H.M. JR: He is a good man.

Henry, what is on your mind?

MR. MURPHY: I favor the issue that you have just been talking about over the phone, a single, two, of '49-'51. I had had some leanings toward combining with a one and a quarter percent note on the basis that people could subscribe for either one and the total issue would be limited to a billion. After the story that Devine told me about the note market, any leanings that I had that way I think are liquidated, and I would be in favor of the single two-percent issue without reservation.

H.M. JR: Another man that was in here about the note market said, "After all, we are going to have a lot of stuff coming due the next three or four years; we ought not fill that up unless we have to." I think that is true.

MR. MURPHY: I would agree with you. The note is very low-cost financing, and also is a financing that helps to strengthen the banking structure.

H.M. JR: True, but with all these certificates - on the theory this is a five-year war you are going to have out six billion or eight billion dollars' worth of certificates. That stuff is turning over each year. If it is a five-year war and he has to bump into a two-billion-dollar note issue--

MR. MURPHY: It will doubtless be more comfort to have it in bonds because it won't bounce back. I think if it did, the refunding problem wouldn't be serious. I think there is a lot to be said for the note. We have gotten very conflicting reports on it.

Mr. Murray Shields told us he thought if you offered a two-percent bond and a note, allowing the customers their choice so that the distribution of
them reflected the choice of the market you would get more notes than bonds, and he thought--

H.M.JR: Say that again.

MR. MURPHY: That if you offered a two-percent bond and a one and one-quarter percent note in combination, allowing people to subscribe freely for each of them, limiting the total issue to two billions, so that the customers will determine the distribution, that you would get more of the note than of the bond.

On the other hand, Mr. Devine said this morning he thought such subscriptions for the notes would be negligible. That indicates the variety of conflict in views on the note.

H.M.JR: Which again - excuse me - finish.

MR. MURPHY: And since everyone seems to think well of the two-percent bond, irrespective of whether they are for or against a one and a quarter, it seems that the two-percent bond offers a safe middle ground where we are much surer of getting an adequate response than we would be on the note, and we are on much better monetary and banking theory and doing a more economical financing than we would be with a two and a quarter percent bond.

H.M.JR: And it sets a pattern.

MR. MURPHY: That is the most important thing.

H.M.JR: Which they don't want.

MR. MURPHY: But it is - what did you say?

H.M.JR: Which they don't want. The banking people would much rather have the extra quarter percent.
MR. MURPHY: It is always wise to set that pattern.

H.M. JR: It is wise to--

MR. MURPHY: To set the pattern for them, and they will follow it. I think it is to be weighed heavily that the British since June 1940 have been doing their financing, a long one-year exclusively, by two-percent bonds, and a long three, but that long three is a strictly non-banking transaction, and they haven't found their two-percent market is clogged. They have set a pattern, and the banks are following it.

MR. BAKER: I would like to register opposition to the two. I have opposed it all along, and it is more or less on the grounds that we are hitting a section of the market which has just barely had time to catch its breath.

But if you are going to find that the big banks are going to take the twos and hold them and aren't going to be interested in disposing of them in order to subscribe to an issue later, that is going to be something which is going to dilute my argument.

On the other hand, I would still prefer to see a two and a quarter, and if you are going to do a two I would like to see a note along with it. I think that you might run into two propositions, neither of which would be very attractive if you do put out a two billion, two. Either that--

H.M. JR: Excuse me. What is the name of the president of the First National Bank in Chicago?

MR. BELL: Ned Brown.

MR. BUFFINGTON: Edward E. Brown.

MR. BAKER: The two situations would be this, either that we would let the market drop down, and
I think the other two '49-'51's would drop down to meet the new one, in which case the Federal would have to support the three of them to possibly a larger extent than you might like, or that you would have to hold the three issues up there at the present levels of the other two outstanding and the corresponding level for the new one.

H.M.JR: The Fed doesn't have a telephone wire to Chicago, does it?

MR. BELL: No, I don't think so. They only have private wires to the east.

H.M.JR: Well, anyway, that is the way you feel?

MR. BAKER: Yes, sir.

H.M.JR: Have you got any ideas?

MR. BUFFINGTON: I would say that a two and a quarter for part of the two billion - you might find many places, in talking with these Victory Fund people, where the two and a quarter, '52-'55 area, would go outside of banking channels. I think more of them might be sold outside banking channels than possibly you think.

H.M.JR: In two days you wouldn't sell much - fifty or sixty million.

MR. BUFFINGTON: Well, I don't know. I haven't felt free to talk in any detail with them. If you are going to offer the twos I would suppose that those men might be of some value in broadening the distribution in banks that have not been regular buyers, just as they did in the case of the certificates of indebtedness, if you care to use them.

H.M.JR: I have got no - well, let's decide what the issue is first, then we can decide what we are going to use. I mean, let's price it first.
Have you got any ideas?

MR. MILLS: Well, sir, my own preference would be the two and a quarter if that wouldn't upset the market, if that is the consensus of opinion, on the theory that the Treasury in the long run must put its maturities out as far as possible. Like Mr. Murphy said, I feel the Treasury sets the pattern for its issues rather than defer too much to the preferences of the banking system.

H.M.JR: Incidentally, I haven't had a chance to congratulate you on what you did with the airplane companies. You did a swell job on it. Second, are they keeping you busy?

MR. MILLS: Right now, yes.

H.M.JR: Got plenty to do?

MR. MILLS: Yes, sir.

H.M.JR: You are supposed to be in charge of F and G's, aren't you?

MR. MILLS: That is sort of in suspended animation for a little while until that gets straightened out.

H.M.JR: Straightened out?

MR. MILLS: Well, that is because of me, sir—that is, whether I am the person that would fit into that kind of organization and do a good job. Unless a good job can be done, it should be somebody else.

H.M.JR: What are you busy at?

MR. MILLS: Well, studying this F and G business now until that can be worked out to everyone's satisfaction.

H.M.JR: You are not doing issuing agents any more?
MR. MILLS: There isn't a great deal of that. That is pretty well adjusted. There is just a carry-over, hangover, in that at the present time.

MR. BELL: We haven't got anybody on that, Mr. Secretary. I have been thinking some about it. Of course this decision in the retail association matter changes that whole picture now. I think that we have got to go back and restudy that circular, collateral circular, and make some changes - probably take away the collateral from everybody.

H.M.JR: But right now you are studying F and G?

MR. MILLS: Yes, sir.

H.M.JR: With whom and under whom?

MR. MILLS: With Mr. Graves and Mr. Coyne.

H.M.JR: But you are busy?

MR. MILLS: Well, it hangs in the balance. It depends --

H.M.JR: I mean are you busy every hour?

MR. MILLS: No, sir, but - I mean, that is, again, my fault - no fault of anyone else.

H.M.JR: Why? Are they trying - well, I won't get into that now until I price this thing. I thought the whole thing was settled.

MR. MILLS: Well, again it got up to me, and how I would fit into it is the problem.

MR. BELL: I think the decision is yours, isn't it, now? They told you about it?

MR. MILLS: Yes, sir.
H.M.JR: Before you decide either way come and tell papa about it because I am interested in F and G and I am interested in you. So before you settle it come and tell me about it, will you? Will you do that?

MR. MILLS: Yes, indeed.

H.M.JR: George?

MR. HAAS: I would lean towards doing it all on a two-percent bond, mainly on the basis of looking on it as a piece of banking financing.

(The Secretary held a telephone conversation with Miss Tully, as follows:)
Hello.

Miss Grace Tully calling.

Okay.

Okay. Here you are.

Hello.

Hello, Mr. Secretary. How are you?

Good morning. Fine.

That's good.

I called - did Miss Brady give you the message?

Yes, was it tomorrow for lunch - after lunch?

No, today.

Today after lunch.

No, I got - our telegrams have to go out by three o'clock.

I see.

And I've been working on this thing, and by two I'll know my own mind, you see?

I see, yes.

And then we have to send the telegrams to the banks because the offering is tomorrow morning.

I see.

So it's one of these - times where I'd sort of....

You wanted a few minutes right after lunch, was that right?
HMJr: That's it.

T: All right, fine. Let me call you back about it.

HMJr: I thank you.

T: Grand, Mr. Secretary.

HMJr: But I mean it's one of these times where I - I pretty much - shall I call it - have to.

T: Yes.

HMJr: See?

T: Yes, well, I'm sure it can be done.

HMJr: Thank you.

T: Fine, Mr. Secretary. Goodbye.
H.M. JR: I am going over to see the President right after lunch, so if the thing is written up I will get him to sign it.

MR. BELL: It only takes a minute to do that.

(The Secretary held a telephone conversation with Mr. Edward E. Brown, as follows:)

- 9 -
Operator: Go ahead, please.

HMJr: Hello.

E. E. Brown: Hello.

HMJr: Morgenthau speaking.

B: Yes, sir. This is E. E. Brown.

HMJr: How are you?

B: First-rate, thank you.

HMJr: Mr. Brown, I wanted to ask you this question, on our financing - hello?

B: Yes.

HMJr: If the Treasury should decide tomorrow morning to offer $2 billion dollars of a two percent bond, December forty-nine fifty-one, would you consider that attractive for your own institution?

B: Forty-nine and fifty-one.

HMJr: Yeah, December.

B: Yes, I would.

HMJr: You would. Hello?

B: Yes, I would.

HMJr: You would. You'd like it.

B: Yes.

HMJr: You'd subscribe....

B: I'd prefer a shorter one of even at a somewhat smaller rate, but I mean it would still be attractive and it would fit in with our general program, and I think it would be popular with the banks generally.
HMJr: Would it be popular with the banks in your vicinity?

B: Yes, I think so.

HMJr: You - it would. Well, that's about all I wanted to know unless you wanted to volunteer something.

B: Well, I - the only thing I'd volunteer that I'd like to see is something in the nature of the three or four-year note with a definite maturity offered in the fairly near future, because I think that there is a good deal of corporate money that would be attracted by that, and some - a lot of banks would much prefer it to the seven or nine-year maturity.

HMJr: You - you'd like - I didn't quite hear you very well. You'd like to see....

B: I'd like to see, not now necessarily, but some note of two, three, or four years, maybe five years....

HMJr: Yes.

B: ....I think would be attractive to corporations which have got surplus funds....

HMJr: Yes.

B: ....a bond of a definite maturity and fully negotiable.

HMJr: I see.

B: And I think a lot of banks and a good deal of corporate funds would be attracted by that type of investment.

HMJr: I see.

B: I don't believe in the registered redeemable bond because corporations and banks both feel that if they need money that it's disloyal for them to present them through redemption, particularly if the - the war is taking an adverse turn.
Well, but that would be something we could do later.

That's something you could do later. I think this would go very well.

But if I put everything into $2 billion dollars, two percent, you think that that would be all right?

Yes.

And - I needn't worry about it.

I think it will go without any question.

Well, thank you very much.

Not at all. Thank you. Goodbye.
H. M. JR: Well now, there is a clean-cut fellow. He always tells you what he thinks.

I have been at this since nine o'clock. I have seven minutes. Oh, I skipped you.

MR. BELL: I like the two and a quarter only for the purpose of getting out of that crowded area; but everybody that has recommended the two and a quarter has come back and said that two percent, single issue, would be the one that would go.

H. M. JR: Which would?

MR. BELL: The two percent single issue would go, so that is what I recommend. I think we have got to do that in view of all the recommendations, in the situation we find ourselves in.

H. M. JR: George?

MR. HAAS: I am for the two percent. I started to say that if one considered this a banking financing through the banks, that seems to be the security to offer. In addition to that, it seems to me that you accomplish one step toward the bigger job that lies ahead. You have made the step towards a two billion dollar single issue. You have to meet that some time or other.

H. M. JR: Well, I think this - this is the way I feel, where the market is so mixed it is up to the Treasury to take the leadership, tell them what we think. That is the way I feel because we have got to do it.

MR. BELL: We have got a lot of times ahead of us when we are going to have to split issues and reopen and do a little of everything - I think about October - when we come to it.
July 7, 1942
11:45 a.m.

FINANCING

Present: Mr. Bell
         Mr. Buffington
         Mr. Haas
         Mr. Murphy
         Mr. Baker
         Mr. Mills
         Mr. McKee
         Mr. Szymczak
         Mr. Ransom
         Mr. Pis er
         Mrs. Klotz

H.M.JR: Well, I never had so much advice that was so different in my life, as I have had this morning. I talked with Rouse, as you people most likely have, too, but he tells me that out-of-town banks will be satisfied with a two percent, that the New York banks want two and a quarter and a note.

Well, amongst the people here was Burgess, and when I asked him how he would like a two percent, two billion, he said, "We would like it fine; we will take a big wad of it."

I spoke to Rouse. That is the reason I asked you to delay because I didn't want to keep you any longer than necessary. I hope I didn't inconvenience you.

MR. RANSOM: Not at all.

H.M.JR: I said, "What about the Chase?" The Chase said they would like a five-year, but they would go for two billion two. So I said, "Call up,
inasmuch as New York wants two and a quarter, four or five of the bigger banks and see how they would feel if the Treasury decided it would be two billion, two. He is going to let me know now.

While I was waiting I called up Ned Brown of the First National of Chicago. We had the Continental in. They recommended two and a quarter.

MR. BELL: Two and a quarter, '49-'54.

MR. SZYMczAK: Continental or Ned Brown?

H.M. JR: Continental.

MR. SZYMczAK: Who did you talk to, Frank Knight?

H.M. JR: Frank Knight. I told him it was an insult to my intelligence. So Ned Brown says, 'We would like a two percent bond, two billion dollars' worth. We will take a lot of it, and we think everybody else around here will take a lot of it.' So if it is agreeable to you, I would like to talk to House if he is ready and let you gentlemen hear.

MR. McKEE: Before you talk to him, would you like to have a suggestion that Piser had over night as to maturity? See if it impresses you. It does me.

H.M. JR: Impress or depress? (Laughter)

MR. PISER: You remember--

H.M. JR: O.K.

MR. PISER: You remember the danger I thought might be involved in a December issue, and it seemed to me that if the issue were dated the first of November instead of the middle of December--

MR. SZYMczAK: Two percent November first or November fifteen.
MR. PISER: If the two percent issue were dated the first of November instead of the middle of December, it will get around most of my objections and would still continue the two percent bond pattern.

MR. BELL: I don't get it. I don't get the difference.

MR. McKEE: Step up the maturity by thirty days or forty-five days, Dan, to get it in a category by itself.

MR. BELL: There is only three or four, thirty-seconds between September and December. I don't get it.

MR. PISER: It would avoid the concentration of issues on December 15, and banks that have substantial amounts might be more willing to take a November first maturity than they would another December fifteen maturity.

MR. McKEE: Thinking of the portfolio of the banks all maturing at one time, you give them a spread of paper.

H.M.JR: Well, let me hear what he has to say and then I will tell him, unless you have already given it to him.

MR. PISER: No, I haven't.

(The Secretary held a telephone conversation with Mr. Rouse, as follows:)

Regraded Unclassified
One minute, please.

Robert Rouse: Yes, sir.

HMJr: (Talks aside) Well, let me hear what he has to say. All right. Is it all right? Hello?

R: Yes, sir.


R: I see.

HMJr: Now would you tell us what you learned, please?

R: I discussed the matter with — this last half hour — with four of the large banks here, the Bankers Trust Company, the Central Hanover Bank, the Irving Trust, and the Guaranty Trust.

HMJr: Yeah.

R: In talking with Mr. Tompkins at the Bankers Trust Company, we rehearsed the possibilities and what the situation was, and he thought it would all — was all right, two billion — two billion two's, forty-nine fifty-one, and would go along....

HMJr: Yeah.

R: ....okay. Central Hanover — I discussed it with Hollingsworth there who evidently had had a long talk with the president, Gray, last night. Their preference would be strictly for a two and a quarter percent bond. He said that they had $25 million of the first lot of two's and $15 million of the second, and he'd — they'd prefer a two and a quarter.

HMJr: Yeah.
R: I explained to them that everybody couldn't have quite exactly what they wanted, and what the problems of policy might be, and so on. He said they thought it was all right, and they'd go along to the extent that cash would permit. He made a counter-suggestion of a billion two's and a billion two and a quarter's....

HMJr: Yeah.

R: ....reopen two old issues.

HMJr: Oh.

R: At the Irving Trust Company, I talked with the chairman of the portfolio operation, Hutchins, and he thought that he would unquestionably recommend to his committee, and in turn to the executive committee of the board, that they go along with the $2 billion two's. Whether they could go along as heavily as they have before because of their cash position and the trend of allotment percentages, he questioned, but he would have in mind at the moment $20 million.

HMJr: Uh huh.

R: At the Guaranty, I talked with Garner. I went over the thing at a little length with him. He felt that this was a problem that he'd want to talk with the heads of the bank on. He apparently was able to reach Mr. Conway, chairman, and Mr. Stetson, the president, but Mr. Potter was not available, and the reply, in effect, is that Mr. Conway himself would not want to change their policy willingly of staying within five years. He'd be glad to put it up - to discuss it with Mr. Potter and discuss it with their executive committee....

HMJr: This is....

R: ....and that was their opinion.

HMJr: This is what bank?

R: The Guaranty Trust.
Well, that's been their position right along.

R: Yeah, there's not any material change there. It's a policy of staying within five years.

HMJr: Even irrespective of a war or anything else.

R: Well, that's - Mr. Conway said that he wouldn't want to, himself - wouldn't want to change the policy willingly. They haven't yet discussed it with Mr. Potter, who still, I would say, is the head of the bank....

HMJr: I see.

R: ....although he's upstairs as chairman of the executive committee now, and somewhat retired. But in matters of policy, he would be the last word, and I told Garner just - that is, I thought that was enough for me as it stood.

HMJr: Well, those banks have never been very big buyers, but the Chase and the National City have. I talked with Mr. Brown of the First National, Chicago. He liked it, and he said they'd buy plenty, and their friends in other banks would do likewise.

R: Good. I think it would help the situation here, as I told Dan last night, if that bill were signed.

HMJr: When would that be?

R: Tomorrow.

HMJr: Has it passed?

R: Yes, it's passed both houses. That's the only other comment I have this morning I thought was of interest.

HMJr: Well, is it on the President's desk?

R: Well, it's in process of getting there. It was passed on Thursday afternoon, and they're getting the reports back, but I should think they might be able to accelerate it possibly. Dan has looked into it, and he probably would know.
Wait a minute. (Talks aside)
Well, let me ask you -- we're just getting -- about the bill, we'll try to get the President to sign it today.

Good.

After hearing all of this, and you're there in the front line, have you any doubts that the two percent two will go?

None.

I mean two percent $2 billion?

No, I think we can go along all right on that.

They'd go along all right.

Yeah.

While I'm at it, there's one thing Mr. Piser suggested, you might think this over, that we date it November 1 instead of December 15.

To get away from the tax date?

No, get away from the congestion -- congestion.

Well, that would be all right. That would shorten it up a shade.

Well, would it help it any?

No, I don't think it would make very much difference....

You don't think...

....as long as you've....

What's that? You think it's important enough, I mean to change....

No, it would represent quite a complete change, and then you'd have the -- I don't know that you'd get any -- enough out of it to warrant making the change.

I see.
R: It would look like you were - a little afraid of it and were shaving it. That would be my offhand think.

HMJr: Yeah. Well, I'll be calling you back in a few minutes.

R: All right. Good.

HMJr: Thank you.
Hello.
Mr. Rouse.
Hello.
Hello.
We're going to go along on two billion two's....
Good.
...in December.
I haven't any doubts about it.
Good. I don't think this monkey business of Piser's making it November 1....
No, I checked with Miller here on it, just to check my own judgment, and he agreed one hundred percent.
Okay.
Okay.
Say a little prayer.
All right.
Now what we're going to do is, we're going to - the announcement will say it will be open for two days.
I see.
We - we're going to do it that way.
Right.
The announcement will say - it will be in tomorrow morning's papers and say we'll keep it open for two days.
R: How about the twenty-five thousand this time?
HMJr: No.
R: No. That's two days' straight subscription.
HMJr: Well, it's - why - and why the twenty-five thousand benefit? Why can't everybody be treated the same?
R: Well, on the bills - on the C. I.'s we awarded in full up to twenty-five thousand.
HMJr: Oh, oh, oh. You mean - I thought to give them another extra day.
R: Oh, no.
HMJr: Oh, you mean the twenty-five thousand....
R: Yeah.
HMJr: ....will be awarded in (talks aside) Well, that's all right. Yes.
R: Uh huh.
HMJr: I didn't understand.
R: I see.
HMJr: That's all right. I thought you meant give them a third day.
R: No, I - I agree that - stop them....
HMJr: Well, give them....
R: ....at two days.
HMJr: ....give them preferred allotment on twenty-five thousand.
R: Yeah.
HMJr: Okay.
R: Okay.
HMJr: Thank you.
R: Thank you, sir.
(Mr. Bell on White House telephone with Mr. Foster.)

Good morning.....

Have you seen this morning from the Budget Bureau the Federal Reserve bill S2565? It is an old bill for the President's signature.....

It hasn't come over?.....

Yes, they were to have it over to you this morning.....

O.K., I will check up there, then.

MR. BELL: He hasn't got it yet. I will check up.

H.M.JR: I am seeing the President at one-fifty. If they don't get it before I am there he might ask me what is in it and I won't know. Get it just before one - don't get it when I am there. I have to read the thing beforehand.

MR. RANSOM: It is easy and not as important as these New York banks seem to think.

MR. BELL: No, I don't think so.

MR. McKEE: It is as far as section three is concerned.

MR. SZYMCZAK: In relation to the reserves.

MR. RANSOM: It is advantageous and should be signed, but if it will ease a few of them over something of a psychological hurdle--

H.M.JR: Which?

MR. RANSOM: I say if it will ease them over it won't do any harm to have it signed. We will help any way we can.

MR. McKEE: The Guaranty borrowed funds all last week
because of the lack of it.

MR. BELL: Well, they know it is passed and it is an Administration bill, and they know it will be signed, so I can't see what the worry is. But then, we will try to get it signed today.

MR. RANSOM: Dan, are you going to check with Budget, or do you want us to?

MR. BELL: I will call as soon as I go. They promised me they would have it there this morning.

H.M. JR: Let's go around the Board.

MR. RANSOM: Still the one issue, two percent. As to the dating, it seems to me that in the light of what you have just developed here it might be figured as a weakness if you went off your usual dating point. I think there is merit in Mr. Piser's suggestion, but perhaps not enough to outweigh the established dating. But definitely the one issue, and definitely two.

MR. SZYMCZAK: Two percent, two.

MR. McKEE: I think the two, but I think you ought to think seriously about the call date on this bond because of existing portfolios.

MR. PISER: Well, I would prefer the one issue. I still lean toward the two and an eighth, but if it is to be a two I would prefer to have the shorter date on it.

H.M. JR: Well, let's call it a two. Now, as I understand, I think it would be a mistake - I mean, it looks to me as though we will be a little bit timid making it November first.

MR. BELL: If you are going to do that I would rather make the call date March 15, 1950, and keep the maturity date December 15, 1951. In other words, narrow
the call period; March 15 is open.

H.M. JR: Say that again, Dan.

MR. BELL: If you are going to do that, I would rather make the call date March 15, 1950.

H.M. JR: March 15?

MR. BELL: That is just three months longer than December 15 - but to keep the maturity date the same as we proposed, December 15, 1951. In other words, instead of having a two-year call, you would have a year and what is it? A year and nine months.

H.M. JR: You would shorten it back?

MR. BELL: Yes. I would shorten the call period; instead of having a two-year period, a year and nine months.

H.M. JR: You would put it back to March?

MR. BELL: Forward to March.

H.M. JR: You would put it in March '49?

MR. BELL: '50.

H.M. JR: Oh, you would have it come in March '50, and then have it come due--

MR. BELL: December 15, '51, just the same as we contemplated before.

H.M. JR: That puts it into that crowded date.

MR. BELL: That is where we propose anyhow.

H.M. JR: I don't see that that helps anyhow.

MR. SZYMCZAK: No; in fact, it works the other way.
MR. BELL: What we propose is December 15, '49 - December 15, '51. The reason they are moving it back to November is because they think they have got plenty in the portfolios of these issues, so I propose to do it where it is vacant as a call period and leave it there as a maturity. Then you have got just one less—

H.M.JR: My objection to that is this, gentlemen: What I think we are making now is a pattern; we will come along in maybe three months and sell another two in March.

MR. McKEE: I think you want to keep that March open for the future. That is the thing that would worry me.

H.M.JR: Nobody - all these people we talked to - they didn't seem to - nobody this morning raised this December 15, '49, did they, Dan?

MR. BELL: No.

H.M. JR: Of all the people we saw nobody raised that.

MR. McKEE: It may have some curtailment of your subscriptions is the thing that worried me.

H.M.JR: I think you are right.

MR. McKEE: And if there is anything to increase that, just by a little change of policy, where a fellow would think that he didn't have too much of one thing, he had a segregation there, that he might come in more liberal with his subscription.

MR. RANSOM: It doesn't seem to me, Mr. Secretary, that anyone has raised the slightest doubt about it being sold and adequately sold. If it is just a question of how much it is going to be over-subscribed, I wouldn't be greatly concerned over that.

H.M. JR: Nobody has raised anything on the date question.
MR. RANSOM: It will be sold, of course. Now, if it is merely a question of how much it is going to be over-subscribed, that would be the least of worries, I should think.

H.M.JR: Well, now, let's take a look at what comes due in December '49, three and an eighth, four hundred and ninety-one million, depending on what it is - they will mostly call it; then a two and a half percent, a billion seven hundred eighty-six. And then we come along with a two percent the same date, so the chances are they will not call the two percent and the fellows will figure they won't call the two percent but they might call the three and an eighth and they might call the two and a half, but the fellow says, "With a two percent in there they won't call it there." That is the way I would figure.

MR. PISER: In that event--

MR. MckeE: If you are going to figure that, isn't it going to cut your premium pretty low, if you figure that due date?

MR. RANSOM: Do you want the premium high? I should think not.

MR. MckEE: I don't think it is going to be too high as it is.

H.M.JR: They tell me only a half a point in it, possibly, some say as low as four to six thirty-seconds.

MR. MckEE: What would it be on maturity? What would you figure, Murphy, on maturity?

MR. BELL: '49-'51's are selling on a hundred and ninety-two to call date and a hundred and ninety-three to maturity date.

MR. MckEE: Just one point.

MR. BELL: Yes, just one point. So there couldn't be a lot of difference, I shouldn't think.
MR. McKEE: I couldn't sell tomatoes on that basis. (Laughter)

H.M. JR: Couldn't sell it to you?

MR. McKEE: I said I couldn't sell tomatoes on that differential.

MR. PISER: If they base on the June 1950, which would be the first call date after December, I figure it would have a premium of only an eighth of a point, four thirty-seconds.

MR. RANSOM: Isn't that enough?

H.M. JR: If they base it on what?

MR. PISER: On June 1950 - if they figure it won't be called in December but may be called in June.

H.M. JR: It is close.

MR. RANSOM: It ought to be close.

MR. MURPHY: They are figuring firmly that the ones now outstanding will be called on their respective dates. If you allow for the uncertainty that is there, there is not as much net uncertainty to be taken, and I don't think you need to cut it that much.

H.M. JR: Well, what we are doing - we ought to do it with our eyes open - we are gradually setting a pattern. We are saying a seven or eight-year area. We are going to expect to finance the war at two percent and then stick by it. Now, we feel we would like to do - now, if you fellows are with us, we would like to go through it, grit our teeth, and take the bumps tomorrow.

MR. RANSOM: I can speak for myself, I am with you on that. It seems to me you have got a very decent rate pattern already established and I would adhere to it. I wouldn't be driven out of it by any sort of pressure from any source.
H.M.JR: Well, I know, eyes open, it is closer than anything we have done before. I asked one person, "Well, what about the war news?" "Oh," he said, "We don't pay any attention to it as far as the Government bond news is concerned."

Mr. SZYMczak: On the war news?

H.M.JR: Yes, it doesn't bother them.

Mr. McKee: They don't - they did more before we got into it than they have done since.

H.M.JR: You mean watched it since?

Mr. Ransom: They have gotten more realistic. They know what we are going into, I think, as a group here - "We are going to see you through it." I don't think you have a serious problem there.

H.M.JR: Well, I don't want to hurry anybody, but unless there is somebody - I think we will go through on December, if the Board is satisfied.

Mr. Ransom: It suits me.

Mr. SZYMczak: Yes.
TREASURY DEPARTMENT

WASHINGTON

July 7, 1942

Dear Mr. President:

In order to place the Treasury in funds to provide for expenditures authorized by law, I propose, subject to your approval, under authority of the Second Liberty Bond Act, as amended, to offer for cash subscription $2,000,000,000, or thereabouts, of 2 percent Treasury Bonds of 1949-51, maturing December 15, 1951.

The authorizing act provides that bonds may be issued only with the approval of the President. Accordingly, I trust that the proposed issue will meet with your approval. It is my intention to make public announcement of the offering on Wednesday, July 8.

Faithfully yours,

[Signature]

Secretary of the Treasury.

The President,

The White House.

[Signature]
Under Secretary's Office

Exp. of loans

July 7, 1942

To Presidents, Federal Reserve Banks:

Boston, Mass.  
New York, N. Y.  
Cleveland, Ohio  
Richmond, Va.  
Atlanta, Ga.  
Chicago, Ill.  
St. Louis, Mo.  
Minneapolis, Minn.  
Kansas City, Mo.  
Dallas, Texas  
San Francisco, Calif.

You have been advised of the terms of the new Treasury offering. Please instruct your Executive Manager to convey this information to the regional committee chairmen. It is expected that the subscription books will remain open for two days.

Although the services of the Victory Fund organization will not be utilized to their full extent in connection with the present offering, any assistance that you can render in broadening the distribution along the lines of the help given by the securities industry in the April offering of Treasury Certificates of Indebtedness will be appreciated.

The Secretary of the Treasury announced yesterday that the Treasury 2½ per cent registered issue, due 1962-1967, will be reopened in a few weeks, probably late in July or early August. It is desired that the Victory Fund organization plan now to assist the Treasury in securing subscriptions for this issue as part of the major market financing in August, which will total approximately $2,000,000,000.
I shall be pleased if you will submit to me not later than July 25
the views of your Victory Fund organization on the type or types of issues
which the Treasury should offer during the month of August. If they care
to make suggestions for the next three months I shall be glad to get these
views.

MORGENTHAU
July 7, 1942.
1:30 p.m.

HMJr: Hello.

Dr. Chaim Weizmann: Good morning, sir.

HMJr: How do you do?

W: I'm very well. I've had to wait sometime there....

HMJr: Yes.

W: ....and I only just now came out.

HMJr: Oh - did you get word I wanted to talk to you?

W: Yes, I know, I know.

HMJr: Oh, I was afraid I'd miss you because I'm going over there too.

W: Too. Well, now you won't miss me. Now I'll tell you what happened. He first spoke about rubber....

HMJr: Yes.

W: ....and I gave him an autopsy of the situation, and I made a possible suggestion, the suggestion being that he should appoint a judge of the Supreme Court assisted by two scientists, who would collect all the evidence, and in a week they could present him a report and he would know the truth....

HMJr: Yes.

W: ....because I believe he doesn't know the truth, and that he admitted.

HMJr: Yes.

W: I - now the second point, about Palestine.

HMJr: About what?
About Palestine.

Oh - oh, yes.

And he said that he wouldn't issue the statement on the necessity of a Jewish Army.

Yes.

He thinks it's a good thing BUT the situation in Egypt is so dangerous that all the British are frightened over the - over the Egyptian Army turning against them.

Yes.

Therefore, he thinks he should like to wait ten days. I said to him, "This appeasement of the Egyptians is just nonsense. You can just as well try and appease a rattlesnake."

You could do what?

You could just as well try and appease a rattlesnake.

Yes.

The Egyptians - if we are strong, the Egyptians will obey. If we are weak, the Egyptians will stick a knife into us.

That's right.

And - well, he took it in. Then I said, "Wingate is the man to come over."

Yes.

These British will not do it unless he, the President, insists. So he says he's got Wingate's name in front of him.

He's going to do what?

He's got Wingate's name....

Yes.
W: ........in front....
HMJr: Yes.
W: ....and he's - he thinks it's a good thing, but I don't know whether he will insist. So I beg of you, sir, that you should press this point.
HMJr: Yes.
W: Now that is more or less the contents of what has happened.
HMJr: I see.
W: He thinks that in ten days - in a fortnight - he would issue a statement concerning the Jewish Army.
HMJr: I see.
W: Well, he asked me to come and see him again....
HMJr: Yes.
W: ....which, of course, I shall do, but I shall be guided by you when and how.
HMJr: Well, is he going to take your suggestion about the rubber?
W: I think so. He's put it down on paper.
HMJr: Yes.
W: I believe he - he will.
HMJr: I see. Well....
W: The President was most charming.
HMJr: Good.
W: He's awfully nice. He looks very well too.
HMJr: Good.
And he really said, "I'm terribly sorry. I wanted to have a very long talk with you, but things interfered."

Things what?

Interfered.

Yes.

Now that is roughly the situation.

Well, I'll - I'll mention it to him when I see him.

He's tumbled to the army. He thinks it's a good thing....

Yes.

....but he would like to hold back for a few days. Well, my opinion is that that is wrong, because that is only appeasement which has been done for....

Well, let - let me ask you a question, Dr. Weizmann.

Yeah.

Supposing the English had said, "Well, we'll enlist these men in the English Army."

Yes....

I mean, you people aren't holding out for this thing?

No, no, all we wanted is that they should be organized in Jewish units in the English Army. Just as you have Scotch regiments and Welsh regiments and Irish regiments, there should be a Jewish regiment. That's all.

Well....

Otherwise they are nobody's children, you see?
Well, of course, I don't know that I see eye to eye with you on that, but....

Well, I explained the position. As I was waiting....

Pardon me?

As I was waiting, Judge Rosenman came in and I explained to him and he agreed with me....

He did.

....and, believe me, it's not purely a nationalist point of view, it is a convenient point of view.

Well, of course, the thing that interests me is, here these men are; they want to fight; they want to defend....

That's right.

....the thing; and I think that the idea is to give them a chance to fight.

Give them a chance to fight....

Now I don't....

....and also under the best possible conditions.

Yes. Now I don't - because I can't settle arguments over the phone but....

No.

....I'm - I'm interested in their fighting qualities.

Yes, let's us do it - let's us do it piece by piece.

I'm interested in their fighting qualities and not....

That's right, that's right.

....how they're enlisted.
W: Yes.
HMJr: I want to - I - I always want to be very plain with you.
W: Yes. Well, you are.
HMJr: So I mean....
W: But you see, the point is if people go into death, they want to be given the best possible chance.
HMJr: That's - that's right. Yeah, that's right. Well, let me see - and if I have anything for you, are you going to be here the rest of the....
W: I'm here the whole time.
HMJr: All right, and I'll - you had the message - did - did you get a message or did - from me to call me....
W: That's right. I got a message in the White House.
HMJr: ....to call me when you....
W: When I come out.
HMJr: But - oh - you hadn't got it before then?
W: No, but I - but you were just at lunch, you see?
HMJr: Oh, that's right. Okay, thank you.
W: Goodbye.
July 7, 1942.
3:34 p.m.

HMJr: Hello.
Operator: General Doolittle.
General Doolittle: Doolittle here, Mr. Secretary.
HMJr: General, that message that you sent me over about our flyers in Russia....
D: Yes, sir.
HMJr: ....I've got the Ambassador outside. Did - did you clear it with anybody over at your place?
D: I asked the boy who - who pulled it out of the file to clear it with our information section and the Air Corps information section, in order to make sure that I wouldn't get in any difficulty myself.
HMJr: Good. Well, I - I just cleared it with the President so we're all right. (Laughs)
D: Okay.
HMJr: Now I want to just get this thing straight. It says here - this isn't a code message I'm reading, is it?
D: Well, it probably came in code originally.
HMJr: It says "paraphrase." I'm all right. The Navy's trained me so not to read code messages on the phone. But this says "paraphrase" so I'm all right.
D: Yeah.
HMJr: This part here - "Approval list of items and food which are being furnished on time bond is desired to be submitted by the Soviets" - well, that's a question you're asking them, aren't you?
D: Yes.

HMJr: Then it says, "Thirty thousand rubles per month will be the cost of food. In regard to per diem payments by this office" - what is this - Now the President asked...

D: Now wait, that last thing is an entirely different thing. That means in regard to paying them their normal salary...

HMJr: Oh.

D: ...and paying them their per diem of six dollars a day to which they're entitled when on extended duty away from their home state.

HMJr: Well, you mean...

D: There's no connection between that last paragraph and the rest of it.

HMJr: Well, then, the only part is thirty thousand rubles per month will be the cost of food?

D: That's right.

HMJr: Now the President asked me and I couldn't tell him, he said, "How many people are there?"

D: Five.

HMJr: Five?

D: Yes, sir.

HMJr: My God! Well, that's six thousand rubles.

D: How much is a ruble, Mr. Secretary?

HMJr: Well, I told the President forty cents. That's a gold ruble. But I - I don't know how they figure that, you see? But that's a gold ruble. That's $12,000 a month for five people.

D: That's right.
HMJr: I - he figured there were ten, and it was about $1,200 a month, but this is much worse.  
D: Yes, sir.
HMJr: If - if they're figuring the ruble at forty cents. But I - I told him, I said, "Now unless you tell me not to, I'm going to go ahead and just give him a piece of my mind." So he says, "You go ahead and ask him what things are worth." In other words, he's given me the okay.  
D: Yes.
HMJr: Now, so I - I'm going to talk to him, and I'm going to tell him I'd like to have a prompt service. And - and I'll only ask him that one thing. Is that right?  
D: That's right.
HMJr: And the other thing I'm - the other things in the message I won't touch on.
D: That's at the last part of the message - deals with the salary and expense money to be paid by our Government to those people.
HMJr: Well, I won't....
D: The first part deals with the amount that the Soviet Government wants to feed them and house them.
HMJr: Well, I'll only touch on that.
D: Now there may be additional telegrams. That was the only one that I had seen.
HMJr: Yes. Well, this is enough.
D: That's the one I invited to your attention yesterday at Walter Reed.
HMJr: And that's the one I volunteered to take up with them.
D: Yes, sir.
HMJr: I'll let you know if anything happens.
D: Okay.
HMJr: Thank you.
D: Thank you, sir.
Hello.

General Arnold.

Thank you. Hello.

Yeah, General Arnold.

Morgenthau.

You know I wanted to find out whether you wanted to get in touch with me, as I couldn't get in touch with you yesterday.

Well, I just thought if I was going out to Walter Reed, I wanted the pleasure of riding with you one way or the other....

Well, I would have been tickled to death....

....and having a little gossip. I had nothing special.

Well, I didn't know whether you had or not, you know.

No, I just thought that it's too good an opportunity to waste.

Well, I would have been tickled to death to go out with you had I gone out. (Laughs)

No, that - that was all.

All right, sir.

Yeah, it was very nice of the Air Corps to invite me, and I was quite touched.

Say, I want to tell you one - another thing. I want to tell you how much I appreciate that letter you wrote about your heroes' celebration....

Yes.
A: ....giving us a pat on the back, because the pats on the back are – come very infrequently.

HMJr: Oh, really? Well, the Air Corps did a beautiful job, and we appreciated it very much.

A: All right, sir.

HMJr: I'll hope – I'll see – I hope to see you soon.

A: All right.

HMJr: Thank you.
July 7, 1942
5:10 p.m.

HMJr: Hello, Gene. How are you?

Eugene Duffield: Very well.

HMJr: I was glad to see you on the Dow-Jones ticker on this alien property thing. You had Treasury victory.

D: Yes, sir. (Laughs)

HMJr: That's been a long, hard fight.

D: Hasn't it though?

HMJr: And about every lawyer in town was against us.

D: Yeah.

HMJr: And....

D: Well, it - it seems to me a definite Treasury victory.

HMJr: Oh, yes, because the way it was before Crowley had a blank check on us for about $6 billion dollars.

D: Any time he wanted to draw.

HMJr: Any time he wanted it.

D: That's right.

HMJr: And I - I wouldn't - couldn't have it that way.

D: Yeah. Well, I don't see how you could because the thing was hanging over your head, and you didn't know when it would get jerked out from under you. (Laughs)

HMJr: No, I mean any day he could say, "Send this over or that over," and....

D: Yeah, yeah.
...and you know - because - I mean the Department of Justice and Jimmy Byrnes and the Budget and everybody all ganged up against me.

That's right.

But Mr. Roosevelt stood by me. Good enough. That's the only "feller" who counts. (Laughs)

Well, it was a long thing, and he's got lots of other things to think about but they....

He has.

...but they rushed that thing originally through without ever seeing it.

Yeah.

And it was one of the dirtiest fights I've ever been in.

Oh, really?

Oh, yes....

I knew it was long and tough, but I didn't know it was dirty too.

Well - oh, yes, it was plenty dirty and....

Tough.

...but knowing your interests from the old days....

Yeah.

...having gone all through that Crowley business with me....

Yeah, I know. (Laughs)

...I just thought that for old times' sake, as well as for the moment, I'd call you up.

Well, fine. I appreciate it, because I did manage that one myself.
HMJr: You mean this one on the ticker.
D: Ticker, yes.
HMJr: Well, it — and all that publicity about Crowley, the lying end and all of it, and putting it over the Treasury and all the rest of it.
D: Yeah.
HMJr: So we're still at the old peanut stand.
D: (Laughs) Good enough.
HMJr: All right.
D: Fine.
HMJr: I'll see you one of these days.
D: Fine. Goodbye.
Roosevelt splits Alien Property control between Crowley and Treasury

Washington — President Roosevelt is understood to have signed
executive order splitting control of Alien Property in this country
between Treasury Dept. and Alien Property Custodian Leo T. Crowley.

Treasury will have jurisdiction over foreign exchange assets,
banks balances, and portfolio securities. Mr. Crowley as Alien Property
Custodian will continue to have jurisdiction over physical properties
owned or controlled by aliens including companies, real estate, and patents.

The new order formalizes working agreement which has existed between
Treasury and Mr. Crowley since he became Alien Property Custodian. However,
it represents a victory for Treasury, since heretofore Mr. Crowley had
authority under executive order creating Alien Property Custodian to end
Treasury control of alien bank balances, portfolio securities, and foreign
exchange at any time he wished. Treasury fearing its status to be un-
certain sought the new order defining the two spheres of activities.

President Roosevelt has signed the order it is understood here. He
is known to have had it under consideration for several weeks and its
issuance has been considered imminent for some time.
July 7, 1942

This is Sam Rosenman’s joke.

What could a bird and a man do a year ago that a bird can do this year and a man can’t?

A bird can make a deposit on an automobile.
Ferdinand Kuhn, Jr.
Secretary Morgenthau

July 7, 1942

You said there is a new series of ads which is going out prepared by the Advertising Council. I personally want to see them and pass on them.

Please also let me know when Mr. McQuintock is going to be in town, as I am very anxious to see him in the next day or two. I want to talk to him about getting us a Director of Publicity.

See Kuhn's memo of 7/7.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE July 7, 1942

TO Secretary Morgenthau

FROM Ferdinand Kuhn, Jr.

1. The Advertising Council ads are ready for you whenever you would like to see them. Mrs. Morgenthau is seeing them at 3:00 this afternoon.

2. Mr. McClintock will be in Washington today and tomorrow.

F.k.
TO: Secretary Morgenthau
FROM: Harriet Elliott

Upon investigation, I find that a special notice has been sent to all committee chairmen concerning the retailers' "American Hero's Day" together with two copies of the puff sheet (copy enclosed). In addition, the Women's Division is circularizing directly the women committee chairmen with information concerning the Retailers' Week and a copy of the puff sheet.
FOR THE GREATEST ONE-DAY CITY-WIDE PROMOTION EVER!

HONORING Your HOME TOWN HEROES With Action . . .
Not Words! Your Chance to Put Your Town on America's Honor Roll of War Bond and Stamp Sale Champions in a One-Day All-Out Drive Sponsored by the Retail Advisory Committee to the United States Treasury.

The Big Day of the National Retailers for Victory Drive ... July 1 to July 31, 1942
WHAT IS AMERICAN HEROES DAY?

American Heroes Day is the Big Day in our campaign for an American Heroes Day all over the country, and every dollar of the war effort that is raised through stamps and bonds is to be regarded as an American Heroes Day. The day is chosen to honor the men and women who are fighting to ensure the American democracy by their sacrifices for our country. It's the day when every American should be proud of our country and our nation. Let's support our heroes and show our gratitude to them.

AMERICAN HEROES DAY...
THE ONLY EVENT OF ITS KIND...EVER ACTUALLY PRE-TESTED...

Note

Sales of Regular Merchandise Showed 15% to 50%, INCREASE on the Big Day!

HOW YOU CAN PUT OVER
AMERICAN HEROES DAY

With The Aid of Your Local Merchants!

Your local merchants know all about American Heroes Day...it's the big day in their July Retailers for Victory Drive! They'll be ready to start the ball rolling.

Your local War Savings Administrator has asked his host Retail Chairs and, through him, your local Retail Chairmen to give this big day every possible kind of support. The Retail Advisory Committee to the Treasury, representing all the sources of America, has made tremendous plans for nationwide radio and newspaper publicity for American Heroes Day.

The Rest Is Up To You!

Here's a suggested plan...and only a suggested one. For each city will prefer to stage American Heroes Day in its own way.

On Thursday, July 2nd, a group of your leading merchant hosts with the city's newspaper publishers and the Mayor of the city. They select a leading merchant to act as your city's American Heroes Day Chairman, and the Mayor calls a meeting on July 7th at all the civic leaders including the following: War Savings Committeemen, the Chamber of Commerce, all service clubs, chairman of the local Victory Display Committee, newspaper publishers, owners of radio stations, officers of all trade unions, officers of women's clubs, officers of all lodges, ministers of all churches, heads of all civic defense organizations, defense officials, the heads of the local Red Cross, officials of all veterans' associations, Boy Scout and Girl Scout leaders, etc.

On Tuesday, July 7, the Mayor proclaims Friday, July 10th, as American Heroes Day, your town's selected day for the sale of War Bonds and Stamps. He explains the purpose and meaning of American Heroes Day to honor your home town heroes of all our wars by buying the armaments to win this war through the purchase of War Bonds and Stamps. He makes a call for a rising vote to pledge complete cooperation for the big day. The news for American Heroes Day (a purely voluntary quota set by the enthusiastic citizens themselves) is named by the Mayor in the City and State War Savings Committee and by the Regional Chairman, both State and Local. The Mayor introduces the Chairman of the American Heroes Day Drive.

From July 7th to July 17th, local organizations at pop meetings and rallies will stimulate the enthusiasm and interest in American Heroes Day. The Chairman and his committee of merchants and merchants to organize an enterprise for the בו the rest of the day, as well as to turn in smash sales of War Bonds and Stamps. (Sales in the pre-test city showed 15 to 30% increase in sales of consumer goods as well as tremendous War Bond and Stamp sales).

The parade will, of course, be representative of the community as possible with every important organization or club participating. During the pre-test period, the American Heroes Day Chairman arranges for a complete series of parades in the town to see that every merchant is ready with Bonds and Stamps to sell. Chairman will report their findings to the Chairman.

The Chairman and his committee might plan to have as many local heroes as possible on hand for the parade and for any other demonstrations. It must be remembered that this is a day dedicated to the city's own heroes of all wars.

Arrangements might be made to get congratulatory messages from local heroes on the war fronts. These could be published in newspapers, read at rallies, etc.

The Chairman might arrange for a huge thermometer or other graphic device to be displayed in the young citizen's traffic spot in the city to chart the sales as they mount on the big display. This device is to stimulate an actual piece of war equipment. This could be a tank or bomber or whatever comes close to coming the amount raised as the city's quota.

So much for a few plan ideas...but, again, use of your Retail Advisory Committee say...IT'S UP TO YOU!

The Parade will be as grand as you make it!

American Heroes Day sales of War Bonds and Stamps will be as great as you make it!

We know you'll work. We know you'll make this great Bond and Stamp Day. We know that at the conclusion of this day there won't be a film in your town which hasn't signed up every employee for the treasury's 395,000 payroll allotment plan.

We know America is going to take all its bbs to you when they see your city's figure flashed on the front pages of the nation's press to tell your heroes what you think of them!
SMASH ADS FOR YOUR AMERICAN HEROES DAY EDITION

Here are reproductions of two full-page ads, specially created for promotion by Meyer Both Company, as a contribution to the war effort. MATS OF THESE FULL-PAGE ADS AS WELL AS MAT OF THE COVER ILLUSTRATION IN BLACK AND WHITE REPRODUCTION ARE INCLUDED WITH THIS PRESS BOOK GOING TO NATIONAL RETAILERS.

Additional Newspaper Ad Material for Your American Heroes Day Edition -

1. You can USE the many ad ideas illustrated in the enclosed planographed folder. (Included with Newspaper Press Book only.)
2. You can USE the additional illustrative headings that will appear in August issues of Stanton Super Service and Meyer Both General Newspaper Service.
3. You can USE the additional, dynamic full-page ad which will appear on the cover of August Meyer Both General Newspaper Service.
4. Check list of Additional Ad Mats Also Available from Meyer Both General Newspaper Service
   APRIL Issue, Pages 2, 4, 8, 27
   MAY Issue, Pages 10, 19, 26
   JUNE Issue, Pages 2, 3, 12, 16, 17, 22, 24, 26
   JULY Issue, Pages 2, 7, 16, 22, 26
5. Check list of Additional Ad Mats Also Available from Stanton Super Service
   APRIL Issue, Pages 1, 6
   MAY Issue, Pages 2, 7, 8
   JUNE Issue, Pages 2, 8
   JULY Issue, Pages 1 to 7

TAGGED FOR TO 0

THE U.S. IS LOOKING AT YOU
AMERICAN HEROES DAY
JULY 17th, 1942

BUY WAR BONDS AND STAMPS FOR OUR BOYS

THE BIG DAY OF THE NATIONAL RETAILERS FOR VICTORY DRIVE . . . July 1 to July 31, 1942

MERCHANTS IN MANY CITIES PLAN TO ADVERTISE WAR BONDS AND STAMPS EXCLUSIVELY FOR AMERICAN HEROES DAY SELLING!

REMEMBER! TO SEND A COPY OF YOUR AMERICAN HEROES DAY EDITION TO F. EDWARD PULTE, JR. - CHIEF, RETAIL STORES DIVISION, WAR SAVINGS STAFF, 709 12th St., N.W., WASHINGTON, D.C.

Regarded Unclassified
AMERICAN HEROES ARE DOING THEIR PART... WILL YOU DO YOURS?

Mr. Newspaperman:
A large part of the responsibility for the success of American Heroes Day lies on your shoulders. You will be the selling postman. The impression you are to make through advanced publicity and advertising is as inexcusable as either failure of the public support which your local organization receives. This is the only time you have to make your appeal for American Heroes Day, and you must not waste time or energy on anything but this appeal.

Plan Your Special Edition at Once — And Line Up Ads

A winning Heroes Day edition can be planned if you are prepared in advance. An American Day is a great ball-bounce of the Million Man days. The edition you plan to the day before the week leading up to Heroes Day, you might plan to have the same success. Start the preliminary work this week in line with your organization. If you plan to have the paper in your hands next Sunday, you must get the preliminary work done this week.

Central Graphic Display to Record Week's Sales

Mr. Committeeman:
Your job is the vital one of organization. Every club, every store, every group in your community must be made a selling point. Your job is to work hard to get your organization going. You must have a plan for your special edition. You must also plan for the week before the day, so that the day will be the climax of the entire campaign. You must have a plan that is as solid as the foundation of your newspaper. You must have a plan that is as solid as the foundation of your newspaper.

Gasless and Rubberrless Parade, It's Been Done And Successful!

For your American Heroes Day parade you must expect to take a parade of all kinds. You must get all the townspeople marching, all the cars driving, all the floats making the rounds. The parade is the climax of the entire campaign. You must have a plan for your special edition. You must also plan for the week before the day, so that the day will be the climax of the entire campaign. You must have a plan that is as solid as the foundation of your newspaper. You must have a plan that is as solid as the foundation of your newspaper.

Get the Maximum of Help from Your Local Churches Ready!

You will need your church's help in and out of the way to make your parade a success. You will need your church's help in and out of the way to make your parade a success.

Citation or Award for Stores Doing the Best Selling Jobs

Sponsor a Poster Contest During Weeks Before Date...

American Heroes Day parade sections, with War Bond and Stamp sales as major themes. During the campaign, production of all materials that can be used, such as posters, handbills, and window displays, is encouraged. These will be used in the campaign, and they will be used in the campaign.

Special Column of Stories from All Committees

Mr. Retail Merchant:
This idea is right up your alley for you are an expert at getting goods, advertising, promotions and displays. This idea can be used at any time during the week leading up to American Heroes Day, and an American Heroes Day, your job is to sell.

Take Your Change in Stamps...

Victory Aisle...

Historical Display...

Stamp Book of the Month

In larger stores, the book department can make exciting displays that will sell American Heroes Day ideas.

Radio Heroes Salute...

Entries using spot announcements or having their own radio programs can be entered in the city's own radio station. On spot announcements, a single call followed by a short advertising message is recommended together with the organization's theme, the great city wide appeal, the story of heroes, and the sale of War Bonds and Stamps.

REMEMBER: These are only a few suggestions -- you'll have dozens of them -- good solid merchandising ideas at your own American Heroes Day in your store.
Dramatic Idea for Signs, Banners, Posters

The U. S. is Watching Us

American Heroes Day
Friday July 17th

Buy More War Bonds and Stamps

Let's Beat Our Quota

Most cities will go in for plenty of showmanship on American Heroes Day. Illustrated is a colorful idea for large painted signs at key spots in your city. The copy and basic idea will also serve for window streamers, posters on telephone poles, street banners, bus and car cards. It is recommended that such display material be produced by sign shops or other suppliers in your own city.
Sales of United States Savings Bonds
From July 1 through July 6, 1942
Compared with Sales Quota for Same Period
(At issue price in millions of dollars)

| Date  | Series A  |  | Series F and G  |  | Total  |
|-------|-----------|  |                |  |        |
|       | Actual Sales | Quota | Daily to Date | as % of | Actual Sales | Quota | Daily to Date | as % of | Actual Sales | Quota | Daily to Date | as % of |
|       | July 1     | July 1 | to Date       |        | July 1      | July 1 | to Date       |        | July 1      | July 1 | to Date       |        |
|       | Date       | Date   | Quota         |        | Date        | Date   | Quota         |        | Date        | Date   | Quota         |        |
| 1     | $15.8      | $15.8  | $23.6         | 66.9%  | $12.6       |        | $12.6         | 64.9%  | $19.4       | $15.8  | $23.6         | 66.9%  |
| 2     | 14.9       | 30.7   | 47.9          | 64.1   | 9.4         | 22.0   | 50.4          | 60.4   | 24.3        | 30.7   | 47.9          | 64.1   |
| 3     | 16.8       | 47.5   | 73.0          | 65.1   | 10.5        | 32.4   | 50.6          | 64.0   | 27.3        | 47.5   | 73.0          | 65.1   |
| 4     | 29.8       | 77.3   | 126.0         | 61.3   | 16.7        | 49.2   | 82.6          | 59.6   | 46.5        | 77.3   | 126.0         | 61.3   |
| 5     | 139.3      |        |               |        | 94.2        |        |               |        | 233.5       |        |               |        |
| 6     | 162.2      |        |               |        | 114.5       |        |               |        | 276.7       |        |               |        |
| 7     | 189.5      |        |               |        | 129.5       |        |               |        | 319.3       |        |               |        |
| 8     | 216.0      |        |               |        | 139.9       |        |               |        | 355.9       |        |               |        |
| 9     | 236.6      |        |               |        | 147.7       |        |               |        | 384.3       |        |               |        |
| 10    | 273.2      |        |               |        | 160.6       |        |               |        | 433.8       |        |               |        |
| 11    | 287.6      |        |               |        | 168.0       |        |               |        | 455.6       |        |               |        |
| 12    | 311.6      |        |               |        | 181.8       |        |               |        | 493.4       |        |               |        |
| 13    | 335.5      |        |               |        | 193.5       |        |               |        | 529.0       |        |               |        |
| 14    | 358.7      |        |               |        | 202.8       |        |               |        | 561.5       |        |               |        |
| 15    | 377.4      |        |               |        | 210.5       |        |               |        | 587.9       |        |               |        |
| 16    | 411.8      |        |               |        | 223.9       |        |               |        | 635.7       |        |               |        |
| 17    | 425.9      |        |               |        | 232.8       |        |               |        | 667.7       |        |               |        |
| 18    | 451.1      |        |               |        | 247.0       |        |               |        | 696.1       |        |               |        |
| 19    | 477.5      |        |               |        | 260.1       |        |               |        | 737.6       |        |               |        |
| 20    | 503.8      |        |               |        | 270.7       |        |               |        | 774.5       |        |               |        |
| 21    | 525.0      |        |               |        | 279.5       |        |               |        | 804.5       |        |               |        |
| 22    | 562.7      |        |               |        | 295.1       |        |               |        | 857.8       |        |               |        |
| 23    | 577.2      |        |               |        | 304.3       |        |               |        | 881.5       |        |               |        |
| 24    | 601.3      |        |               |        | 322.1       |        |               |        | 923.4       |        |               |        |
| 25    | 625.8      |        |               |        | 337.5       |        |               |        | 963.3       |        |               |        |
| 26    | 650.0      |        |               |        | 350.0       |        |               |        | 1,000.0     |        |               |        |

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.

Note: Quota takes into account both the daily trend during the week and the monthly trend during the month.

Office of the Secretary of the Treasury, Division of Research and Statistics. July 7, 1942.

Regraded Unclassified
UNITED STATES SAVINGS BONDS - SERIES E

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

(At issue price in thousands of dollars)

<table>
<thead>
<tr>
<th>Date</th>
<th>July daily sales</th>
<th>Cumulative sales by business days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
<td>June</td>
</tr>
<tr>
<td>July 1942</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>$15,821</td>
<td>$19,834</td>
</tr>
<tr>
<td>2</td>
<td>$14,880</td>
<td>30,701</td>
</tr>
<tr>
<td>3</td>
<td>$16,822</td>
<td>47,523</td>
</tr>
<tr>
<td>6</td>
<td>$29,797</td>
<td>77,320</td>
</tr>
</tbody>
</table>

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

July 7, 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 July sales to date with sales during the same number of business days in June and May 1942

(At issue price in thousands of dollars)

<table>
<thead>
<tr>
<th>Date</th>
<th>July sales</th>
<th>Cumulative sales by business days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>daily :</td>
<td>July :</td>
</tr>
<tr>
<td>July 1942</td>
<td>1 :  $12,597</td>
<td>$12,597</td>
</tr>
<tr>
<td></td>
<td>2 :  9,389</td>
<td>21,986</td>
</tr>
<tr>
<td></td>
<td>3 :  10,455</td>
<td>32,441</td>
</tr>
<tr>
<td></td>
<td>6 :  16,734</td>
<td>49,175</td>
</tr>
</tbody>
</table>

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.
# UNITED STATES SAVINGS BONDS - TOTAL

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

(At issue price in thousands of dollars)

<table>
<thead>
<tr>
<th>Date</th>
<th>July daily sales</th>
<th>Cumulative sales by business days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
<td>June</td>
</tr>
<tr>
<td></td>
<td>sales</td>
<td>July</td>
</tr>
<tr>
<td>July 1942</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>$28,418</td>
<td>$28,418</td>
</tr>
<tr>
<td>2</td>
<td>24,269</td>
<td>52,687</td>
</tr>
<tr>
<td>3</td>
<td>27,277</td>
<td>79,964</td>
</tr>
<tr>
<td>6</td>
<td>46,531</td>
<td>126,495</td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics. July 7, 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.
I am giving you herewith a comparative statement of the earnings and expenses of the Stabilization Fund for the months of May and June, 1942.

**Earnings**

<table>
<thead>
<tr>
<th>Description</th>
<th>May 1942</th>
<th>June 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest earned on investments</td>
<td>$20,220.69</td>
<td>$19,514.93</td>
</tr>
<tr>
<td>Interest earned on Yuan</td>
<td>$24,389.84</td>
<td>$23,605.23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$44,610.53</td>
<td>$43,120.16</td>
</tr>
<tr>
<td>Profits on handling charges on gold</td>
<td>$139,666.12</td>
<td>$36,940.30</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>$184,276.65</td>
<td>$80,060.46</td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$20,502.61</td>
</tr>
<tr>
<td>Travel</td>
<td>838.77</td>
</tr>
<tr>
<td>Subsistence</td>
<td>39.14</td>
</tr>
<tr>
<td>Telephone and Telegraph</td>
<td>1,445.86</td>
</tr>
<tr>
<td>Stationery</td>
<td>18.68</td>
</tr>
<tr>
<td>All others</td>
<td>457.09</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$23,302.15</td>
</tr>
</tbody>
</table>

**Net Earnings**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$160,974.50</td>
</tr>
<tr>
<td></td>
<td>$50,346.43</td>
</tr>
</tbody>
</table>

The sharp decline in earnings for June resulted mainly from an appreciable reduction in the volume of gold transactions with foreign countries, on which the handling charge of 1/4 of 1% is collected.
TO: Secretary Morgenthau
FROM: Elmer Irey

Cuban and Mexican Alcohol

The investigation made so far in this case discloses that the Government apparently is being asked to pay a greater amount per gallon for Mexican and Cuban alcohol than it might otherwise have to pay. This appears to constitute a possible fraud on the Government.

Furthermore, according to the General Counsel's office, the Treasury Department may waive the payment of tariff and excise tax on alcohol imported by the Government, and it contemplates doing so in this case. However, obviously such an agreement of waiver would not be entered into if the Treasury Department knew it was dealing with persons who were conspiring to defraud the Government. Therefore, I feel that the Treasury Department should make a thorough investigation to develop all the facts, in order that determination might be reached as to whether the duty and tax should be waived.
July 7, 1942

Mr. Livesey
Mr. White

With reference to our memorandum of June 18, 1942, will you please circularize the Missions abroad, instructing them to send cable reports on United States currency only as of the first and third Wednesday of every month.
This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (RR)

Buenos Aires
Dated July 7, 1943
Rec'd 5:30 p.m.

Secretary of State,
Washington.
1335, July 7, midnight.

FOR TREASURY DEPARTMENT

Dollar notes not quoted by reputable banks or brokers. A buyer is reported to be willing to pay 240 provided authorities not informed.

Charge Treasury.

ARMOUR

LMS

ehicopy
7-5-43
DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FD 102.1/6896

July 7, 1942

The Secretary of State presents his compliments to
the Honorable the Secretary of the Treasury and encloses
herewith copies of telegram no. 495, dated July 7, 1942,
from the American Consulate, Calcutta concerning the
handling of Treasury checks.

Enclosure:

From Consulate, Calcutta,
telegram no. 495, July 7, 1942

Copy:lo: 7/8/42
This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (ER)

SECRETARY OF STATE,
Washington

RUSH

495, July 7, 2 p.m.

Your 217, May 5, 1 p.m.

In view of closing National City Bank Bombay request authority contained your 180, April 15, 5 p.m., to handle Treasury checks be extended to Bombay branch Chartered Bank of India, Australia and China.

SCHMARE

WSB

Calcutta

DATED July 7, 1942.

Rec'd 12:30 p.m.
KLP
This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (ER)

Panama
Dated July 7, 1942.
Rec'd 5:54 p.m.

Secretary of State,
Washington.

758, July 7, 2 p.m.
Your circular July 2.

As reported in the Ambassador's despatch No. 2389 of June 12, 1942, Panamanian Government has established control over the in and out movement of dollar currency, securities and other valuables. Parallel action is being taken by Canal authorities.

MUCCIO

KLP

Copy: lc: 7/8/42

Regraded Unclassified
Information received up to 7 A.M., 7th July, 1942.

1. NAVAL

Northern Waters. No further news received of convoy to RUSSIA, except that 1 ship reported being attacked by aircraft evening 6th. Of the homeward bound convoy it is now known that one of H.M. minesweepers, 1 Russian 4,400 ton ship, 4 U.S. ships, totalling 26,750 tons, were sunk by mine off ICELAND (C), 1 Panamanian 6,000 ton ship was also damaged.

2. MILITARY

EGYPT. At dusk on 5th enemy anti-tank screen including infantry and 88 M.M. guns extended from a point approximately 6 miles south of EL ALAMEIN station to a point 17 miles southwest of it. This screen was engaged by our artillery but succeeded in holding up our armoured units. During night 5th/6th which was quiet, the enemy appeared to be extending his right flank westwards to a point 35 miles west southwest of EL ALAMEIN station. At 11 A.M. on 6th 35 tanks, believed German, were reported stationary in area 10 miles south of EL ALAMEIN with about 3,000 enemy M.T. slightly to the northwest of them. Columns of our infantry pushed north during the morning and at 11 A.M. had reached a general line running east and west just south of DEIR EL HARRA (22 miles west southwest of EL ALAMEIN) 24 Australian Brigade moved into position about 12 miles south by east of EL ALAMEIN.

RUSSIA. There is no confirmation of German claim to have reached RIVER DON but there is evidence that German thrust east of KURSK has made further progress. It was reported on 4th that German troops and aircraft in CRIMEA were being moved rapidly into KERCH Peninsula and that indications pointed to an early attack on the TAMAN Peninsula.

3. AIR OPERATIONS

WESTERN FRONT. Night 6th/7th. 42 aircraft despatched sea-mining in BAY OF BISGAY. 3 are missing. About 25 enemy aircraft flew over the UNITED KINGDOM. 1 was destroyed and 2 damaged. 1 enemy aircraft also destroyed over Northern FRANCE. Bombs were dropped in TYNES-TEES area. Incendiaries caused damage at MIDDLESBROUGH, GILLINGHAM and NEWCASTLE.

EGYPT. 5th/6th and 6th. Our aircraft attacked the railway M.T. concentrations and landing grounds. 2 railway trains were set on fire and many direct hits scored on vehicles and aircraft on the ground. Sea mines were laid off TOBRUK. A few enemy aircraft operated in the ALEXANDRIA area and further mines were dropped in the vicinity of the SUZ Canal. We destroyed 7 enemy aircraft and damaged 15 for the loss of 8.

MALTA. Between 1.20 P.M. 5th and 9 A.M. 6th about 80 aircraft attacked the Island. Our fighters destroyed 9, probably destroyed 6 and damaged 7. 2 Spitfires damaged.
Conditions in Italy

For normal consumers, meat is practically unobtainable in Italy. Reports concur that in spite of the universal food shortage, almost anything can be bought with money on the black market.

(Political Warfare Executive, Intelligence Summary)

Germany

The first example of something like mass civil disobedience has occurred in Germany as an outcome of Goering's survey of the mobilization of German labor. The local peasant leaders of 22,000 out of the total of 58,000 communes did not make any returns in the survey. Some of the "Ortsbauernfuhrers" may have had no labor reserves but the others did not make a return because of the social unpleasantness of such a listing task in small villages.

(Political Warfare Executive, Intelligence Summary)

German Tank Strength

The Office of Strategic Services has made the following estimate of present German tank strength:

The German Army is believed to have had in June, 1942, 24,000 modern tanks. These tanks are distributed as follows: one-third in the 28 armored divisions (200 per division in the new-type Panzer division) and in 28 GHQ armored brigades (100 per brigade); one-third in combat reserves; and the remaining third in transit, shops, training stations, in depots, etc.
Production is estimated to have remained at the 1,500-1,600 per month level during the past year (i.e. about equivalent to our current monthly production).

(Office of Strategic Services, "The War This Week", June 25 - July 2, 1942)

**German Submarine Strength**

The Office of Strategic Services has made a study of German submarine strength. According to these findings:

a) Germany had in operation around 260 submarines on May 1, 1942. Sixty-five of these would be on patrol at any one time. The remainder would be in bases, training schools, on trials, or en route to or from the patrol area.

b) Based on aerial reconnaissance of the submarine yards, Germany launched submarines at the rate of

- 5 per month in 1940
- 18 per month in 1941
- 26 per month in 1942

The number of submarine building ways has increased from 23 in September, 1939 to 180 in August 1941. No further increase occurred until April 1942. Between April and June, 1942, another 26 ways were put into use.

c) In 1942, it is estimated that it takes from nine to sixteen months, depending on the size, to construct and fit out a submarine. A further two-month interval is necessary for trial runs before the submarine enters service.

d) The average rate of loss of submarines is estimated at three a month prior to January 1, 1942, and four a month in 1942.

e) Germany began the war with 60 U-boats. On May 1, 1942, she had around 260. At the current rate of losses and launchings, it is believed Germany will have more than 430 submarines by January 1, 1943.

(Office of Strategic Services, "The War This Week", June 25 - July 2, 1942)
(The figures do demonstrate a threatening situation. It is necessary to remember, however, that the real bottleneck in submarine warfare has always been not submarines but the production of trained officers and crews.)

Voice of the Chief

Sub Stories are Cutting Enlistments

Wild rumors of the rigors of life on submarines are seriously affecting enlistments. The decline of voluntary enlistments is "a bad sign"..."because we can use no indifferent or average person drafted willy-nilly for our U-boats. For them we need daring, spirited young fellows - in other words, as we had them in droves formerly, young fellows who give the ultimate for their fatherland without asking a lot of questions.

"But these unscrupulous, in many cases even malicious, accounts about the alleged intolerable conditions on the U-boats on their long voyages, these appear to have more effect than the finest speeches of bemedaled recruiting officers in parade uniforms. And the worst (gathering places) for such inexcusable pictures are, specifically, such towns as Bracke, Breda, Emden, Pillau, and Buxtehude where the young U-boatmen are supposed to receive their first training.

"... In (Eaida), the recruits (were made) to hear that, out of the 400 men who have taken the course in the past 6 months, 150 have failed to return from the training trip or the trip against the enemy.

"Also, the nervous strain and the injurious effects of working under pressure on board are freely exaggerated. As a result, the fact that in the past 3 weeks, about 200 U-boatmen have been admitted to Wernigerode with nervous shock and mental disturbances has already led to the ridiculous superstition that every U-boat seaman sooner or later becomes mad.

"And this sort of thing is more readily believed if it comes from the mouths of active Uboatmen. Unfortunately, it must be said that those who always manage to get special leave and are feted as heroes in the cities for which their U-boats are named are the very ones who pompously have their mouths so terribly full of horror stories.
Reasons for the rumors "actually exist" and the only way to eliminate the rumors would be to eliminate the reasons. "The first step, of urgent necessity, is a notably longer and more fundamental training of crews as is constantly being demanded by responsible comrades. Three months of training leads to nothing except unnecessary losses in men and boats.

"The second important requisite in personnel management is regular home furloughs."

Raeder believed myth of sub troubles

When three Spaniards, after a review of the submarine base at Scheveningen, the Netherlands, told an irresponsible yarn of troubles aboard U-boats being repaired at Ferrol and Vigo, Spain, Raeder (General Admiral Erich Raeder) not only believed it but thoroughly investigated it, charges "Gustav Siegfried Eins".

"The Chief" characterizes the Spaniards as "Three many Spanish gallow-birds who took it upon themselves to express their unauthorized opinion of the mood and disposition of such U-boatmen" and says: "The Spaniards claimed that the submarines had not been able to reach their French ports and the men told the most...tales regarding their experiences in sailing against the enemy. Upon several submarines, the men had become insane and in Ferrol a kind of mutiny had occurred. A crowd of U-boatmen refused to go abroad again and a couple of them fled to Portugal to make off to South America with false passports.

"And Raeder, as a matter of fact, used the report to put something juicy over on the B.D.U. (Befehslahaber der U-Boote: "Commander of U-boats"). The whole affair, with the supposed mutiny in Ferrol, is accepted in dead earnest....

"In addition, Raeder had 32 Security Service stinkers sent down to Spain to investigate the matter and snoop around the U-boat crews...."

(Federal Communications Commission)

(The Federal Communications Commission states that the story in the New Yorker that the "Voice of the Chief" has been located in German territory is not correct. The F.C.C. engineers have not yet been able to locate the station. It is believed that the station is probably outside of Germany, but with good sources of information in Germany. The implication is that the station is not a genuine clandestine station, but a clever attempt on the part of somebody outside Germany to sow dissension between the Reichshehr and the Nazis.)
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"In addition, Raeder had 32 Security Service stinkers sent down to Spain to investigate the matter and snoop around the U-boat crews..."

(Federal Communications Commission)

(The Federal Communications Commission states that the story in the New Yorker that the "Voice of the Chief" has been located in German territory is not correct. The F.C.C. engineers have not yet been able to locate the station. It is believed that the station is probably outside of Germany, but with good sources of information in Germany. The implication is that the station is not a genuine clandestine station, but a clever attempt on the part of somebody outside Germany to sow dissension between the Reichshehr and the Nazis.)