	-.02	.54	.56	+.02
Partially Tax-exempt Bonds						
3-3/8* 6/15/43-47	102.31	102.28	-.03	.53	.56	+.03
3-1/4 10/15/43-45	103.16	103.14	-.02	.70	.71	+.01
3-1/4 4/15/44-46	104.17	104.14	-.03	.82	.84	+.02
4 12/15/44-54	107.24	107.22	-.02	.91	.92	+.01
2-3/4 9/15/45-47	105.20	105.15	-.05	1.01	1.05	+.04
2-1/2 12/15/45	105.10	105.06	-.04	.97	1.00	+.03
3-3/4 3/15/46-56	109.19	109.16	-.03	1.16	1.17	+.01
3 6/15/46-48	107.09	107.06	-.03	1.15	1.17	+.02
3-1/8 6/15/46-49	107.23	107.20	-.03	1.17	1.18	+.01
4-1/4 10/15/47-52	115.08	115.08	.00	1.31	1.30	-.01
2 12/15/47	104.22	104.21	-.01	1.13	1.13	.00
2-3/4 3/15/48-51	107.23	107.22	-.01	1.36	1.36	.00
2-1/2 9/15/48	107.02	107.00	-.02	1.33	1.33	.00
2 12/15/48-50	104.22	104.20	-.02	1.25	1.26	+.01
3-1/8 12/15/49-52	110.28	110.28	.00	1.59	1.59	.00
2-1/2 12/15/49-53	106.24	106.24	.00	1.55	1.55	.00
2-1/2 9/15/50-52	107.00	107.01	+.01	1.60	1.59	-.01
2-3/4 6/15/51-54	108.30	108.29	-.01	1.68	1.68	.00
3 9/15/51-55	110.30	110.30	.00	1.72	1.72	.00
2-1/4 12/15/51-53	105.15	105.15	.00	1.63	1.63	.00
2 6/15/53-55	104.04	104.00	-.04	1.59	1.60	+.01
2-1/4 6/15/54-56	105.19	105.19	.00	1.73	1.73	.00
2-7/8 3/15/55-60	110.17	110.18	+.01	1.94	1.94	.00
2-3/4 9/15/56-59	109.28	109.30	+.02	1.96	1.95	-.01
2-3/4 6/15/58-63	110.01	110.04	+.03	2.02	2.01	-.01
2-3/4 12/15/60-65	110.17	110.17	.00	2.06	2.06	.00

Table II

Price and Yield Changes of United States Securities
March 19, 1942 to June 4, 1942

(Based on mean of closing bid and asked quotations)

Security	Prices			Yields		
	March 19, 1942	June 4, 1942	Change	March 19, 1942	June 4, 1942	Change
	(Decimals are thirty-seconds)			(Percent)		
<u>Bills</u>						
Average rate last issue	-	-	-	.20	.36	+16
<u>Certificates</u>						
1 1/2% 11/1/42	-	-	-	-	.46	-
<u>Taxable Notes</u>						
3/4% 3/15/43	100.12	100.05	-.07	.37	.55	+18
3/4 9/15/44	99.31	99.20	-.11	.76	.92	+16
3/4 12/15/45	99.21	99.10	-.11	.84	.95	+11
1 3/15/46	99.29	99.17	-.12	1.02	1.13	+11
1-1/2 12/15/46	-	100.13w1	-	-	1.41w1	-
<u>Taxable Bonds</u>						
2% 3/15/48-50	101.28	101.14	-.14	1.67	1.74	+07
2 6/15/49-51	101.04	100.22	-.14	1.83	1.90	+07
2 9/15/49-51	-	100.19	-	-	1.91	-
2 12/15/51-55	100.12	100.12	.00	1.96	1.96	.00
2-1/2 3/15/52-54	103.23	104.04	+13	2.09	2.03	-.06
2-1/4 6/15/52-55	101.06	101.14	+08	2.12	2.09	-.03
2-1/2 3/15/56-58	103.05	103.10	+05	2.24	2.22	-.02
2-1/2 6/15/62-67	-	-	-	-	-	-
2-1/2 9/15/67-72	100.27	101.08	+13	2.46	2.43	-.03
<u>Wholly Tax-exempt Notes</u>						
2% 9/15/42	101.04	100.19	-.17	5/32*	1/32*	-4/32*
1-3/4 12/15/42	101.11	100.27	-.16	2/32*	.15	-5/32*
1-1/8 6/15/43	101.04	100.26	-.10	.22	.33	+11
1 9/15/43	101.03	100.25	-.10	.26	.39	+13
1-1/8 12/15/43	101.16	101.04	-.12	.26	.39	+13
1 3/15/44	101.10	100.31	-.11	.34	.45	+11
3/4 6/15/44	100.27	100.16	-.11	.37	.50	+13
1 9/15/44	101.16	101.04	-.12	.39	.50	+11
3/4 3/15/45	101.00	100.17	-.15	.41	.56	+15
<u>Partially Tax-exempt Bonds</u>						
3-3/8% 6/15/43-47	103.21	102.28	-.25	.41	.56	+15
3-1/4 10/15/43-45	104.06	103.14	-.24	.57	.71	+14
3-1/4 4/15/44-46	105.06	104.14	-.24	.72	.84	+12
4 12/15/44-54	108.11	107.22	-.21	.91	.92	+01
2-3/4 9/15/45-47	106.06	105.15	-.23	.94	1.05	+11
2-1/2 12/15/45	105.28	105.06	-.22	.90	1.00	+10
3-3/4 3/15/46-56	110.08	109.16	-.24	1.11	1.17	+06
3 6/15/46-48	107.28	107.06	-.22	1.09	1.17	+08
3-1/8 6/15/46-49	108.08	107.20	-.20	1.13	1.18	+05
4-1/4 10/15/47-52	115.20	115.08	-.12	1.33	1.30	-.03
2 12/15/47	104.23	104.21	-.02	1.15	1.13	-.02
2-3/4 3/15/48-51	107.28	107.22	-.06	1.38	1.36	-.02
2-1/2 9/15/48	107.07	107.00	-.07	1.33	1.33	.00
2 12/15/48-50	104.21	104.20	-.01	1.28	1.26	-.02
3-1/8 12/15/49-52	110.22	110.28	+06	1.65	1.59	-.06
2-1/2 12/15/49-53	106.16	106.24	+08	1.60	1.55	-.05
2-1/2 9/15/50-52	106.20	107.01	+13	1.66	1.59	-.07
2-3/4 6/15/51-54	108.18	108.29	+11	1.74	1.68	-.06
3 9/15/51-55	110.20	110.30	+10	1.78	1.72	-.06
2-1/4 12/15/51-53	104.29	105.15	+18	1.70	1.63	-.07
2 6/15/53-55	103.10	104.00	+22	1.68	1.60	-.08
2-1/4 6/15/54-56	104.28	105.19	+23	1.60	1.73	+07
2-7/8 3/15/55-60	110.00	110.18	+18	2.00	1.94	-.06
2-3/4 9/15/56-59	109.10	109.30	+20	2.01	1.95	-.06
2-3/4 6/15/58-63	109.12	110.04	+24	2.07	2.01	-.06
2-3/4 12/15/60-65	110.00	110.17	+17	2.10	2.06	-.04

* Excess of price over zero yield.

95 (6/14)

Departmental in Washington only.

Reports from Field Offices are not complete, but all of those received thus far are over 10%.

WAR SAVINGS BOND CAMPAIGN ALLOTMENT OF DEPARTMENTAL
EMPLOYEES

	<u>Percentage of Pay Roll</u>		
	<u>June 2</u>	<u>June 3</u>	<u>June 4</u>
<u>Treasury</u>			
Office of the Secretary	-	8.3	10. *
Bureau of Accounts	8.5	9.5	9.7
Office of the Chief Clerk	7.6	8.7	9.7
Comptroller of Currency	9.3	10.3	10.5 †
Bureau of Customs	8.4	8.6	9.4
Bureau of Engraving and Printing	.3	1.7	2.7
Foreign Funds Control	6.1	8.7	8.6
Office of the General Counsel	1.8	3.3	5.1
Bureau of Internal Revenue	5.7	8.7	10.1 †
Mint Bureau	10.1	10.2	10.2 *
Division of Monetary Research	9.4	10.2	11.3 *
Bureau of Narcotics	6.7	8.1	9.3
Personnel Division	8.1	10.2	10.2 *
Procurement Division	3.8	7.3	8.9
Bureau of the Public Debt	1.6	8.1	8.1
Processing Tax Board of Review	10.5	10.1	10.3 †
Division of Research and Statistics	6.5	8.9	9.4
Secret Service Division	7.1	9.1	11.3 *
Superintendent of the Treasury Building	8.0	9.9	10.4 †
Division of Tax Research	6.2	7.6	7.8
Treasurer of the United States	4.0	7.3	7.3
War Savings Staff	<u>4.8</u>	<u>7.0</u>	<u>7.7</u>
Total, Treasury Department	3.9	6.2	7.2

W. B. Dancer

6/5/42

8

Mr. Kuhn reported that this memo has been taken care of with the exception of the part pertaining to Mrs. Morgenthau, and she is in the country and he hasn't been able to contact her.

Mrs. Klotz said "forget" - 6/5/42

June 2, 1942

FOLLOW-UP FOR THE SECRETARY:

Is the attached memo to Mr. Kuhn finished?

May 30, 1942

Ferdinand Kuhn
Secretary Morgenthau

Think over the idea of letting Mrs. Morgenthau make the bond speech appeal at Madison Square Garden when the English war heroes come.

Another suggestion I have is if we could work this, and you thought well of it, bring the English war heroes directly to Washington and let them be received by the President and then start them off on their tour; but above all, let them come to the White House and be received by the President. I think that would give the whole thing a wonderful send-off.

THE WHITE HOUSE
WASHINGTON

6/5/42

Dear Henry

This is some
of the material we are
using, about which I
spoke with you last
night.

Cordially
Sam



TREASURY DEPARTMENT

DEFENSE SAVINGS STAFF

OFFICE OF STATE ADMINISTRATOR

June 2nd, 1942.

TO THE PRINCIPALS:

1. "SAVE FOR FREEDOM DAY" PROGRAM

In carrying out the resolutions adopted at the meeting of principals and teachers of which we wrote you last week, we have prepared a suggested program for "SAVE FOR FREEDOM DAY", June 15th, 1942. We are enclosing herewith a copy of this suggested program and we urge upon you complete cooperation in the conduct of this program.

2. SPECIAL RADIO BROADCAST (WQXR - 1560 on your dial)

In connection with the assembly on Monday afternoon, June 15th, we will have a radio broadcast over WQXR from 5:00 to 5:15 P.M. This broadcast will consist of addresses by Walter Reed Wolf and Frederick F. Greenman, and a playlet for children especially prepared for the occasion. In order to fit this broadcast into your program, you should commence your assembly program not later than 4:45 P.M. The radio broadcast can be fitted in between items three and four on the outline of the assembly program. In arranging for a radio broadcast, we were aware that a large number of schools were furnished with radio sets in connection with the defense activities. If your school does not have a radio, we suggest that you have either a teacher or a pupil bring his or her radio to school for the occasion.

3. WAR SAVINGS STAMP BOOKS

You will receive before June 15th books in which War Savings Stamps can be pasted. These books are furnished by the Treasury Department and on the back of them the letters J E C representing Jewish Education Committee are printed. One of these books should be placed in the hands of every child in your school. The Savings Stamps to be pasted in these books can be purchased at any one of the thousand places provided for the sale of Savings Stamps by the Treasury Department, such as post offices, drug stores, motion picture theatres and department stores. You may, if you so choose, arrange for the sale of the Stamps at your school in such manner as you please. The children may already have books from public schools or other sources. We suggest that each child also obtain a JEC book and that the child paste some of his stamps in this book.

4. PLEDGES TO BUY WAR SAVINGS STAMPS

You have or will soon receive printed pledges to be signed by the children for the purchase of War Savings Stamps. Please have these pledges signed and retain them in your school. These pledges should be signed even though a child may have signed similar pledges elsewhere. The program, enclosed herewith, makes provision for the taking of this pledge orally in unison by all of the children, and we hope that you will make this part of your assembly program.



5. FALL PROGRAM

Between now and the Fall, representatives of principals and teachers working with us will devise fuller plans for the promotion of the sale of War Savings Stamps in the Jewish religious schools. If you care to make any suggestions, please send them to me.

6. PARENTS AND FRIENDS OF PUPILS

Children should be encouraged to spread information concerning these activities among these parents, members of their families and their friends.

We appreciate the cooperation which we have received from the schools in the conduct of our program. We desire to express our thanks for such cooperation.

Very truly yours,

Frederick F. Greenman

FREDERICK F. GREENMAN, Representative
U.S. Treasury Department for the Promotion
of War Savings Stamps and Bonds.

Countersigned

Nevie Ford
State Administrator *fvj. 29.*

QUESTIONS AND ANSWERS FOR QUIZ ON FREEDOM

The Questions

1. What Jewish holiday is known as the festival of freedom?
 2. Who was the great Jewish emancipator?
 3. What Jewish holiday tells about the fight of the Jews for religious liberty?
 4. What Jew helped win the American War for Independence by saving and giving his money to the Government?
 5. Who was the great American emancipator?
 6. How does a knowledge of the Torah help us believe in freedom?
 7. What are the Four Freedoms?
 8. Which of the Four Freedoms are important to the Jews?
 9. What did freedom have to do with the coming of millions of Jews to the United States?
 10. What saying is inscribed on the Liberty Bell?
 11. From what book of the Bible was this saying taken?
 12. What is the name of the Jewish poetess whose poem is inscribed on the Statue of Liberty?
 13. What does the poem teach us?
 14. Why have Jews always been on the side of freedom?
 15. How does buying War Savings stamps and Bonds help preserve and extend freedom?
- Looking forward to seeing you on June 2nd, I am,

The Answers

1. Passover
2. Moses Very sincerely yours, Hanukkah
4. Hayim Salomon
5. Abraham Lincoln
6. The Torah has many laws and stories which help us to understand what freedom means and how to live as free men.
7. (1) freedom of speech; (2) freedom of religion; (3) freedom from fear; (4) freedom from want.
8. All four.
9. They came here to seek freedom.
10. Proclaim liberty throughout the land, unto all the inhabitants thereof.
11. Leviticus (Chapter 25, 10).
12. Emma Lazarus.
13. That America is the land of freedom.
14. Because it has been part of our faith.
15. (Develop answers through discussion).

"SAVE FOR FREEDOM DAY"

JUNE 15TH, 1942

Suggested Program and Activities For Jewish Schools

It is suggested that "Save For Freedom Day" be observed by suitable educational activities and programs by each class, and also by the school as a whole assembled in the auditorium. Below is a list of suggested classroom activities,* and an outline of an Assembly Program. Each school, of course, will want to make such changes and additions as local circumstances require.

A. Classroom Activities

1. Reading and discussion of sayings about freedom - See sayings and statements in the source material appended to this outline. The teacher, of course, will select several statements in accordance with the ages and knowledge of the pupils in his class.
2. Stories -
 - a. The story of Hayim Salomon, illustrating the importance of saving and of contributing to the Government Treasury in the winning of the Revolutionary War, and therefore in the founding of the Republic of the United States.
Reference: "Hayim Salomon, Son of Liberty" by Howard Fast.
 - b. Other stories on freedom from Jewish and American sources.
3. Quiz on Freedom - Questions and answers will be found among the appended source material.
4. Poems and Songs - several appropriate selections will be included in this program.

B. Assembly Program

1. Salute to the American flag by the children.
2. Star Spangled Banner.
3. Readings from the Bible - choose one or two of the following
 - a. Psalm 140.

- b. Defiance of the Tyrant, Isaiah XIV:13-23 - selection to be read by an individual or by a chorus.
 - c. In the End of Days, Isaiah II, 2-4 - This could be read effectively in responsive fashion as suggested on page 9.
4. Talks by a pupil, and by principal or teacher on the subject of "Save For Freedom" - talks ought to emphasize the importance of this war to the United States, the Jewish people, and to the whole world and the role each one of us must play toward achieving victory. (See article by Frederick F. Greenman, included here.)
 5. Toward Freedom - Mass recitation. See page 10.
 6. Pledge to Save - recited by children in unison. A copy of this pledge is included here.
 7. Prayers.
 - a. Prayer for the Government. A suggested prayer is included on page 9.
 - b. General Jewish prayer, such as עֲשֵׂה לָנוּ יְיָ אֱלֹהֵינוּ
יְשׁוּעָה וְנִשְׁמָה בְּיָמֵינוּ
 8. America the Beautiful and Hatikvah.

Note: Several items in this program will require preparation in the classroom so that all the children may know their parts, particularly the responses in the Bible Reading, the mass recitation of "Toward Freedom", the pledge, and the prayer for the government.

FIGHTING ON THE ECONOMIC FRONT

By Frederick F. Greenman

(Summary of speech delivered at the conference of principals and teachers of Jewish schools on May 21st, 1942 at the Hotel Pennsylvania, New York.)

I do not know where I can go to find a group of men and women who are more expert in the knowledge of impregnating the hearts and minds of children to do something. This has frequently been called a Total War. It is a hackneyed phrase, but very little understood. Some people think it means that the difference between this war and all other wars is that a civilian can be killed by bombs. That seems to be the general opinion; but it is not the reality. It is a total war because it requires everybody to enter into it and because everybody can suffer from a disastrous outcome. It is frequently said that the war is being fought on three fronts; the military front, the production front and the economic front. There are three functions to be performed; fighting, producing and there is the saving. These are the three functions which are being performed at the present time. Each one is a big job. I think, personally, the biggest one is the military one. Like most democracies, we always start late. But we also have another characteristic in democracies; we seem to get extra time. My only explanation is that there is Divine Providence that gives us the extra time. We are not responsible for it. If we had not been attacked at Pearl Harbor, we would not have seen the action we have now for at least another six months. Up to the time it happened, we shrugged our shoulders and said it cannot happen here.

The military job will probably be the best job we shall do. Our men will probably perform feats, the equal of which you have never seen, because it is so challenging to the individual. From the view point of any person who knows anything about military tactics it is a tremendous achievement to bring us into the position where we may be thinking of an offensive at the present time. But none of us can do that job. It is not a question of desire on our part; for the most part, we are not young enough for the military job. So we come to the production job; it is not a front line job, it is not as spectacular as the military job, but it is just as necessary and important. At the present time we have already equaled the production of Germany. If we have done that already, we can readily assume that within a short while, we will be heavily outproducing the Axis Powers.

But none of us produces; we do not directly produce the munitions of war. Our field is the economic field and what is this economic field, what is it that we can do in it. The economic field is the field within which the sinews of war will be obtained; the money with which to do all these things. The Treasury does not have the money; the Treasury is not rich; it has just about enough to get along with. When Uncle Sam needs some money, he draws a check on whom? On you and on

me, on our children; that is where he gets his money from. And we have to furnish that money. But we also have another function to perform which is equally important. This nation will probably earn in this year the stupendous sum of 110 billion dollars. Of that sum we will probably pay about 30 billion dollars in taxes; that leaves 80 billion dollars to be spent. We are told by the Price Administrator that the inventory of commodities will soon reach the 1932 level, which means that we will spend out of the national income an additional 50 billion dollars. He states that if we are to spend the whole of the 80 billion dollars on these commodities, we will all be competing for these commodities and the prices will rise and inflation will have to come into effect. This means that 30 billion dollars must be put into war bonds and savings stamps if we are to avoid inflation.

We are not doing the job well at all. What have we relied on to do the job? A number of posters, some radio speeches and a great many places where you can buy savings stamps. That means we have provided a great many cash registers. Salesmanship is not operating when you ring up a cash register. Selling is done by advertising, building up good will and many other things. And so Mr. Walter Reed Wolf came along with the idea - Mr. Wolf, a man with a social mind, who is also a banker - and said, what you need is a motor, something to start the pulleys moving to the point where there will be an urge and an understanding as to why war savings stamps and bonds should be bought. Now, who are the people who can do that? The people who are connected with the religious institutions, the churches, the synagogues, the religious schools; you can reach about one-half of the population in a way in which it can be done from day to day. The average citizen can read about the Fall of Bataan or Corregidor, but it is thousands of miles away. What we need is something which will bring home to us in our everyday life a discussion of the reasons why it is so important to buy war savings stamps and bonds.

Now why should we buy war savings stamps? What you are buying is freedom of the press, freedom of religion, trial by jury, the safety of one's home, freedom from intrusion by search and seizure, the right to sit in your home and not to fear when there is a knock on the door, or when the telephone rings, We are buying a way of life, our way of life; these are the things that you can teach to the children in the schools. This is an educational campaign; it is education of the highest order. Education is not worth very much if it does not reach to some practical goal. It must lead somewhere, if it is to be effective, either to a better life, better character or to some action, and that is what this education is.

Whether we shall go on further to find out whether we are to register this education through the purchase of stamps and bonds is a question which we can leave for the future. The question is how do we go about our educational campaign? We feel highly honored that the Treasury Department should come to us and feel that we can be useful in a program of this kind. We are all looking for something to do in this

war. We are all saying: what can you use me for? Here is something we want you to do. You are experts in the field. You know better how to do it, better than anyone else in the field. We want to undertake at once, if we can, to register in some very dramatic way in every school this idea, this impulse which can lead to the desired goal. I do not want to burden you with all the kinds of things that can be done in schools, such as essay contests, posters, slogans, song contests, honor rolls. Everyone is capable himself of bringing this message to the children in the schools. We do not want to over-organize, we do not want to turn out a tremendous amount of literature. Everyone should think out his own way of presenting his ideas. To us has been given a rare opportunity to join in this work. I hope that we take full advantage of it, get full credit for it and I am sure that everyone of us will enjoy it immensely.

Judaism and Democracy

(To be read and discussed in class)

The Jewish Spirit, the product of our religion and experiences, is essentially modern and essentially American. Not since the Destruction of the Temple have the Jews in spirit and in ideals been so fully in harmony with the noblest aspirations of the country in which they lived.

America's fundamental law seeks to make real the brotherhood of man. That brotherhood became the Jewish fundamental law more than twenty-five hundred years ago.

America's insistent demand in the twentieth century is for social justice. That also has been the Jews' striving for ages. Their affliction as well as their religion has prepared the Jews for effective democracy. Persecution broadened their sympathies. It trained them in patient endurance, in self-control, and in sacrifice. It made them think as well as suffer. It deepened the passion for righteousness.

Louis D. Brandeis

הרוח העברי והאמריקאי

הרוח העברי שהוא פרי דתנו וחיינו זה אלפי שנים מתאים לרוחה של אמריקה בזמן הזה. מיום שחרב בית המקדש, לא ישבו היהודים בארץ שהאידיאלים שלה יהיו כה דומים לאידיאלים של עם ישראל כמו באמריקה.

חוקי אמריקה עומדים על הרעיון הגדול שכל בני האדם הם אחים. הרעיון הגדול הזה הוא היסוד של תורת ישראל וחוקיה זה אלפי שנים.

השאיפה העמוקה של העם האמריקאי במאה העשרים היא לחיים של צדק ומשפט. השאיפה הקדושה הזאת היא שאיפה עם ישראל מיום היותו לעם. תורתנו וגם עניו ולחצו של ישראל העסיקו בלבנו את האהבה לדמוקרטיה. כמו כן, עזרו הצרות והרדיפות להוליד בלבנו רגשי המלה וחמד לכל אדם ואדם.

חיי ישראל המרים והקשים הרגילו את היהודים לשאת ולסבול לכבוש את יצרם ולמסור את נפשם על הקדוש והיקר להם. אם למדנו אותם לחיות חיי הרוח, וחשירו בהם את האהבה הרבה ליוטר וצדק.

לואיס ד. ברנדייס.

QUESTIONS AND ANSWERS FOR QUIZ ON FREEDOM

The Questions

1. What Jewish holiday is known as the festival of freedom?
2. Who was the great Jewish emancipator?
3. What Jewish holiday tells about the fight of the Jews for religious liberty?
4. What Jew helped win the American War for Independence by saving and giving his money to the Government?
5. Who was the great American emancipator?
6. How does a knowledge of the Torah help us believe in freedom?
7. What are the Four Freedoms of the Atlantic Charter?
8. Which of the Four Freedoms are important to the Jews?
9. What did freedom have to do with the coming of millions of Jews to the United States?
10. What saying is inscribed on the Liberty Bell?
11. From what book of the Bible was this saying taken?
12. What is the name of the Jewish poetess whose poem is inscribed on the Statue of Liberty?
13. What does the poem teach us?
14. Why have Jews always been on the side of freedom?
15. How does buying War Saving Stamps and Bonds help preserve and extend freedom?

The Answers

1. Passover
2. Moses
3. Hanukkah
4. Hayim Salomon
5. Abraham Lincoln
6. The Torah has many laws and stories which help us to understand what freedom means and how to live as free men.
7. (1) freedom of speech; (2) freedom of religion; (3) freedom from fear; (4) freedom from want.
8. All four.
9. They came here to seek freedom.
10. Proclaim liberty throughout the land, unto all the inhabitants thereof.
11. Leviticus (Chapter 25, 10).
12. Emma Lazarus.
13. That America is the land of freedom.
14. Because it has been part of our faith.
15. (Develop answers through discussion).

AND IT SHALL COME TO PASS
(To be read responsively as indicated)

- Leader: And it shall come to pass in the end of days,
That the mountain of the Eternal's house shall be established
as the top of the mountains,
- Children: And shall be exalted above the hills;
And all nations shall flow unto it.
- Leader: And many peoples shall go and say:
- Children: 'Come ye, and let us go up to the mountain of the Eternal,
To the house of the God of Jacob;
- Leader: And He will teach us of His ways,
- Children: And we will walk in His paths.'
For out of Zion shall go forth the law.
And the word of the Eternal from Jerusalem.
- Leader: And He shall judge between the nations,
And shall decide for many peoples;
- Children: And they shall beat their swords into ploughshares,
And their spears into pruning-hooks;
Nation shall not lift up sword against nation,
Neither shall they learn war any more.

Isaiah, Chapter 2:2-4

* * * * *

A PRAYER FOR AMERICA

Almighty God, bless with health, courage, vision and high purpose, the President of the United States and all leaders of our country, that they may govern wisely and justly. Grant that America continue to be the land of freedom; that each one regardless of race and religion may have equal opportunity to live a full, complete and happy life. Imbue us with respect for law and responsibility for our fellowmen. Strengthen the bonds of friendship and understanding among all the people, that we may all work together to end ignorance and hatred, to improve health and learning, to seek beauty, truth and goodness. May our country always strive to establish world peace and justice for all. Amen.

I LOVE THE SOIL

I love the soil upon which I go.
 Where fat and fertile the rich saps flow.
 Virgin soil, so yielding and sweet.
 Her cooling grass is kissing my feet.
 Her bowels smell like an apple-press.
 And the soft breezes my cheeks caress.
 I know my blood has not sanctified
 This earth. For elsewhere my father died.
 But my son is of this soil a part.
 And his heart beats at one with her heart.

-- Israel Jacob Schwartz
 (translated from the Yiddish)

OUR OWN

Jews of the great Republic,
 Clasped to her mother-breast,
 Nestling so warm and peaceful
 Within that bosom blest,
 Turn to our tortured Europe,
 Hark to the myriad moan
 Of pinched lips, white with hunger,
 That stiffen as they groan,
 And remember in these wan creatures runs the
 blood that is your own.

Set your lips to the Sho'ar,
 Waken a fiery blast,
 Shri!l to the heathen nations -
 This slaughter shall be the last!
 And send our old Peace-greeting
 Peeling from cot to throne,
 Till mankind heeds the message
 On the Hebrew trumpet blown,
 And the faith of the whole world's peoples
 is the faith that is our own.

-- Israel Zangwill

שירים לאריאח ולדקלום

אל קסד

נספל וגור,
ופלם וקלל
קסלח קרור
ליום האור...
בגתיב הקנזח
הולכה הקדות,
ואועק הדם
לנשמת העם:
התנער וקעלו
הגאל וגאלי

דוד שמעונוביז

אל קסד
אל בקוח
קעה פזאח
אל הוריד ראא...
עברו עברו
החורש, חרש!
היורע, זרע,
קרבע רע
מקלים עמל,
מקלים יצר,
יוסע ועזר,

שיר הצפרים

לא נעבר בעבדים,
לא נתיח בעבדים,
כל שנאח לא נעיר,
לא נהגר כל ריב;

אנחנו בני-הורים
ונתי כבני-הורים,
ובאחוז גשומם
בקרוב יתנו.
יעקב כהן

לא נשבו היכלות
לא נחמד היכלות
לא כל עבדות-הקדח
הקנוצרות בסו;

עפאיים נשפנה,
רום אניר נשפנה,
ונחמד רק עכיווח
הטבע חרם.

ל מ ת ז ר כ י מ ג ע ם

לעֹזְרֵת וְעַם! לעֹזְרֵת הָעַם!
 בַּמַּח 2 וְגַל הַשָּׂאֵלוֹ - בְּאִשְׁרֵי נִקְצָאֵח!
 זְמַי? אֶל־הַבְּדִקוֹ - כֹּל לְבוֹ יִרְכְּבוּ.
 מִי צָרַח הָאִמָּה בְּלִבְכֻוּ נִגְעָה -
 חֲמֻנָה יִאֲסֶף, אֶל־נָא זְבֻנְהָ יִלְנוּ.
 כֹּל־קִרְבָּנֶיךָ - יִרְצֶה, כֹּל־מִאֲחַת - נִאֲמָנָה:
 אִיוּ בְּנִקְיִים בְּשַׁעַת הַסְּכָנָה!
 כֹּל־פְּלִיטָה חֲמוּב, שְׁרִידֵי הָעוֹ וְהַאֲוִרָה,
 שְׁחֹתִירֵי עוֹד אֶל בְּלִבְכֻוּ בְּנִימָה,
 חֶכֶה וְשִׁמְסֵם, לְאַחַד־יָמִים נִאֲגִרָה,
 וְעַל־מֵאָז אִיוֹם חִילְנוּ נִרְיָמָה;
 וְיִלְקַטְשׁ אֶל־יָנוּ סִקְדָּם עַד־יָם
 חִיל נְדוּלָה לעֹזְרֵת הָעַם!

ח. ג. ביאליק

גאט בענמש אמעריקע

יידיש פון א. גיסנאן

פון אוידווינג בערלין

גאט בענמש אמעריקע
מיין הארציק-געליבטע לאנד
מיר זי דורך דורך אלע געמארן
מיט דיין געטלעך זיכערער האנט.

פון די בערג ביז צו די פרייריס
ביז די ימען ווייס מיט שוים,
גאט בענמש אמעריקע
מיין ליבע, זיסע היים!

אין ציימן ווען שמורעם-וואלקנס
טראגן זיך מיט דראונג פארביי
לאמיר שווערן אונדזער טרייהיים
צו א לאנד וואס איז פריי.

לאמיר דאנקען און לויבן
פאר אזא לאנד אזא פראכט;
לאמיר אלע אין איינעם
פאר איר תפילה פארן מאג און נאכט.

דאס נייע ליד

פון אכרחס רייזען

איך הער דאס ליד
פון ליבע פריד
די מעכטיקע געזאנגען -
און יעדער מאן פון ליד זאגט אן:
די זון איז אויסגעגאנגען.

און זאל ווי ווייס
נאך זיין די צייט
פון ליבע און פון שלום,
דאך קומען וועט
צי פרי צי שפעט
די צייט - עס איז קיין חלום!

עס עקט די נאכט
די וועלט דערוואכט -
פול האפנונג לוסט און שמרעגן,
דו הערסט - אין לופט
א שטימע רופט:
צו פונט און קראפט און לעבן...

ליב איז די ערד מיר

פון י. שווארץ

ליב איז די ערד מיר אויף וועלכער איך טרעט
פריש איז די ערד דא און פרוכטבאר און מעס.

מיידלעך ערד אזוי נאכגעציק מילד
קושט מיינע לריס מיט איר גראז און זי קילט.

הויכט פון איר אינגעווייד עפל-געשמאק
כאפן די ווייסלעך און גלעמן מיין באק.

כ'ווייס ס'איז די ערד ניש פארהייליקט מיט בלום
ס'לינג ערגעץ אנדערש מיין האמע און רוח.

אבער מיין קינד פון איר ערד איז א שטיק
לייכט אין איר לייכט, איז גאנליק פון איר גליק.



1947

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STAMPS

10c
STAMPS

POSTAL SAVINGS PLAN

for the Purchase of

UNITED STATES
DEFENSE
SAVINGS BONDS



Analysis of Exposure to Payroll Savings Plans

May 30, 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) Firms with 5,000 employees or more.....	475	479	99
(2) Firms with 500 to 4,999 employees.....	4,768	6,111	78
(3) Firms with 100 to 499 employees.....	<u>18,169</u>	<u>26,998</u>	<u>67</u>
(4) Subtotal - large firms.....	23,412	33,588	70
(5) Firms with less than 100 employees.....	<u>67,006</u>	*	*
(6) Total business organizations.....	90,418	*	*
II. Governmental organizations.....	*	*	*
III. Grand total.....	<u>90,418</u>	<u>*</u>	<u>*</u>

Part B - Summary by Number of Employees Exposed

I. Business organizations			
(1) Firms with 5,000 employees or more.....	7,771,558	*	*
(2) Firms with 500 to 4,999 employees.....	6,499,495	*	*
(3) Firms with 100 to 499 employees.....	<u>4,334,401</u>	*	*
(4) Subtotal - large firms.....	18,605,454	*	*
(5) Firms with less than 100 employees.....	<u>1,864,363</u>	*	*
(6) Total business organizations.....	20,469,817	30,000,000 ^{1/}	68
II. Governmental organizations			
(1) Federal Government.....	397,981	2,100,000 ^{1/}	19
(2) State and local governments.....	<u>1,121,159</u>	<u>2,700,000</u>	<u>42</u>
(3) Total governmental organizations.....	<u>1,519,140</u>	<u>4,800,000</u>	<u>32</u>
III. Grand total.....	<u>21,988,957</u>	<u>34,800,000 ^{1/}</u>	<u>63</u>

June 5, 1942.

Office of the Secretary of the Treasury,
Division of Research and Statistics.^{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		
	Apr. 18	May 23	May 30		Apr. 18	May 23	May 30
Alabama.....	149	205	209	285	52	72	73
Arizona.....	43	49	49	64	67	77	77
Arkansas.....	44	47	47	142	31	33	33
Northern California.....	512	572	589	589	87	97	100
Southern California.....	756	802	818	1,171	65	68	70
Colorado.....	113	118	118	124	91	95	95
Connecticut.....	277	294	300	622	45	47	48
Delaware.....	21	49	49	85	25	58	58
District of Columbia.....	52	71	75	152	34	47	49
Florida.....	147	169	171	171	86	99	100
Georgia.....	133	203	244	590	23	34	41
Idaho.....	31	31	31	39	79	79	79
Illinois.....	1,300	1,464	1,491	2,252	58	65	66
Indiana.....	415	519	541	587	71	88	92
Iowa.....	165	200	200*	272	61	74	74
Kansas.....	276	276	277	277	99	99	100
Kentucky.....	136	171	175	312	44	55	56
Louisiana.....	179	230	238	384	47	60	62
Maine.....	60	76	87	198	30	38	44
Maryland.....	177	217	219	405	44	54	54
Massachusetts.....	639	692	711	1,523	42	45	47
Michigan.....	689	779	806	1,022	67	76	79
Minnesota.....	376	409	413	413	91	99	100
Mississippi.....	59	62	62	143	41	43	43
Missouri.....	472	559	569	664	71	84	86
Montana.....	40	43	44	44	91	98	100
Nebraska.....	103	108	110	123	84	88	89
Nevada.....	14	16	16	21	67	76	76
New Hampshire.....	89	100	100	145	61	69	69
New Jersey.....	463	586	636	867	53	66	73
New Mexico.....	33	33	33*	42	79	79	79
New York.....	2,060	2,533	2,624	4,240	49	60	62
North Carolina.....	282	345	358	499	57	69	72
North Dakota.....	14	19	19	29	48	66	66
Ohio.....	1,126	1,179	1,188	1,739	65	68	68
Oklahoma.....	166	201	201	345	48	58	58
Oregon.....	211	255	257	271	78	94	95
Pennsylvania.....	1,682	1,842	1,867	2,032	83	91	92
Rhode Island.....	154	175	178	224	69	78	79
South Carolina.....	71	99	112	174	41	57	64
South Dakota.....	21	22	23	23	91	96	100
Tennessee.....	199	199	199*	449	44	44	44
Texas.....	326	403	410	1,376	24	29	30
Utah.....	36	44	44*	111	32	40	40
Vermont.....	59	60	60	63	94	95	95
Virginia.....	281	341	348	348	81	98	100
Washington.....	234	264	271	323	72	82	84
West Virginia.....	134	140	140	272	49	51	51
Wisconsin.....	275	343	373	680	41	50	55
Wyoming.....	17	18	18	18	94	100	100
Alaska.....	2	2	2*	2	100	100	100
Railroads.....	49	49	49	52	94	94	94
Total.....	<u>15,365</u>	<u>17,703</u>	<u>18,169</u>	<u>26,998</u>	<u>57</u>	<u>66</u>	<u>67</u>

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

* Data are for May 23, inasmuch as no May 30 report was received.

June 5, 1942.

Regraded Unclassified

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		
	Apr. 18	May 23	May 30		Apr. 18	May 23	May 30
Alabama.....	41	53	55	77	53	69	71
Arizona.....	9	9	9	12	75	75	75
Arkansas.....	16	16	16	22	73	73	73
Northern California.....	122	124	124	175	70	71	71
Southern California.....	121	126	127	162	75	78	78
Colorado.....	25	26	27	28	89	93	96
Connecticut.....	114	116	116	152	75	76	76
Delaware.....	15	18	18	24	63	75	75
District of Columbia.....	32	32	32	53	60	60	60
Florida.....	28	30	30	63	44	48	48
Georgia.....	86	105	106	111	77	95	95
Idaho.....	11	11	11	11	100	100	100
Illinois.....	391	413	417	546	72	76	76
Indiana.....	88	117	121	168	52	70	72
Iowa.....	22	29	29*	41	54	71	71
Kansas.....	23	24	24	24	96	100	100
Kentucky.....	38	42	42	71	54	59	59
Louisiana.....	29	37	39	77	38	48	51
Maine.....	48	53	53	58	83	91	91
Maryland.....	84	88	90	107	79	82	84
Massachusetts.....	237	259	260	350	68	74	74
Michigan.....	265	271	272	309	86	88	88
Minnesota.....	79	80	80	84	94	95	95
Mississippi.....	26	29	30	38	68	76	79
Missouri.....	103	114	114	134	77	85	85
Montana.....	3	3	3	3	100	100	100
Nebraska.....	23	24	24	31	74	77	77
Nevada.....	4	4	4	5	80	80	80
New Hampshire.....	29	31	31	31	94	100	100
New Jersey.....	142	155	158	198	72	78	80
New Mexico.....	5	5	5*	5	100	100	100
New York.....	759	795	796	1,084	70	73	73
North Carolina.....	103	126	128	160	64	79	80
North Dakota.....	0	0	0	0	0	0	0
Ohio.....	412	419	420	491	84	85	86
Oklahoma.....	31	38	38	50	62	76	76
Oregon.....	48	53	53	53	91	100	100
Pennsylvania.....	551	570	570	619	89	92	92
Rhode Island.....	61	69	69	81	75	85	85
South Carolina.....	84	94	94	103	82	91	91
South Dakota.....	5	5	5	5	100	100	100
Tennessee.....	50	50	50*	102	49	49	49
Texas.....	63	74	74	142	44	52	52
Utah.....	8	10	10*	16	50	63	63
Vermont.....	12	12	12	12	100	100	100
Virginia.....	93	97	97	100	93	97	97
Washington.....	49	50	56	69	71	72	81
West Virginia.....	36	40	54	61	59	66	89
Wisconsin.....	127	136	137	153	83	89	90
Wyoming.....	1	1	1	1	100	100	100
Alaska.....	3	3	3*	3	100	100	100
Railroads.....	109	109	109	115	95	95	95
Total.....	<u>4,864</u>	<u>5,195</u>	<u>5,243</u>	<u>6,590</u>	<u>74</u>	<u>79</u>	<u>80</u>

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

June 5, 1942.

* Data are for May 23, inasmuch as no May 30 report was received.

UNITED STATES SAVINGS BONDS - SERIES E

Comparison of June sales to date with sales during the same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	: June : daily : sales	Cumulative sales by business days				: June as : percent of May
		: June	: May	: April		
June 1942						
1	\$ 19,834	\$ 19,834	\$ 12,679	\$ 12,993		156.4%
2	8,008	27,841	24,263	24,256		114.7
3	12,970	40,811	46,532	35,050		87.7
4	17,388	58,199	55,460	47,119		104.9

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

June 5, 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 - SERIES F AND G COMBINED

Comparison of June sales to date with sales during the same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days			June as percent of May
		June	May	April	
June 1942					
1	\$ 9,705	\$ 9,705	\$ 7,302	\$ 11,987	132.9%
2	7,895	17,601	15,168	21,677	116.0
3	8,634	26,235	25,516	29,097	102.8
4	13,774	40,009	33,145	35,818	120.7

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

June 5, 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 - TOTAL

Comparison of June sales to date with sales during the same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days				June as Percent of May
		June	May	April		
June 1942						
1	\$ 29,539	\$ 29,539	\$ 19,981	\$ 24,980		147.8%
2	15,903	45,442	39,430	45,933		115.2
3	21,604	67,046	72,048	64,147		93.1
4	31,162	98,208	88,605	82,937		110.8

June 5, 1942.

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

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.

Sales of United States Savings Bonds
From June 1 through June 4, 1942
Compared with Sales Quota for Same Period
(At issue price in millions of dollars)

CONFIDENTIAL

Date	Series E				Series F and G				Total			
	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales
	June 1	to	June 1	to Date	June 1	to	June 1	to Date	June 1	to	June 1	to Date
Daily	Date	Date	as % of Quota	Daily	Date	Date*	as % of Quota	Daily	Date	Date	as % of Quota	
1	\$ 19.8	\$ 19.8	\$ 21.7	91.2%	\$ 9.7	\$ 9.7	\$ 12.1	80.2%	\$ 29.5	\$ 29.5	\$ 33.8	87.3%
2	8.0	27.8	32.0	86.9	7.9	17.6	19.7	89.3	15.9	45.4	51.7	87.8
3	13.0	40.8	46.4	87.9	8.6	26.2	31.9	82.1	21.6	67.0	78.3	85.6
4	17.4	58.2	63.6	91.5	13.8	40.0	42.4	94.3	31.2	98.2	106.0	92.6
5			79.6				51.0				130.6	
6			93.7				57.6				151.3	
8			120.0				69.6				189.6	
9			132.4				77.3				209.7	
10			149.6				89.5				239.1	
11			170.0				100.0				270.0	
12			189.0				108.6				297.6	
13			205.6				115.1				320.7	
15			236.5				127.2				363.7	
16			251.1				134.8				385.9	
17			271.3				147.1				418.4	
18			295.2				157.6				452.8	
19			317.4				166.2				483.6	
20			336.9				172.7				509.6	
22			373.0				184.8				557.8	
23			390.0				192.4				582.4	
24			413.5				204.6				618.1	
25			441.1				215.2				656.3	
26			466.8				223.7				690.5	
27			489.2				230.3				719.5	
29			530.6				242.4				773.0	
30			550.0				250.0				800.0	

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

June 5, 1942.

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.

* Takes into account daily trend within the week, but does not take into account the trend by weeks during the month.



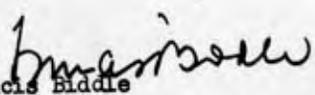
Office of the Attorney General
Washington, D.C.

June 5, 1942

Dear Henry:

Thank you so much for your letters of recent date, enclosing a report of the sales of War Bonds during the month of May, as well as a statement showing "Financing During May".

Sincerely yours,


Francis Biddle

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

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

E. R. Stettinius, Jr.
Administrator

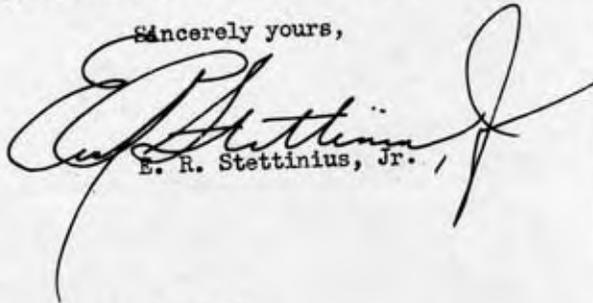
June 5, 1942

My dear Mr. Secretary,

Thank you for your letter of June 3
containing a statement showing financing operations
which produced cash and financing operations which
involved only refunding for the month of May.

I have studied this statement with much
interest and I appreciate your sending it to me.

Sincerely yours,



E. R. Stettinius, Jr.

The Honorable

The Secretary of the Treasury



THE SECRETARY OF COMMERCE
WASHINGTON

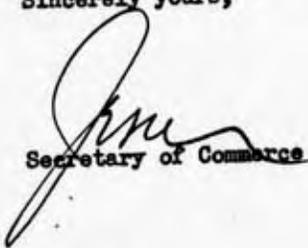
June 5, 1942

Dear Henry:

Thank you for your letters of June 2 and 3, enclosing the May report of War Bond sales, and the summary of May financing, respectively. I am glad to have them.

With best wishes,

Sincerely yours,



Secretary of Commerce

Hon. Henry Morgenthau, Jr.
Secretary of the Treasury

June 5, 1942.

Dear Franklin:

I was very glad to hear from you and to have you raise the question in regard to Agent Gosnell, of the Secret Service. It is fine to hear that you think so highly of him.

I asked Chief Wilson for a confidential report on Gosnell's salary, and also on the salaries of other agents who are on the detail to guard your children. I am sending you a copy of his response to my request. Chief Wilson's explanation of the situation seems to me a satisfactory one, and I hope it will impress you in the same way.

I hope that you have completely regained your health and if, by any chance, you are at Hyde Park during the next week, we would love to see you, as Bob is spending his ten-days' leave on the farm.

Sincerely,

Henry Morgenthau, Jr.

Copy to Mrs. M.

File NMC

Lieutenant Franklin D. Roosevelt, Jr.,
U. S. N.R.,
East Norwich, Long Island,
New York.

GEF/dbs

copy to [unclear]
6/5/42 -

FRANKLIN D. ROOSEVELT, JR.

EAST NORWICH
LONG ISLAND, N. Y.

June 1
~~June 1~~ 1942

Dear Mr. Morgenthau,

I hate to bother you with a relatively small matter at times like these but I do not feel that I am in a position to speak to the chief of the Secret Service concerning this matter, directly.

I now have five secret service agents on the detail with my children. The head of this detail is Agent Gosnell, who has been in the service for five years and has been with me for the past three years. His record is excellent and I have never had a reason to complain in any way and I hope that he will remain at his present post, especially in view of the fact that as I am away at sea so much, I feel much safer about the children, knowing that I have a reliable experienced man taking care of them.

However, it is difficult for him to be completely happy because of what seems to me to be a very unfair salary difference between him and the other agents on the detail.

Two men have been in the service for approximately nine months and are now receiving \$2,900. per annum. The other two men, who have only been in the service since this past January, are receiving \$2,600. per annum. Agent Gosnell, with his five years of service, still receives \$2,600. per annum. I feel that he should at least receive \$2,900. per annum.

I know that the problems of salaries in the Secret Service is a most involved one and that similar difficulties have been encountered with the outfit in the White House. However, I feel that this inequality may be remedied if brought to the attention of the proper people.

I saw Bobby in Norfolk about ^{in January} ~~two months ago~~ and it certainly was great to see him in uniform. He seems to like the service and to be doing a great job. Give him my best when next you write to him.

Also, I want to thank you for the wonderful books you sent me in the hospital. I am up and around again

FRANKLIN D. ROOSEVELT, JR.

EAST NORWICH
LONG ISLAND, N. Y.

copy to [unclear]
6/5/42 -
June 1
1942

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FRANKLIN D. ROOSEVELT, JR.

EAST NORWICH

LONG ISLAND, N. Y.

- 2 -

and expect to go back to sea very shortly.

Again, I apologize for troubling you with my secret service problems, but I can only hope that you will forgive me, under the circumstances.

Sincerely yours,

Franklin

Lieut. (jg) U. S. N. R.

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

P.S. I dictated this letter several weeks ago but before I could send it off I went back to the hospital with pneumonia and a queer blood disease. However I'm okay now and am leaving for my destroyer in a couple of days. Give my best to Mr. Morgenthau

F.D.R.

Copy to Mrs. M.
6/1/42

REFER TO FILE No. 30131



TREASURY DEPARTMENT

WASHINGTON, D. C.

OFFICE OF THE CHIEF
U. S. SECRET SERVICE

June 3, 1942

Memorandum for the Secretary

From Chief, Secret Service

A letter to you from Franklin D. Roosevelt, Jr., dated June 1, relating to the salary paid Agent Robert J. Gosnell, is returned herewith.

Agent Gosnell was employed as a clerk in this Service at \$1440 per year on March 25, 1937, and he was increased \$860 per year, being promoted to the position of Agent at \$2300 per annum on September 16, 1939. He received a promotion of \$100 on October 1, 1941, and \$200 on February 2, 1942, making his present salary \$2600. He had no criminal investigative experience before becoming an agent in this Service. He has had three years' experience on a protection detail for this Service and his salary has been increased \$1160 since September of 1939. His services have been satisfactory.

Two of the agents on the Franklin D. Roosevelt, Jr. detail have been in the Secret Service for about one year and now receive \$2900. They were experienced enforcement officers and required no special training upon entrance into this Service; one has been engaged in law-enforcement work for eight years and the other for five years. They are qualified to handle important criminal investigations as well as to perform duties on the protection detail.

The other two agents on the detail receive \$2600 per year, one having been in this Service for one year and the other for six months. One of them had been with the Massachusetts State Police for over ten years and the other with a New York State Police Department about two years, and their law-enforcement experience qualifies them to perform criminal investigations as well as to perform duties on the protection detail.

Agent Gosnell is trained to perform duties on a protection detail but has had slight experience in the performance of criminal investigations. In view of the fact that he has



Copy to Mrs. M.

REFER TO FILE No. 30131 ^{6/4/42}



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WASHINGTON, D. C.

OFFICE OF THE CHIEF
U. S. SECRET SERVICE

June 3, 1942

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Agent Gosnell is trained to perform duties on a protection detail but has had slight experience in the performance of criminal investigations. In view of the fact that he has

FOR DEFENSE



- 2 -

received three promotions, September of 1939, October 1, 1941, and February 1, 1942, it is felt that he has been given favorable consideration. The difference in the salary paid to the agents employed on the detail with him is because they came to the Secret Service as trained law-enforcement agents and are qualified at any time they are released from the protection detail for immediate assignment on important criminal cases.

A handwritten signature or set of initials, possibly "J. M.", written in dark ink. The signature is stylized and somewhat cursive, with a large initial letter that is partially obscured by a diagonal line.

Supreme Court of the United States
Washington, D. C.

CHAMBERS OF
JUSTICE FELIX FRANKFURTER

June 5, 1942

My dear Mr. Secretary:

I now know the wisdom of giving the Treasury a contingent fund from which expenditures may be made without accountability. But I am sorry also to learn that the idea of a rubber dollar did not originate with Professor Warren or even at Cornell, but is the natural offspring of the Expanso Belt.

And one more thought occurs to me. If at the end of administering the Treasury for an even longer period than Abraham Gallatin held office, and certainly with not less distinction, you still have too much energy left for mere retirement, I cannot think of a more prosperous employment of your talents than as the owner of the Morgenthau Apiary, of which the slogan will be: "A Honey Belt with Every Jar of Honey".

And so, my dear Mr. Secretary, I remain a grouching taxpayer, but a most appreciative luncheon guest, with sentiments of esteem and affection,

Faithfully yours,

Felix Frankfurter

Hon. Henry Morgenthau, Jr.

June 5, 1942.

Dear Kades:

I have been attempting to answer your fine letter of April 26 in longhand; hence, the unpardonable delay. Rather than let your letter remain unanswered any longer, however, I am now dictating a hasty note, just to let you know how much I enjoyed hearing from you, and how deeply I appreciate the high regard that you evidently have for me. You were a tower of strength in the General Counsel's office, and I want you to know that I fully appreciate all that you gave of yourself to the work there. I can assure you that you are greatly missed in the Treasury.

I admire tremendously your attitude about getting into active service, and am sure that you will get a great deal of personal satisfaction out of it. I do hope that when you return to Washington on a visit, you will come in to have a meal with me, and tell me all about your experiences.

With kindest regards,

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Charles L. Kades,
Apartment 15-A,
Country Club Apartments,
Columbus, Georgia.

File n.m.c.

GE/abs

Dear Kades:

about 1/2 hr, just

I have been attempting to answer your fine letter of April 26th in longhand; hence, the unpardonable delay. Rather than let your letter remain unanswered any longer, *however* I am dictating a few lines ~~to you~~ to let you know how much

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With kindest regards,

Sincerely,

Thank them & please acknowledge

CHARLES L. KADES
9304 CLEVELAND AVENUE, N.W.
WASHINGTON, D.C.

Sunday, April 26th

Dear Mr. Secretary -

Barely a month has passed since I left Washington for Fort Benning, but it seems much longer ago than that I suppose that, like many other things, one's associates are most appreciated when he is deprived of them. Much as I enjoyed working with everyone in the Treasury, I never imagined I could miss so many persons so keenly. And perhaps that is the reason why a month seems to have stretched into an age.

Certainly it is not a lack of work. The curriculum at the Infantry School is so packed that one has to experience it to believe it possible. From seven in the morning until five in the afternoon every day, except Sunday, plus

at least two nights of field problems which last until past midnight plus an enormous amount of preparation for the following day's homework which is required to be done, and review for examinations - all this concentrated in every week keeps us all busy. The course which I am taking is called the Combat Platoon Commander course and prior to this was a nine months affair which had been telescoped into three months without any material modification in the subject matter. It is designed to qualify junior officers of infantry to lead and train platoons by rifle, heavy weapons, and antitank companies. Since the objective is success in battle we are not burdened with any instruction not directly related to combat. But for a person, like myself, who couldn't take a spare plug out of an engine, the assembly and disassembly of machine guns and mortars and automatic rifle is kind of complex! And again the technique of fire, and mapping air

also pretty strong stuff for one as weak in mathematics as me. I think I could even make my checkbook balance with the bank's statement after I finish this course!

I have been very favorably impressed with the faculty. The instructors know their business and spare no efforts to pass on their knowledge to the student officers. I have not been so favorably impressed with the way the Federal Government has handled the housing problem here. I don't know where the responsibility rests but someone has bungled badly. The conditions here are worse than Ed and I saw in San Diego - and there seems little excuse for such a situation. The Public Health Service has also fallen down miserably in dealing with the venereal disease problem. The cases here are running into thousands - and the Federal Security Agency sends an old lady here

4
by the name of Bascom Johnson —
supposed to be a Philadelphia lawyer
right — who blames conditions on
parents not being strict enough with
young daughters, instead of criticizing
at the obvious misfeasance of local
police authorities in failing to break
up commercialized vice rings which
import women from other communities.
The Surgeon General, and the City of
Columbus, need a Sammy Klaus not
a sanctimonious pillar of the church.

The lack of statesmanship in
meeting the problems of a large military
post under present conditions has
emphasized for me the great
privilege which I have enjoyed
of being on your staff. It is
not only that your leadership
and high-mindedness provided a
reservoir of inspiration for those
in the Treasury fortunate enough
to come into contact with you,
I feel it is more than that

5. 138
I feel that your courage in coming
to grips with every issue facing you,
and your humanitarianism in your
day-to-day administration, have
given me a perspective which I
will always treasure. It makes me
want to emulate you constantly, and
I find myself, unconsciously or maybe
subconsciously, testing something I
propose to do by wondering what you
would do under the circumstances.
I do not want to be fulsome, but
I sincerely feel that one of the chief
rewards of my life had been the
opportunity of working for you —
and I feel it so deeply that I
don't even like to write about it.
However, I was unable to say goodbye
because you were in Arizona when
I came here and I do hope you
understand how grateful I am for
all your encouragement when I
was at the Treasury. Please convey
my kindest regards to Mrs. Morgenthau.
Very sincerely,
Schuck Kades

JUN 5 1942

Dear Archie:

In line with our recent telephone conversation, I should like to take advantage of your generous offer of assistance on some of our problems. Accordingly, for our immediate purposes I should appreciate your making available to me as much of the time of Dr. Likert and his staff as I find necessary to carry out the research which we are planning.

It will take a little time and experimentation to indicate the full extent of assistance which will be required, but in the interim would it be agreeable to you for me to call upon Dr. Likert as freely as the needs of the situation dictate?

Sincerely,

(Signed) Henry

Honorable Archibald MacLeish,
Director,
Office of Facts and Figures,
Washington, D. C.

NMC
By Messenger *Brown 1:15*

Copies to Thompson

OCH:EL:ak
6/5/42

THE WHITE HOUSE
WASHINGTON

June 5, 1942

Dear Henry:

Thank you for preparing the letter
to Mrs. Imhoff for me. It is a grand letter
and I have sent it on to Mrs. Imhoff.

Affectionately,

Franklin Roosevelt

JUN 3 1942

Dear Eleanor:

I have prepared the attached letter to Mrs. Imhoff for your signature. I am sorry that there is no practical way we could help her with a loan. The Pepper Bill (S. 2580) referred to in the letter, which is designed to meet problems like hers, was introduced May 15 and referred to the Committee on Banking and Currency.

Affectionately,

(Signed) Henry

Mrs. Franklin D. Roosevelt,

The White House.

*N.M.C.
Copies to Thompson
SS Agent 4:45 p.m.*

My dear Mrs. Imhoff:

Your letter of May 22 adds strongly to my deep appreciation of the difficulties many of us will face in the months ahead, when the Nation's war effort must inevitably interfere more and more with normal civilian life. I admire the courageous spirit with which you are facing these difficulties, and I wish that I could suggest some convenient solution. I can, however, give you one or two ideas which I hope may in some way be helpful.

I wonder if the two problems mentioned in your letter -- maintaining payments on your cottages, and paying your living expenses -- could not be handled separately. Could the payments on your cottages be rearranged, perhaps suspending the principal payments for a time while you maintain the interest? Then, with the shortage of manpower that is rapidly developing, it may be possible for your husband to find a better-paying occupation during the war emergency. I would suggest that he write or call at your nearest United States Employment Office, at 20 Smith Street, Ukiah, California, for information on possible opportunities.

As you probably know, the Congress and various administrative agencies of the Government have been giving a great deal of thought to the problem of relieving distress and financial hardship arising from necessary adjustments to a full wartime effort. Only recently, a bill to create a "War Distress Finance Corporation" was introduced in the Senate. While I do not know, of course, what arrangements will finally be made, I hope and trust a way will be found to assist in relieving hardships such as yours.

I greatly appreciate your kind words of encouragement to the President and myself, and the strong spirit of patriotism evidenced by your letter.

Sincerely,

Mrs. Helen Imhoff,
Box 317,
Littleriver,
Mendocino County, California.

My dear Mrs. Imhoff:

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I greatly appreciate your kind words of encouragement to the President and myself, and the strong spirit of patriotism evidenced by your letter.

Sincerely,

Mrs. Helen Imhoff,
Box 317,
Littleriver,
Nevadocino County, California.

143

Hra

62

THE WHITE HOUSE
WASHINGTON

May 29, 1942

36575

Dear Henry:

The enclosed letter presents a difficult problem. Can not some arrangement on loans be made?

Affectionately,

[Handwritten signature]

Little River Calif

May 22nd 1942

Dear First Lady:

With all your other problems could you offer an answer to this one, sometime soon?

We small fry in a country so grand as ours with such grand people at the head of it we really do have a problem that I will have to admit, do not know how to cope with.

I, just one of several have a small cottage on the ocean front in Mendocino County, half way up the coast, which helps to support us but not fully.

Now, there is a tire ration, soon gasoline ration, no night travel on coast at night. My husband

is a cripple earning a small wage, but, not enough to support us. we are still paying on a loan, which we borrowed to build Cottages.

Now, I am not complaining Dear First Lady. I am accepting it all in the stride, as Thousands and Thousands of others are doing. But, without Tourists (which would come for a day or two if they could) How are we people going to pay? Business tax State Tax, insurance, income tax, property tax - buy War Bonds and stamps?

I am fifty seven, my husband sixty two. These other neighbors are near the same age with the same problems. where my husband is crippled, they have sickness.

The good fishing from the rocks and abalone, are what bring the people in. The Climate is wonderful to people living inland in the heat. come to the coast to get out of the heat.

This is not a complaint, but just a problem. we seem to be at loss to solve for ourselves. Must we just close up and lose what we have worked so hard for? Because some of us are not going to make the grade.

may the Good Lord above care for you
and our Dear President and keep him,
and give him strength to carry his
great burden. His I reside chats
and your interest in the common people
have made us all feel as though we
were a part of the big family.

And believe me most sincerely.

Mrs Helen Imhoff

Box 317

Little River Calif

Mendocino Coast

MEMORANDUM FOR THE SECRETARY.

June 5, 1942.

Mail Report.

It is evident that much of the tax mail which the Treasury would ordinarily receive has been diverted directly to the House Ways and Means Committee. Newspaper mention of the Committee has caused many writers to direct their complaints and suggestions to Congress, and we have been receiving copies of letters and telegrams showing that this has been done.

Just as the abstract was being written, one telegram and one letter were received, supporting the Treasury's program, and calling the Committee to account for failing to follow Treasury suggestions. A close watch will be kept on this mail, as a result of this morning's newspaper statements.

In general, the mail followed the course of the preceding week. Unfavorable comments on lowered income tax exemption outnumber those approving it by 12 to 1. There is greater approval for compulsory payroll deduction than heretofore, and continued suggestions of various ways to raise money. Quite a number of the latter urged a surtax on all income in excess of that reported for the previous year. Letters in favor of the Sales Tax are in the ratio of 9 as against 4 opposing it.

There are scattered letters, as before, on deductions for illness, education, etc.; on taxing Labor Unions, alimony, deductions for Bonds purchased, flat levy on income tax returns, etc.

During May the White House referred 1,428 letters, of which 816 were acknowledged in this Division. There were also 209 letters urging the passage of S-860 - Liquor Control Bill. In May of 1940 we received 548 letters from the White House; May, 1941, 838.

J. G. Forbush

- 1 -

General Comments

Max Hirsch, Allied Central Casting Co., Long Island City, N.Y. On March 26, 1942, and on May 6, 1942, we wrote your Department - Attention, Procurement Division - requesting that our name be placed on the Bidders List for mass purchasing of our products by the Treasury Department. The reason for our writing to you on this matter, which is very small, is that we received no reply to either of our letters, which is somewhat of a surprise to us.

I. Pearce Edwards, A. M. Collins Manufacturing Co., (Paper Products), Philadelphia, Pa. On the 5th of February, 1942, we made application for a rate of drawback on shipment of photographic facing paper to Canada. In accordance with standard instructions, a draft of our entire setup was mailed to you on April 10, but to date we have heard nothing from you about it. Is there anything further we should do to speed this thing along, and if not, can you give us any idea as to when we may expect to hear from you?

J. W. Caperu, Haddonfield, N.J. Some time ago I wrote you relative to what I thought to be a local banking injustice. Much to my surprise, I received, through one of your department heads, a most courteous reply, with some suggestions. * * * It has been said - "No one can be truly appreciated but by his equals or superior." Living in a home - strong in the belief the Republican creed of principles were superior to the Democratic party principles, it took our honored President and the gentlemen affiliated with him to show an average American the falsity of his opinion. * * * May I state Mrs. Morgenthau's recent radio broadcast was of the quality that leaves excellent impressions.

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E. A. Skehan, Largo, Florida. The following is an account of my experience in attempting to redeem U. S. Documentary Stamps valued at \$6.10. * * * When the transfer proceedings were held, it was found that a less amount was needed, so I was left with \$6.10 worth of stamps. Purchased the stamps on March 9, 1942; on March 16 sent stamps to the Treasury Dept. with explanatory letter; March 23 I received a form from your Dept. which was filled out, sworn to and returned to Washington. On April 27, I wrote to inquire the reason for the delay; received reply from D. S. Bliss on May 5 saying that claim was allowed. On May 9 was notified by Treasury office in Newark, N. J., that they had my check, but before it would be released, I must make a statement that there "were no outstanding Internal Revenue taxes against me, and that I had not taken credit in my income tax return for these stamps. * * * As a Veteran (U.S.N.) of two wars -- Spanish and World War #1 -- and as a good citizen of the U. S., owning approximately \$700 in Defense Bonds, I rather resent the attitude of the Treasury Dept. in this small matter. * * * All told, have spent 12¢ in postage. Newark still has check.

Louis Epstein, Salem, Mass. * * * Inasmuch as I have been a resident of this country continuously for about 40 years, and in that time I have received much better treatment in this country, which adopted me as a citizen, than the treatment that I had received from my mother country where I was born, I therefore feel reluctant to accept this dividend check, as I certainly would not accept any dividends or interest from my foster-mother for a loan. I honestly and sincerely look upon these, our United States of America, as my foster-mother. It is therefore with great pleasure and gratification that I am returning this check (six months' dividend check for \$6.25 on a \$500 Bond) to you to be placed where it will do the most good in the war effort.

Mrs. Harry D. Matteson, Poughkeepsie, N.Y. As the mother of a son who has been inducted into the U. S. Army, I raise my voice to High Heaven in protest to your desire that the "boys" (mine was 35 years old) be sent off with Flags and

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bands and tumult. How much do you think we mothers can stand? Maybe you like to see young America led off to slaughter -- I don't. It is a job to be done like building a dam or checking a flood or cleaning up after a tornado. It has to be done. We will take our medicine for putting the wrong men in high places, but please don't ask us to follow a band. * * * My son is doing his part, and so are my nephews, and he writes that a real effort is being made to place men in the field of service for which they are best fitted. Fine. But let the fanfare rest until the job is done. Then let Heaven and Earth ring out the glad tidings of victory.

Favorable Comments on Taxation

Fred W. Amend, Chicago, Ill. In writing to you at this time, it is my hope and desire to secure for certain of this country's taxpayers, a consideration which, to my knowledge, they have so far not received. * * * Probably the haunting fear of men and women approaching fifty results from a realization that for one reason or another they may become financially dependent. This might not be true amongst foreign-born, and those who have failed to make the necessary effort to earn a good living. However, those true middle-class Americans whose efforts have afforded them a good living, their family a good name, and their children an education, are the hardest hit by this real worry. * * * My experience has, in all probability, been the same as most men in business. Concentrating on the job to be done, desiring some protection for the family (just in case), and insisting on good educations for the children, believing that when these were properly cared for, Mother and I could effect some really worthwhile economies for a few years with which to take it easy for a few more. * * * Anyway, the idea of age as a factor in adjusting income taxes is something that many men and women of long years of service will greatly appreciate.

C. P. Goodman, Portland, Oregon. * * * We are a queer bunch, we Americans. Try to take anything from us and you get a bust in the snoot; ask for it, and you get the shirt. * * * Twelve of us foremen at lunch one day last week, in talking about the income tax deduction plan, were for it 100% -- if the money could be collected, at least a percentage of it, in Washington. Lately every time you pick up a paper, some more new commissions were formed.

Louis Scholder, N.Y.C. Continue your work to help the "little man". Your efforts for a tax program levied on the wealthier people and corporations are recognized and will be backed by the people. A Sales Tax of 5% or 10%

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would not be accepted by the people. Moreover, any Sales Tax should be opposed because it is unfair and bears disproportionately on the group now affected by higher living costs. Likewise, any lowering of income tax exemptions is unfair. It is poor economy to tax those of the minimum and subsistence levels. * * *

J. T. Barrow, Manager, Cash Hardware & Grocery Store, Reynolds, Ga. (Encloses clipping from the Macon Telegraph, "Morgenthau Opposes Taking Any More Tax from the Little Man") You are exactly right in this instance. When you talk like this, I just can't sit still and not let you know how right you are. We need more men like you. Keep up the good work.

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Unfavorable Comments on Taxation

Douglas Curry, N.Y.C. The Office of the Collector, Joseph T. Higgins, addressed to me a letter concerning the filing and paying of Social Security taxes. * * * This letter, instead of being addressed in a courteous tone, was of such a peremptory nature that I felt constrained then to write to you that this sort of unmannerly treatment of its citizens by their Government is hardly likely to induce a mutual spirit of good will. Although I promptly answered the letter, with satisfactory information, I have just received another letter from the same source which is also officious and arbitrary. Both of these letters carry the implied threat of causing me suffering and uneasiness by intimating "severe penalties". I protest that love and respect for the governing powers in one's country is not enhanced by such action on the part of officialdom. * * *

W. T. Anderson, Editor, The Macon Telegraph, Macon, Ga. * * * This editorial ("Death Sentence for Debtors", by David Lawrence) so aptly presents the case of these newspapers in this city, I am taking the liberty of enclosing it to you. I think 94% tax without permitting deduction for contracted debt of sufficiently long standing to guarantee legitimacy will be a repetition of the case of the goose that laid the golden eggs, or the horse that was shifted from oats to sawdust by reducing the oat portion daily and increasing the sawdust -- and just when the oats were eliminated entirely, and everything was hunky-dory, the horse died. * * *

R. N. Wentworth, Jersey City, N.J. It is imperative that the present proposals of the Treasury Dept. for the apportionment of the income tax be immediately abandoned. This most recent proposal is an attempt to tax the lowest income brackets - those people most unable to bear the tax burden. A most abominable and outrageous proposition. Taxation must be, rather, reduced in this grouping. Why should the poor bear the cost of the war - they cannot even live on a decent

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standard. Further, the proposal to collect next year's income taxes by payroll deduction is preposterous - most of us would not as yet have paid this year's taxes on the installment plan. Many would have to borrow the money. * * * Elections are approaching. There is just one thing - Congress must assert itself - refuse these tax levies on the poor. Tax those who wanted the war - the RICH. * * *

Paulsen Spence, President, Spence Engineering Company, Walden, N.Y. I wish to call your attention to the fact that one D. J. Conroy, Deputy Collector, Newark, N.J., is persecuting me regarding an alleged failure to file my income tax for 1940. (Encloses copies of correspondence exchanged with Collector's Office, and photostat of checks, cancelled by the Collector of Internal Revenue.) * * * This Plant works 168 hours per week, exclusively in the national defense. I work approximately 126 hours per week. * * * Although my family resides in East Orange, N.J., I spend all my time either here or on the road. If I am going to take a day off and go to Newark, and waste my valuable time interviewing Deputy Collectors, who apparently have nothing better to do, I am yours to command - but the papers and members of Congress will hear about it. * * * I wish to call your attention to the fact that this Plant and the writer are working for love of country and not for any financial gain. The writer has already earned this year's salary, and the Plant has more than earned the amount allowed it under the proposed excess profits tax law. * * *

William E. Clow, Jr., Chicago, Ill. * * * I sat informally yesterday with the Directors of a corporation in which I have a stock interest. Various matters were discussed, and various questions of policy - but overhanging everything was the Treasurer's statement to the effect that depending on certain estimated earnings, the corporation would have to pay from 78% to 82% of its total net earnings this year for Federal taxes. * * * I won't say that these men were discouraged - because they are all mighty good men, but certainly this terrific tax burden was taking most of the pep out of them. * * * I know all about this company. Only in the last few years have they been reaping a profit as a result of long, hard years of work, and

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it is pretty tough - and mighty discouraging - to realize that if you work hard for a profit now - and plan and scheme toward progress - that, provided you are successful, you can only retain 20% on the dollar. It just doesn't make sense, even in wartimes. * * *

Tracy Diers, N.Y.C. * * * A little over a year ago I suffered a rather severe and sudden mental breakdown. Prompt psychiatric assistance prevented more serious consequences. Today, as a result of the psychotherapeutic treatments I have been having, I am once again working and looking forward to a complete cure in the future. * * * My salary at present is \$24 per week. My living expenses consume a good portion of this, and the remainder pays my doctor bill, which runs from \$3 to \$6 per week. If I pay my entire income tax, it will be impossible for me to continue these necessary treatments which really are an absolute necessity, not a luxury. This means that my only alternative would be the clinic, which has already refused my case because I am working. * * * I do not wish to become a state charge, but if there is an interruption of these treatments, there will always be the danger of this sort of thing happening. * * * Will you please advise me if it will be possible for me to make some sort of deduction in my income tax? Even partial payment will help me to go ahead. * * * I explained this to Mr. Higgins, but I received the impression from his answer that he does not fully realize the seriousness of this situation.

Mrs. Robert Henderson, Rutherford, N.J. * * * Lowering exemptions, increasing tax rates and/or a withholding tax will result in placing an additional burden of new taxes on the group which is now carrying a major portion of present taxes, i.e., "the middle class worker", office workers, teachers, professional and other people who are not in defense industries, and are not protected by Labor Unions. * * * The present surtax is entirely too heavy on the salaried middle class, and should be reduced, not increased. By imposing a Sales Tax (however objectionable to some officials and the Unions) the persons who purchase the scarce goods now on the market would share in the war

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costs of this nation, regardless of which group they are in, and the burden on the salaried groups could be lightened, as it should be, in all fairness. It should be borne in mind by the Treasury Department, and the Administration, that the real income of this country is produced by the people in what the War Production Board mistakenly refers to as : "the nonessential industries". The people whose income is produced in private enterprise are the ones who are really paying the cost of the war. The defense workers are paid out of the public treasury, (by reason of working on Government contracts), and only a very small portion of these workers' earnings are paid into the Treasury in taxes.

* * *

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Favorable Comments on Bonds

Jesse A. Lodge, El Monte, Calif. * * * I better tell you something about myself so you won't think I am a horse thief. * * * A naturalized citizen, Lockport, N. Y., 1919. Second to no man in love for my Adopted Country; Air Raid Warden in my block - finger printed, photographed and all. I was out patrolling during the blackout last night. Also awful stingy -- they say, but mostly on things for my own use; too long between haircuts, shave myself, wear patchy shoes and clothing, roll my own cigarettes -- always with the thought in mind that I'll be able to pay my own way when I get old. It was December 8, 1941, that I first was glad that I had been born in another Country and had taken the Oath to Old Glory. I got to the bank before opening time, prepared to put down a good-sized bet on the winner against the Japanese. Well Sir, the man ahead of me had a thick chunk of currency and checks for deposit, so he closed the book, took out a wallet stuffed almost to the breaking point, selected a fiver and said, "Give me a 25¢ Defense Stamp". I had \$1,500 in my hand for Unk - was I glad I had been both stingy and born elsewhere so I could appreciate what I had. I got a letter from you thanking me for that money. It was me that was thanking you for a chance to do it.

Thomas G. Pollard, Chairman Third Congressional District for Sale of War Stamps and Bonds, Tyler, Texas. The visit of Miss Dorothy Lamour to Longview and Tyler, Texas, was very well received, and people were inspired to make additional Bond purchases over the monthly amount heretofore subscribed. In the city of Tyler alone, \$234,500 in Bonds actually purchased and paid for was accomplished. In the event you expect to continue sending movie stars over the United States to sell Bonds, may I respectfully suggest that an experienced Public Relations man represent the U. S. Treasury Department? You will understand my hesitancy in making this suggestion, and it is only made in order that we may go forward in the sale of War Bonds and Stamps.

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Honorable Nat Patton, House of Representatives,
Washington, D. C. * * * There are a number of small
towns in my District, towns I am sure that have not
received a copy of this fine news letter, (The Minute
Man), and if you will send me 100 copies of this news
letter, I will place them in the hands of influential
men in those towns. My office is lined up 100% behind
this war program, and I want to do all I can to co-
operate with you in every way.

John Saraka, Recording Secretary, United Mine Workers
of America, Wilkes-Barre, Pa. The membership of our
Local Union, Dorrance Colliery, authorized me to com-
municate with you and notify you that the officials of
the Lehigh Valley Coal Company, Dorrance Colliery, re-
fuse to deduct, every two weeks, from our pay envelopes
for War Bonds. They claim it is too much trouble. Our
members would like to have them deduct every payday from
their earnings in order to buy more Bonds. Therefore,
on behalf of our membership and our boys that are over
there fighting for our rights, look into this matter and
make the Lehigh Valley officials deduct from our earnings
according to our pledges, so that we can keep on buying
more War Bonds, and also have them take it out every two
weeks instead of every month. * * *

I. G. Thompson, Dallas, Texas. This will acknowledge
receipt of U. S. Government Check #315,133 for \$50, cover-
ing six month's interest on four \$1,000 U. S. Savings
Bonds, Series G, for which please accept my best thanks.
I have \$20,000 worth of these Bonds, and inasmuch as you
are so prompt in paying the interest when it is due, I
expect to buy another \$5,000 sometime this month. * * *
I received a letter from a Bond Agency in New York a few
days ago, soliciting my subscription to their service,
in which they mention they would give me a list of ten
stocks that had splendid possibilities for dividends.
I wrote to them that there was only one investment in
which I was interested, and that was War Bonds. I also
told them that after the war is over, we would have
plenty of time to buy stocks and bonds, but until it was
over, the first and highest duty of every citizen was to
subordinate every kind of investment to the purchase of
U. S. War Bonds; that the Government needed the money and
they needed it in a big way, and unless we won the war, no
kind of investment would be worth the paper it was written
on. * * *

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Unfavorable Comments on Bonds

Mrs. F. W. Fischer, Tyler, Texas. Stirred as deeply as I am by the travesty upon true patriotism, your program is proving to be, in regard to sponsoring these tours of the movie people, I feel that I should tell you how I, and every one I have heard speak on the subject, feel regarding this matter. * * * Very few people, proportionately, who really have the means with which to buy large amounts of Bonds, were present at the meeting held here last night. I did not mean to go, but my husband consented to speak as a veteran of the last war, and asked me to accompany him on the platform. We had bought \$20,000 worth of Bonds early in the spring -- \$5,000 for each member of our family -- and, of course, had intended to invest further. However, as I expressed myself to my husband, and as he agreed with me, it was rather galling to us to be seemingly influenced by a moving picture actress to support our country when its very existence is at stake. * * * Miss Lamour is not fitted mentally or by background for this work; she does not have an orator's voice, which should be the first requisite for such work; neither does she know anything to say. She did not even bother to change her attire, but appeared in the soiled dress she travelled in. * * *

Vance B. Duncan, R. R. #1, South Bend, Ind. You have been quoted in the papers as saying the buying of War Bonds was on a voluntary basis. Quite a few of the employees buy only for cash, but the corporation has a drive on to buy Bonds on the installment plan, and they are using pressure. Speaking for myself, I will not sign for over \$1.00 per week. That will take nineteen weeks or about three \$25 Bonds per year. By paying cash, I believe I would be able to buy one every five weeks, which would be about ten to the year - some difference. The President, in his last talk, condemned installment buying. I also think you have. Who gets the gravy from this procedure? * * *

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M. L. Freedman, Milton Music Co., Norfolk, Va. * * *
We are sold on the idea of buying Bonds, but now that you have sold us on that idea, will you PLEASE make it less difficult for us to buy them? I saw one woman stand in line to buy a Bond, and after waiting a considerable length of time, she finally arrived at the window and was handed a slip to fill out. Then she could start at the end of the line once more! This has happened thousands of times, and is not my idea of the way you would conduct a private business. * * * I guarantee you that when customers come into my store, we make it as easy as possible for them to make their purchases, and it seems that Uncle Sam is more than willing to do as much if his employees will just use that little bit of common sense so valuable in these times. * * *
The above incident, of course, occurred at the Post Office here in Norfolk.

A. F. Heck, Amsterdam, N.Y. While in the local Post Office today, a farmer and his wife stepped up to the Bond window and laying down a handful of crumpled bills, asked the clerk for two Bonds. The clerk shoved out a blank and said, "You'll have to fill this out". The old couple were of Polish birth, and it could be readily seen that they did not understand the blank. The old fellow pushed the blank back and said, "You mak'em out". The clerk said, "We can't help you, you will have to take it with you and ask some one to help you out". The couple stood speechless, looking at the pile of bills. The clerk then asked another clerk if it wasn't correct that he couldn't help them out and his reply was, "Nope, can't do it". The couple gathered up their bills and slowly left the building. I watched them leave and go into Montgomery Ward's store. * * *
This couple were from a nearby farm. It has been raining all day here and they took the afternoon off. No doubt this was a special trip into the city for them. And by the way, it didn't take a flock of movie stars to drum up this sale either. * * *

JUN 5 1942

My dear Mr. Perkins:

I am enclosing five copies of the report on our exports to some selected countries for the period ending May 20, 1942.

Sincerely yours,

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

Mr. Nile Perkins,
Executive Director,
Board of Economic Warfare,
Room 3710,
Department of Commerce Building,
Washington, D. C.

Enclosures.

By Messenger *Dixon 1:55*

Copies to White

HDW:msh
6/3/42

Ret. to Secy's Office

JUN 5 1942

My dear Colonel Donovan:

I am enclosing copy of report on our exports to some selected countries for the period ending May 20, 1942.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Colonel William J. Donovan,
Coordinator of Information,
Old National Institute of Health Building,
25th and E Streets, N. W.,
Washington, D. C.

Enclosure.

n. m. c.

By Messenger Dixon 1:55

Copies to W file

HDW:msh
6/3/42

Ret. to Secy's office

JUN 5 1942

My dear Mr. Secretary:

I am enclosing copy of report on our exports to some selected countries for the period ending May 20, 1942.

Sincerely yours,

(Signed) H. Hergentbau, Jr.

Secretary of the Treasury

The Honorable,
The Secretary of State,
Washington, D. C.

Enclosure.

HDW:ash
6/3/42

H.M.C.
By Messenger Dixon 1:55
Copies to White

Ret to Secy office

JUN 5 1942

My dear Mr. President:

I am enclosing report on our exports
to some selected countries for the period
ending May 20, 1942.

Faithfully,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The President,
The White House.

Enclosure.

HDW:mah
6/3/42

N/M C.
Copies to W. H. H. H.
By Messenger *Wilson 1:55*

Ret. to Secy's office

June 2, 1942

Exports to Russia, Free China, Burma and other blocked countries, as reported to the Treasury department during the ten-day period ending May 20, 1942

1. Exports to Russia

Exports to Russia as reported during the ten-day period ending May 20, 1942 amounted to about \$18,000,000 as compared with approximately \$67,000,000 during the similar period in April. Motor trucks and dried egg products were the principal items. Military equipment exported included 9 medium bombers, 22 light tanks and 2 medium tanks. (See Appendix C.)

2. Exports to Free China and Burma

Exports to Free China during the ten-day period ending May 20, 1942 amounted to about \$1,900,000, of which military equipment accounted for more than half. (See Appendix D.)

Exports to Burma amounted to \$5,000. (See Appendix E.)

3. Exports to France

Exports to France during the period under review amounted to \$20,000.

4. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A. Most important were exports to Switzerland and Portugal amounting to \$112,000 and \$124,000, respectively.

ISP/efs
6/2/42

SUMMARY OF UNITED STATES
DOMESTIC EXPORTS TO SELECTED COUNTRIES
AS REPORTED TO THE TREASURY DEPARTMENT
FROM EXPORT DECLARATIONS RECEIVED
DURING THE PERIOD INDICATED 1/

July 28, 1941 to May 20, 1942.

(In thousands of dollars)

	July 28 to <u>April 30</u>	Period ended <u>May 10 6/</u>	Period ended <u>May 20</u>	Total <u>Domestic Exports</u>
U. S. R.	3448,689	\$28,652	\$17,977	3495,318
Free China	73,693	296	1,872	75,861
Burma 2/	12,196	-	5	12,201
France 3/	36	-	20	56
Spain	2,849	5/	5/	2,849
Switzerland	10,006	5/	112	10,118
Sweden	17,646	85	5/	17,731
Portugal	8,795	5/	124	8,919
French North Africa 4/	6,283	-	-	6,283

Treasury Department, Division of Monetary Research

June 1, 1942.

1/ Many of the export declarations are received with a lag of several days or more. Therefore this compilation does not accurately represent the actual shipment of a particular period. The longer the period covered, the closer will these figures come to Department of Commerce revised figures.

2/ From September 11, 1941 to date — it is presumed that a large percentage of material listed here, consigned to Burma, is destined for Free China.

3/ Includes both Occupied and Unoccupied France — no breakdown is obtainable from Department of Commerce.

4/ Includes Morocco, Algeria, and Tunisia.

5/ Less than \$500.

6/ Due to changes in reporting procedure by the Department of Commerce, this report is incomplete for the period indicated.

April 6/1/42

APPENDIX B

Exports from the U. S. to Free China, Burma and
U. S. S. R. as reported to the Treasury Department
July 28, 1942 - May 20, 1942
(Thousands of Dollars) 1/

	<u>Exports to Free China</u>	<u>Exports to Burma 3/</u>	<u>Exports to U.S.S.R.</u>
July 28 - Aug. 2	395		4,523
Aug. 4 - Aug. 9	-		551
Aug. 11 - Aug. 16	309		986
Aug. 18 - Aug. 23	2		2,735
Aug. 25 - Aug. 30	1		1,023
Sept. 2 - Sept. 6	204		4,280
Sept. 8 - Sept. 13	2,281		5,217
Sept. 15 - Sept. 20	3,822		752
Sept. 22 - Sept. 27	110	419	2,333
Sept. 29 - Oct. 4	1,225	684	323
Oct. 6 - Oct. 11	5,812	1,157	6,845
Oct. 13 - Oct. 18	5	55	1,324
Oct. 20 - Oct. 25	269	403	5,623
Oct. 27 - Nov. 1	4,772	58	4,484
Nov. 3 - Nov. 8	1,672	362	4,552
Nov. 10 - Nov. 15	2,851	88	2,677
Nov. 17 - Nov. 22	1,228	1,021	3,581
Nov. 24 - Nov. 29	3,239	1,344	2,436
Dec. 1 - Dec. 6	791	64	3,609
Dec. 8 - Dec. 13	2,337	18	12,040
Dec. 15 - Dec. 20	111	8	4,500
Dec. 22 - Dec. 27	1	196	1,829
Dec. 29 - Jan. 3	35	2	3,995
Jan. 5 - Jan. 10	91	1,073	8,247
Jan. 12 - Jan. 17	1,695	447	5,874
Jan. 19 - Jan. 24	-	-	3,885
Jan. 26 - Jan. 31	6,938	923	9,608
Feb. 1 - Feb. 10 4/	4,889	1,054	15,315
Feb. 10 - Feb. 20 5/	4,853	583	26,174
Feb. 20 - Feb. 28 5/	2,921	-	28,119
Mar. 1 - Mar. 10	2,879	25	32,509
Mar. 10 - Mar. 20	8,058	3	28,556
Mar. 20 - Mar. 31 6/	2	2	42,455
Apr. 1 - Apr. 10	4,836	447	51,698
Apr. 11 - Apr. 20	5,335	639	66,906
Apr. 21 - Apr. 30	2,827	-	50,958
May 1 - May 10 7/	296	-	28,652
May 11 - May 20	1,872	5	18,000
Total	\$78,464	\$11,088	\$495,832

1. These figures are in part taken from copies of shipping manifests.
2. Figures for exports to Free China during these weeks include exports to Rangoon which are presumed to be destined for Free China.

Appendix B

3. It is presumed that a large percentage of exports to Burma are destined for Free China.
4. Beginning with February 1 figures will be given for 10-day period instead of week except where otherwise indicated.
5. 8-day period.
6. 11-day period.
7. Due to changes in reporting procedure by the Department of Commerce this report is incomplete for the period indicated.

Treasury Department, Division of Monetary Research June 2, 1942

ISF/efs
6/2/42

APPENDIX C

Principal Exports from U. S. to U. S. S. R.
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

	Unit of Quantity	Quantity	Value (Thousands of dollars)
TOTAL EXPORTS			\$ 18,000
Principal Items:			
Motor trucks	No.	2,306	3,530
Dried egg products	lb.	2,194,409	2,278
Landplanes			1,409
Medium bombers (2 engines)	No.	9	
Observation plane parts for assembly	-	-	
Ammunition			1,007
75 mm. high explosives	No.	61,614	
32 mm. high explosives	No.	50,395	
37 mm. armor piercing	No.	34,000	
75 mm. armor piercing	No.	8,590	
30 caliber	No.	500,000	
Sausage, canned	lb.	2,800,115	952
Perk, canned	lb.	2,199,952	715
Aircraft engine parts and accessories	-	-	688
Military tanks			684
Light tanks	No.	22	
Medium tanks	No.	2	
Lard	lb.	4,408,323	675

APPENDIX D

Principal Exports from U. S. to Free China
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS	\$ 1,872
Principal Items:	
Military equipment	1,069
Printed matter	623
Writing paper	37
Auto replacement parts	26
Radio transmitters, tubes and parts	17
Relief supplies	17
Lathes	16

Treasury Department, Division of Monetary Research June 2, 1942

ISF/afa
6/2/42

APPENDIX E

Principal Exports from U. S. to Burma
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

05

Principal Items:

Relief supplies - drugs and biologics
Relief supplies - Surgical and hospital

23

Treasury Department, Division of Monetary Research

June 2, 1942

ISF/efe
6/2/42

Treasury Department
Division of Monetary Research

170

Date June 3.....1942

To: Miss Chauncey

From: Mr. White

The tables for transmittal to the Secretary of State, the Coordinator of Information and Mr. Perkins differ from those being sent to the President in that certain military figures are not broken down.

June 2, 1942

Exports to Russia, Free China, Burma and other blocked countries, as reported to the Treasury department during the ten-day period ending May 20, 1942

1. Exports to Russia

Exports to Russia as reported during the ten-day period ending May 20, 1942 amounted to about \$18,000,000 as compared with approximately \$67,000,000 during the similar period in April. Military equipment accounted for approximately one-fourth of the total. (See Appendix C.)

2. Exports to Free China and Burma

Exports to Free China during the ten-day period ending May 20, 1942 amounted to about \$1,900,000, of which military equipment accounted for more than half. (See Appendix D.)

Exports to Burma amounted to \$5,000. (See Appendix E.)

3. Exports to France

Exports to France during the period under review amounted to \$20,000.

4. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A. Most important were exports to Switzerland and Portugal amounting to \$112,000 and \$124,000, respectively.

ISF/ef
6/2/42

SUMMARY OF UNITED STATES
DOMESTIC EXPORTS TO SELECTED COUNTRIES
AS REPORTED TO THE TREASURY DEPARTMENT
FROM EXPORT DECLARATIONS RECEIVED
DURING THE PERIOD INDICATED 1/

July 29, 1941 to May 20, 1942.

(In thousands of dollars)

	July 28 to April 30	Period ended May 10 6/	Period ended May 20	Total Domestic Exports
U. S. S. R.	\$448,689	\$28,652	\$17,977	\$495,318
Free China	73,693	296	1,872	75,861
Burma 2/	12,196	-	5	12,201
France 3/	36	-	20	56
Spain	2,849	5/	5/	2,849
Netherlands	10,006	5/	112	10,118
Sweden	17,646	85	5/	17,731
Portugal	8,795	5/	124	8,919
French North Africa 4/	6,283	-	-	6,283

Treasury Department, Division of Monetary Research

June 1, 1942.

- 1/ Many of the export declarations are received with a lag of several days or more. Therefore this compilation does not accurately represent the actual shipment of a particular period. The longer the period covered, the closer will these figures come to Department of Commerce revised figures.
- 2/ From September 11, 1941 to date — it is presumed that a large percentage of material listed here, consigned to Burma, is destined for Free China.
- 3/ Includes both Occupied and Unoccupied France — no breakdown is obtainable from Department of Commerce.
- 4/ Includes Morocco, Algeria, and Tunisia.
- 5/ Less than \$500.
- 6/ Due to changes in reporting procedure by the Department of Commerce, this report is incomplete for the period indicated.

April 6/1/42

APPENDIX B

Exports from the U. S. to Free China, Burma and
U.S.S.R. as reported to the Treasury Department
July 28, 1941 - May 20, 1942

(Thousands of Dollars) 1/

	Exports to Free China	Exports to Burma 5/	Exports to U.S.S.R.
July 28 - Aug. 2	395		4,523
Aug. 4 - Aug. 9	-		551
Aug. 11 - Aug. 16	309		986
Aug. 18 - Aug. 23	2		2,735
Aug. 25 - Aug. 30	1		1,025
Sept. 2 - Sept. 6	204		4,280
Sept. 8 - Sept. 13	2,281	2/	5,217
Sept. 15 - Sept. 20	3,822	2/	752
Sept. 22 - Sept. 27	110	449	2,333
Sept. 29 - Oct. 4	1,225	684	323
Oct. 4 - Oct. 11	5,312	1,157	6,845
Oct. 13 - Oct. 18	5	35	1,924
Oct. 20 - Oct. 25	269	405	5,623
Oct. 27 - Nov. 1	4,772	58	4,484
Nov. 3 - Nov. 8	1,672	342	4,552
Nov. 10 - Nov. 15	2,851	88	2,677
Nov. 17 - Nov. 22	1,228	1,021	3,581
Nov. 24 - Nov. 29	3,239	1,344	2,436
Dec. 1 - Dec. 6	791	64	3,609
Dec. 8 - Dec. 13	2,337	18	12,040
Dec. 15 - Dec. 20	111	8	4,580
Dec. 22 - Dec. 27	1	196	1,829
Dec. 29 - Jan. 3	35	2	3,993
Jan. 5 - Jan. 10	91	1,073	8,247
Jan. 12 - Jan. 17	1,695	447	5,874
Jan. 19 - Jan. 24	-	-	3,885
Jan. 26 - Jan. 31	6,938	923	9,608
Feb. 1 - Feb. 10 4/	4,889	1,054	13,315
Feb. 10 - Feb. 20	4,853	585	26,174
Feb. 20 - Feb. 28 5/	2,921	-	28,119
Mar. 1 - Mar. 10	2,879	23	32,509
Mar. 10 - Mar. 20	8,058	3	28,556
Mar. 20 - Mar. 31 6/	2	2	42,435
Apr. 1 - Apr. 10	4,836	447	51,698
Apr. 11 - Apr. 20	5,335	639	66,906
Apr. 21 - Apr. 30	2,827	-	50,958
May 1 - May 10 7/	296	-	28,642
May 11 - May 20	1,872	5	18,000
Total	\$78,464	\$11,088	\$495,832

- These figures are in part taken from copies of shipping manifests.
- Figures for exports to Free China during these weeks include exports to Rangoon which are presumed to be destined for Free China.

Appendix B

Page 2

3. It is presumed that a large percentage of exports to Burma are destined for Free China.
4. Beginning with February 1 figures will be given for 10-day period instead of week except where otherwise indicated.
5. 8-day period.
6. 11-day period.
7. Due to changes in reporting procedure by the Department of Commerce this report is incomplete for the period indicated.

Treasury Department, Division of Monetary Research

June 2, 1942

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6/2/42

APPENDIX C

Principal Exports from U. S. to U.S.S.R.
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS	\$ 18,000
Principal Items:	
Military equipment	4,390
Motor trucks	3,530
Dried egg products	2,278
Sausage, canned	952
Pork, canned	715
Lard	673
Casing and oil-line pipe	547
Beans	480
Sole leather	390
Steel sheets, black	359
Copper wire, insulated	341

Treasury Department, Division of Monetary Research June 2, 1942

ISF/efa
6/2/42

APPENDIX D

Principal Exports from U. S. to Free China
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

\$ 1,872

Principal Items:

Military equipment	1,069
Printed matter	623
Writing paper	37
Auto replacement parts	26
Radio transmitters, tubes and parts	17
Relief supplies	17
Lathes	16

Treasury Department, Division of Monetary Research June 2, 1942

ISP/ofs
6/2/42

APPENDIX E

Principal Exports from U. S. to Burma
as reported to the Treasury Department
during the ten-day period ending
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS	\$ 5
Principal Items:	
Relief supplies - drugs and biologics	3
Relief supplies - surgical and hospital	2

Treasury Department, Division of Monetary Research June 2, 1942

ISP/ofs
6/2/42

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

June 5, 1942

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended May 27, 1942, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York, and the means by which these expenditures were financed.

emb-6/4/42



C
O
P
YFEDERAL RESERVE BANK
OF NEW YORK

June 4, 1942

CONFIDENTIALDear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended May 27, 1942, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ L. W. Knoke

L. W. Knoke,
Vice President.

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

Enclosure

Copy:vw:6-5-42

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

Week Ended May 27, 1942

Statistical
Department

PERIOD	REVENUE OF ENGLAND (BRITISH GOVERNMENT)								FRANCE						
	DEBITS			CREDITS					DEBITS			CREDITS			Net Incr. (+) or Decr. (-) in Balance
	Total Debits	Gov't Expenditures (a)	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)	Other Credits (c)	Total Debits	Gov't Expenditures (d)	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits		
First year of war (8/29/39-8/28/40)*	1,793.2	605.6	1,187.6	1,828.2	1,356.1	52.0	420.1	+ 35.0	866.3(e)	416.6(e)	449.7	1,095.3(e)	900.2	195.1(e)	+229.0
War period through December, 1940	2,792.3	1,425.6	1,356.7	2,793.1	2,109.5	108.0	575.6	+ 10.8	878.3	421.4	456.9	1,098.4	900.2	198.2	+220.1
Second year of war (8/28/40-8/27/41)**	2,203.0	1,792.2	410.8	2,189.8	1,193.7	274.0	722.1	- 13.2	38.9	4.8	34.1	8.8	-	8.8	- 30.1
1941															
Aug. 28 - Oct. 1	140.9	105.9	35.0	176.2	20.1	2.0	154.1	+ 35.3	0.3	-	0.3	0.5	-	0.5	+ 0.2
Oct. 2 - Oct. 29	109.0	77.3	31.7	150.9	0.8	-	150.1	+ 41.9	0.3	-	0.3	0.3	-	0.3	-
Oct. 30 - Dec. 3	156.1	111.6	44.5	134.6	-	1.0	133.6	- 21.5	16.1	-	16.1	0.4	-	0.4	- 15.7
Dec. 4 - Dec. 31	88.4	69.4	18.8	51.5	-	-	51.5	- 36.9	0.8	-	0.8	0.4	-	0.4	- 0.4
1942															
Jan. 1 - Jan. 28	102.3	73.2	29.1	69.3	-	0.5	68.8	- 33.0	0.2	-	0.2	0.4	-	0.4	+ 0.2
Jan. 29 - Feb. 25	87.7	63.2	23.4	57.2	-	1.0	56.2	- 30.0	-	-	-	0.3	-	0.3	+ 0.3
Feb. 26 - Apr. 1	121.4	86.4	35.0	171.4	-	-	171.4	+ 50.0	0.1	-	0.1	0.4	-	0.4	+ 0.3
Apr. 2 - Apr. 29	98.1	64.2	33.9	70.6	-	0.5	70.1	- 27.5	0.2	-	0.2	0.4	-	0.4	+ 0.2
WEEK ENDED:															
May 6	31.0	23.9	7.1	78.2	-	-	78.2	+ 47.2	-	-	-	0.1	-	0.1	+ 0.1
13	19.8	15.9	3.9	14.6	-	-	14.6	- 5.2	-	-	-	-	-	-	-
20	16.4	13.0	3.4	26.1	-	-	26.1	+ 9.7	-	-	-	0.1	-	0.1	+ 0.1
27	20.5	15.8	4.7	28.6	-	-	28.6(f)	+ 8.1	-	-	-	-	-	-	-

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) 27.6 million
 England (since June 19, 1940) 37.9 million

*For monthly breakdown see tabulations prior to April 23, 1941.
 **For monthly breakdown see tabulations prior to October 8, 1941.
 (See attached sheet for other footnotes)

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

Week ended May 27, 1942 \$ -
 Cumulation from July 6, 1940 \$ 162.7

million
million

- (a) Includes payments for account of British Purchasing Commission, British Air Ministry, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent the acquisition of proceeds of exports from the sterling area and other currently accruing dollar receipts.
- (d) Includes payments for account of French Air Commission and French Purchasing Commission.
- (e) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (f) Includes: 58.0 million transferred from account of Commonwealth Bank of Australia here.
- | | | |
|-----|---|---|
| 5.7 | " | received from Defense Supplies Corp. representing final payment on 56 cargoes of Australian wool. |
| 5.2 | " | received for credit of U. S. Army. |
| 3.9 | " | presumably representing proceeds of wool exports to the United States. |

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

Week Ended May 27, 1942

Strictly
Confidential

PERIOD	CANADA (and Canadian Government)									COMBINED CANADIAN AND AUSTRALIAN (and American Government)							
	DEBITS			CREDITS			CREDITS			Net Incr. (+) or Decr. (-) in Balance	DEBITS			CREDITS			
	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits		Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in Balance
First year of war (8/29/39-8/28/40)*	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9	
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5	
Second year of war (8/29/40-8/27/41)**	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0	
Aug. 28 - Oct. 1 1941	23.1	-	23.1	52.2	21.2	-	-	31.0	+ 29.1	10.7	0.5	10.2	2.8	2.1	0.7	- 2.9	
Oct. 2 - Oct. 29	37.4	-	37.4	19.7	11.9	-	-	7.8	- 17.7	8.2	5.5	2.7	8.0	5.9	2.1	+ 0.2	
Oct. 30 - Dec. 3	52.8	0.1	52.7	32.5	19.3	-	-	13.2	- 20.3	10.3	6.9	3.4	11.6	9.0	2.6	+ 1.3	
Dec. 4 - Dec. 31	47.7	-	47.7	22.2	17.3	-	-	6.9	- 25.5	3.9	1.8	2.1	2.8	0.2	2.6	- 1.3	
1942																	
Jan. 1 - Jan. 28	39.5	-	39.5	33.0	27.0	-	-	6.0	- 6.5	4.5	-	4.5	10.8	-	10.8	+ 6.3	
Jan. 29 - Feb. 25	34.1	-	34.1	35.7	12.4	-	-	23.3	+ 1.6	8.4	5.3	3.1	1.6	-	1.6	- 6.8	
Feb. 26 - Apr. 1	46.5	-	46.5	99.3	20.5	7.7	-	71.1	+ 52.8	7.8	1.3	6.5	3.6	-	3.6	- 4.2	
Apr. 2 - Apr. 29	37.4	-	37.4	35.9	14.2	-	-	21.7	- 1.5	10.9	8.0	2.9	16.8	-	16.8	+ 5.9	
WEEK ENDED:																	
May 6	5.9	-	5.9	10.3	3.5	-	-	6.8	+ 4.4	1.7	0.5	1.2	0.3	-	0.3	- 1.4	
13	12.4	-	12.4	12.6	5.4	-	-	7.2	+ 0.2	0.3	-	0.3	2.1	-	2.1	+ 1.8	
20	10.6	-	10.6	6.6	0.1	-	-	0.5	- 4.0	0.5	-	0.5	10.4	-	10.4	+ 9.9	
27	13.8	-	13.8	13.1	6.5	-	-	6.6(a)	- 0.7	8.3	8.0	0.3	0.9	-	0.9	- 7.4	

Weekly Average of Total Debits Since Outbreak of War

Through May 27, 1942 \$ 8.0 million

* For monthly breakdown see tabulations prior to April 23, 1941.

** For monthly breakdown see tabulations prior to October 8, 1941.

(a) Includes \$3.7 million representing U. S. Government checks deposited by War Supplies, Ltd.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission
who enclose Statement No. 35 - Aircraft Despatched
- for week ended June 2, 1942.

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

June 5, 1942.

~~TOP SECRET~~

STATEMENT No. 36

AIRCRAFT DESPATCHED FROM THE UNITED STATES
DURING WEEK ENDED JUNE 22nd, 1942

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	FLIGHT DEL'D	
				BY AIR	FOR USE IN CAN
<u>SSMA</u> 17 Grane IA	Canada	Canada			9
<u>CONSOLIDATED</u> 24 D	U.K.	Canada en route		3	
<u>DELING</u> Boston III	U.K.	U.K.	2		
<u>TYISS</u> TITTHAWK IA 2A	Australia Middle East	Sydney Port Sudan	14 18		
<u>DOCKING</u> DUNSON IIIA 29A AC 151	New Zealand U.K.	New Zealand Canada en route	8 6	5	
<u>LENN MARTIN</u> BALTIMORE	Russia S. Africa	Basrah Capetown	7 4		
<u>NORTH AMERICAN</u> MUSTANG 25B	U.K. U.K.	U.K. Canada en route	36	4	
<u>PARMAN</u> of 27	Canada	Canada			33
<u>PULTEE</u> RENGRANCE	India	Karachi	9		
TOTALS			98	12	42

BRITISH AIR COMMISSION
June 5th, 1942.

Regraded Unclassified

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission
who enclose weekly Statement No. 54, covering
Aircraft Flight Delivery as at June 2, 1942.

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

June 5, 1942.

LOCATIONS OF COCANE FLIGHT DELIVERY AIRCRAFT -- WEEKLY REPORT NO. 34

(Covering Movements through June 2, 1942)

1. LIBERATOR II off Contract P-677

(A) Never taken by A.A.F.

55 delivered to U.K.
5 delivered to M.E. (1 crashed in Africa)
2 in Iceland: 215
3 at Montreal
65

(B) Taken and Returned or Kept by A.A.F.

14 delivered to U.K.
3 in Ferry Service (delivered to Montreal)
3 at Montreal
1 at Detroit
3 to be returned
6 retaken by A.A.F.
44 kept by A.A.F.
74

2. HUDSON V (LONG RANGE) off Contract A-1749

173 delivered to U.K.
39 delivered to Debert
1 at Gander
4 at Montreal (for Debert)
2 under repair
6 crashed (2 in U.S., 4 after export)
225

3. HUDSON VII (LONG RANGE) off Contract A-66

211 delivered to U.K.
4 at Montreal
1 at Detroit
20 for U.S.A.A.F. Familiarization Program (including 1 known crash)
9 crashed (after export)
245

4. VENTURAS

(A) LONG RANGE off Contract A-344

44 delivered to U.K.
8 in Iceland
3 at Goose
6 at Gander
14 en route Gander
4 at Penfield Ridge
9 at Montreal
156 at Detroit (including 45 for West Palm Beach - 15 returned from Montreal, and 30 to go to Montreal)
3 en route Detroit
14 at West Palm Beach
1 en route West Palm Beach
1 at Wright Field
4 crashed (after export)
297

(B) SHORT RANGE

8 at Montreal
4 at Detroit
1 en route Detroit
2 at West Palm Beach
2 at Long Beach
17
(10 shipped to U.K. by Sea
27 Total reported away from plant)

(C) LONG RANGE off Contract A-1748

23 at Detroit
8 en route Detroit
31

LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT -- WEEKLY REPORT NO. 54

5. CATALINA

(A) Off Contracts A-2587, F-210, A-37, AUG-38, OAN-78

105 delivered to U.K.
9 delivered to Singapore
27 delivered to Australia
8 at Dartmouth
2 in Bermuda
2 crashed (after export)
153

(B) FBY 4-A's off BGC Reg. 10772

10 delivered to U.K.
2 at Montreal
12

6. LORESTARS

(A) C-59's off I/L Contract AG-53, BGC Reg. 1049

7 departed Miami or West Palm Beach
3 taken by A.A.F.
10

(B) C-60's off I/L Contract AG-53, BGC Reg. 1049

11 departed Miami or West Palm Beach
1 at Miami
3 at West Palm Beach
15

(C) Reassigned C-60 (Army Release)

1 en route West Palm Beach

7. LEND-LEASE HUDSON

(A) HUDSON III-A off Contract AG-5

116 delivered to Debart (see report)
4 at Montreal
2 at Ottawa
13 at Montreal for Debart
3 at Detroit for Debart
5 under repair
2 at Long Beach (transition training)
32 for China
20 diverted to U.S. Navy
153 taken by A.A.F.
6 crashed (5 in U.S., 1 after export)
356
(6) shipped: 49 to Australia; 12 to New Zealand
417 Total off Contract

(B) HUDSON III-A off Contract AG-151

152 delivered to U.K.
18 at Gander
3 en route Gander
9 at Montreal
13 at Detroit
1 en route Detroit
3 at Long Beach
2 for China
9 crashed (3 in U.S., 6 after export)
210
(8) shipped
(1) crashed (on acceptance flight)
298

(C) HUDSON VI-A off Contract AG-471

3 at Miami
24 at Nashville
1 en route Nashville
45 at Detroit
1 en route Detroit
79

LOCATIONS OF COASTAL FINISH DELIVERY AIRCRAFT -- WEEKLY REPORT NO. 54

(Covering Movements Through June 2, 1942)

B. C-53's off REG Reg. 1050
10 departed Miami

9. B-17 E's (Army Release)

10 delivered to U.K. (modified)
2 at Montreal (modified)
4 at Detroit (modified)
2 at Wright Field (modified)
31 at Chyenne (modification center)
12 taken back by A.A.F.
61

10. B-24 D's (Army Release)

9 delivered to U.K. (unmodified)
3 delivered to U.K. (modified)
1 in Iceland (unmodified)
1 at Gander (modified)
1 at Montreal (unmodified)
8 at Montreal (modified)
13 at LaGuardia Field (mod. center)
13 en route LaGuardia Field
2 crashed (unmodified) (1 en route mod. center, 1 after export)
1 crashed (modified) (after export)
52

11. B-24 E's (Army Release)

3 delivered to U.K. (modified)
7 at Montreal (modified)
12 at Detroit (modified)
1 at St. Paul (modification center)
23

12. B-25 C's (Army Release)

40 at Detroit (modified)
2 en route Detroit (modified)
44 at Kansas City (modification center)
8 at St. Paul (modification center)
3 en route Kansas City
23 taken back by A.A.F.
126

13. B-26 A (Army Release)

2 at Detroit (modified)
65 at Omaha (modification center)
2 en route Omaha
2 crashed (1 en route mod. center; 1 at mod. center)
71

CONFIDENTIAL REPORT
 Form No. 2-55

Form 4

JUNE 3, 1942

LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT -- WEEKLY REPORT NO. 9
 (Covering Movements through June 2, 1942)

AIRCRAFT	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL
UNITED KINGDOM	69	173	211	44	115		152		10	12	3			789
MIDDLE EAST	5													5
AUSTRALIA					27									27
SINGAPORE				8	9					1				11
Island Ferry Service	2													3
Loss	3			3										3
Under repair		1		6			18			1				26
Under repair - route Gander				14			3							17
Portsmouth					8									8
Wentworth	6	4	4	17	2		26		2	9	7			77
Wentworth				4										4
Wentworth		39					116							154
Wentworth							2							2
Wentworth					2									2
Wentworth						18		10						28
Wentworth						1	8							9
Wentworth				16		3								19
Wentworth				1		1								2
Wentworth	1		1	183			61		4		12	40	2	304
Wentworth				12			2					2		14
Wentworth							24							24
Wentworth							1							1
Wentworth				1					2					3
Wentworth														3
Wentworth	3								31	13	1	52	65	162
Wentworth										13		3	2	18
Wentworth														7
Wentworth				2			5							7
Wentworth		2					5							7
Wentworth							34							34
Wentworth							20							20
Wentworth														20
Wentworth			20											200
Wentworth	44					3	153							200
Wentworth	6								12			29		47
Wentworth		6	9	4	2		15			3			2	43
Wentworth														43
TOTAL	139	225	245	115	165	26	645	20	61	22	22	126	71	2183

- Column:
1. Liberator II off Contract F-677
 2. Hudson V (Long Range) off Contract A-1748
 3. Hudson III (Long Range) off Contract A-68
 4. Ventura off Contracts A-344 and A-1749
 5. Flying Boats off Contracts A-2387, F-210, A-37, AUS-98, CAN-78, and BSC Req. 10772
 6. Lodestars (B-24 and G-60) off L/L Contract AG-53 and 1 reassigned Army Release G-60
 7. Hudson III-A off L/L Contracts AG-5 and AG-151 and Hudson VI-A off L/L Contract AG-672
 8. C-53 off BSC Req. 1090
 9. B-17 E (Army Release)
 10. B-24 D (Army Release)
 11. B-25 B (Army Release)
 12. B-25 C (Army Release)
 13. B-26 A (Army Release)

AIRFRAME DIVISION
 PLANNING & PRODUCTION DEPARTMENT
 BUREAU OF AIRCRAFT

U. S. SECRET - BRITISH MOST SECRET

JUNE 3, 1942

Regraded Unclassified