

## I. 2-1/2% 1962 - 67

Boston assumed it would be reopened early in August. N. Y. suggests reopening and estimates \$500 to \$750 M. Also suggests coupon as well as registered form and redemption features similar to F & G War Savings bonds. Philadelphia thought reopening would bring \$500 M. Richmond reopen would bring about \$550 M.

St. Louis reopen

Kansas City reopen

Dallas reopen; also for estate taxes.

San Francisco reopen.

## II. Certificate of Indebtedness

Boston suggested C/I for 6 or 8 mos.

N.Y. " C/I

Phila " C/I 3/4% May 1943

Richmond " C/I 7/8 Aug. 1943

Kansas City suggested C/I

San Francisco " C/I

## III. Treasury bills

Philadelphia suggests increasing bills to \$400 M in Aug. and to \$500 M in Sept.

Rich. increase to \$400 M on Aug. 5

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St. L. increase to \$400 M

K. C. tap at highest bid price

#### IV. Tap issue

Phila. suggests this to get business funds, etc.

St. Louis divergence of opinion on this proposal,  
but it is recommended to keep fund out of banks.

Minneapolis thought this would attract corporate funds

Dallas " " " " " idle "

#### V. Periodic Drives

Boston thought this better than an attempt to  
sustain steady sales effort (see letter)

#### VI. Refunding \$894 M

New York suggests this early in September with  
Treasury note, raising at same time with some  
security \$500 M in cash. Richmond \$1,500 M note  
issue with \$600 M cash.

#### VII. Large Issue

New York suggests \$4 or \$5 billion issue late  
September or early October. Early decision is  
necessary in order to make preparation.

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## VIII. Tax Notes

New York suggests limit on Series A be raised from \$1200 to \$5,000 or \$10,000. Rate on Series B be raised from .48% to . 72%.

Philadelphia suggests adjustment of rate on Series B

Minneapolis - Higher limit on A and higher rate on B.

## IX Miscellaneous

New York - Victory Fund Com. be given responsibility for F & G's. Market bond issues under war financing be fixed at definite maturities.

Philadelphia - shortcomings in organizational set-up responsible for lack of greater success in sale of F & G. Also discount feature of G.

St. Louis - 2-1/4% bond might be considered.

Minneapolis - Increase limit on F & G to \$250,000.

Kansas City - A note issue

Dallas - 7 - 10 year bond issue would be well received.

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July 28, 1942  
9:45 a.m.

## INFLATION

Present: Mr. Bell  
Mr. Paul  
Mr. Stewart  
Mr. Haas  
Mr. Cairns  
Mr. Friedman  
Mr. Viner  
Mr. White  
Mr. B. Bernstein  
Mrs. Klotz

H.M.JR: This is what I asked you people to come together about. I have been doing a lot of thinking since last Saturday about this whole price question and inflation and financing. We go across the street and give ideas on Friday at the Cabinet to the President, a device, if he wants to control prices without going to Congress. Well, we immediately run into all kinds of troubles. We are talking here very, very much in the room, although I lifted up the paper yesterday, and the New York Times had a very accurate account of the thing as of yesterday. Today's Times carried it on a little further; but anyway, at least what goes on here we ought to be able to keep to ourselves.

What they ran into was this, to be frank, that the President seemingly over the week end decided he wanted to really get tough on both agricultural prices and on wages. Well, I think I had as much to do as anybody did two or three months ago when he made his seven-point speech, to ask him to put it up to the country that they would be reasonable on wages.

I think that the leaders of the two big labor unions would risk their leadership, for instance, by

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putting across no double time on Sunday, and so forth and so on, and that they have, I think, personally behaved extremely well - I mean, in the face of being kicked out by John Lewis of the United Mine Workers. And the head of CIO, Philip Murray, is really risking his whole leadership in his union by insisting on no overtime, and so forth, and there have been practically no strikes.

I feel - don't know if anybody agrees with me - that by putting it up to him on what I call an American basis, war effort basis, I think they have behaved well.

I also was responsible for the President leaving subscriptions to War Bonds on the volunteer basis, and I think that the people have responded fairly well on that, not as well as I had hoped; but, on the other hand, as Senator George said yesterday, there has been sufficient distraction to take their minds off the thing, tax bills, statements every day, and so forth and so on. They haven't come up to my expectation, but it has been pretty good. We will do over nine hundred million this month.

Now, we go over there with a legal device on how the President could do this thing without going to Congress, because Congress told him it would take two months, and the very two months' discussion would be disastrous, and Congress doesn't want to do it before election. We find that he wants to get - I think the best thing is that he wants to average the wage for the entire country, I mean the South and the North, and simply say that if a man is getting the average wage for the North and South that that practically is the ceiling. I am not saying that you get higher wages or lower wages, but I personally think we are in the position - I also think the position of the War Labor Board hooking up increases with increases in the cost of living is reasonable - is a reasonable way out. Suddenly to throw all of that into the ash can when there are a lot of labor leaders who don't want to

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win the war, are not interested in winning the war, would like to wreck the United States, and it seems sort of silly the CIO finds itself now in the conservative corner, trying to hold down their membership. They reached an impasse.

Even Henderson couldn't stomach what the President seemingly wanted to do over the week end, and of course there is a fight with the Man Power group. Is War Labor Board under McNutt, or is that directly under the President?

MR. BELL: It is independent, I think.

MR. WHITE: They are not under McNutt.

H.M.JR: Who are they responsible to?

MR. WHITE: I think the President.

MR. PAUL: Mr. Secretary, what Henderson couldn't stomach was the agricultural end of it. That was purely a legal difficulty.

H.M.JR: That is the question of a hundred and ten percent parity, the President groping for a new parity. Well, whatever they do on the agricultural front, the thing that I say - I wouldn't say I can't stomach it because I told the President I could - it is an Alice in Wonderland. If you give them a hundred percent parity, and then in the case of pork, if the packer can't buy it and process it and has to take a loss after giving the farmer that, instead of saying, "Well, pork is too high," you say to the packer, "You show us your books and we will make up the difference, whatever you lose on packing of fifteen cent hogs or sixteen cent hogs" - has it gotten above fifteen, George?

MR. HAAS: Around there.

H.M.JR: It doesn't make any difference. It reaches a point where you have a condition like up

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in Boston where they simply say - the packers say, "To hell with it, we are not going to kill or process any more meat, that is all; we are just going to stop." If they are going to continue the same thing, I very grudgingly admit that rather than have inflation, I would rather see them make up the losses of the companies that are trying to operate under these ceilings. I am being very, very frank here. I have to be if I am going to get advice. I told that to the President, that it is the least of two evils, and rather than see them raise the pork to eighteen or twenty, let them make up the deficit in the processing.

Incidentally, weeks ago I drew Henderson's attention to the fact that nobody, for instance, has ever attempted to go to the Army and Navy and say, "In your purchase of meat why don't you, if you are buying pork chops five times a week, buy it three times a week and buy a little poultry, which happens to be cheap, and coordinate the buying of the Army and Navy with the buying of Lend-Lease." As far as I know, that has never been done, and they are scared to death of the Army. I mean, they have never said to the Army - they did ease up, I think it was last week, on Lend-Lease on buying the pork, and George gave me a chart, and when they ease up on their buying - it is in this week's chart - of pork for Lend-Lease, the prices just go with the buying of Lend-Lease, but now if they added that to the Army, to which they don't, George, and they are scared of it. So I arrive at this thing, I called up Rosenman about fifteen or twenty minutes ago and told him that I would like to come over there this morning before eleven o'clock with one or two of my people and just let him listen to the idea of the rationing of money as an alternative. He says, "Are you ready to recommend it to the President?" I said, "No, I want you to listen to it."

If I understand it, and I think I understand it, that if we went the route of saying to the family that has three thousand dollars, "You can spend two thousand" - I mean, I am going the whole hog now for the minute,

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"and we will give you for your two thousand a series of books, so much for food, so much for clothing, so much for this and that," I think I am correct that all these other things would fall by the wayside, Rosenman immediately will raise the question, "Could the President do the rationing without going to Congress," and I don't know how to answer that. Paul, do you?

(Mr. Bernstein entered the conference.)

MR. PAUL: Yes. You have got an opinion drafted on that?

MR. CAIRNS: Yes.

H.M.JR: What is the answer?

MR. PAUL: Yes.

MR. WHITE: Yes, and no; it depends on how it is done, and also there would be a large appropriation necessary so that you probably would have to go to Congress anyway.

H.M.JR: You would need an appropriation?

MR. CAIRNS: You have got to police it some way.

MR. BELL: OPA has a hundred and twenty million dollars.

MR. WHITE: If you could use that--

MR. BELL: I assume you would put it under Henderson and he would go ahead and use it. When he ran out of money, he would stop. Congress would have to give him more money.

MR. WHITE: It would take a lot of money. You may be able to handle it with that for the first six months or so.

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H.M.JR: Just to throw it in, to get it by election, if that is the hurdle - I mean, I am not going to let that influence me, but there is no reason in the world that with well over a million Federal employees the President couldn't ask every department to help, if necessary.

(The Secretary held a telephone conversation with Vice President Wallace.)

H.M.JR: The point I want to get at is this - I unburden my heart here, and saying you are terribly worried doesn't help any, but I mean, unfortunately the President permitted story after story to go out of the White House for almost three weeks.

Now that he is going to do something, and nobody around him - the Attorney General is sitting over on the trial of the eight saboteurs, and he did absolutely nothing that I could find on the thing, and so nobody around him did any ground work until I talked to him at Cabinet Friday and laid a piece of paper on his desk. I mean, instead of somebody following what the President does every day and saying "Wait a minute. Before you go any further, you had better see where you are at and bring in the various people involved because there are so many people involved in this." But he didn't, and I sort of brought it to a head. I don't think that is an over-statement, is it, Randolph, by bringing this memo - giving it to him at Cabinet, and so forth, and so on?

MR. PAUL: No.

H.M.JR: Now, I would like Judge Rosenman to take a look at this other thing as a possible alternative. I am not recommending it; I just want to bring it to his attention. And until I hear from him - he says he is going in to see the President in the morning; and when he comes out, he is going to phone me.

I have unburdened my heart very, very confidentially and fully. Let's start with Mr. Bell.

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MR. BELL: Well, I think the whole subject has to be reviewed again. I don't know whether rationing of expenditures is the right attack or not, and I don't know whether we have the authority to do it, but I do think we have to review the subject. I just don't know which way to step, frankly.

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

MR. WHITE: We had three alternatives that we were going to suggest to you. That rationing of expenditures was one. There was a form of compulsory savings which was a little different than the ordinary concept of compulsory saving which would arrive at somewhat similar results; and third, which was almost identical with the compulsory saving, with the modifications, except that it approached it through a progressive tax. We were going to have that ready this noon, but I still think that the rationing of expenditures is probably the best, though I don't think one should understate the administrative difficulties which will be very substantial, and the expenses may be as high as a hundred and fifty million. It may even be two hundred million in a year. I just don't know enough about it at this stage of the game.

H.M.JR: That wouldn't--

MR. WHITE: It is a cheap price to pay for stopping inflation.

H.M.JR: If it was the fact--

MR. WHITE: If you spent that much, it would be unquestionably effective.

MR. CAIRNS: The eight o'clock radio said that the President was deferring his anti-inflation program until he received a special report from Judge Rosenman.

H.M.JR: Well, I just talked to Judge Rosenman. He said to me, "Henry, we are completely in the air."

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I mean, I just called him up a little after nine o'clock. He said, "We are completely in the air."

MR. VINER: Who does he mean there? I mean, who is working on it?

H.M.JR: Well, there is Judge Rosenman--

MR. WHITE: OPA.

H.M.JR: Henderson and his General Counsel, and supposedly Oscar Cox.

MR. PAUL: He doesn't do very much work on it. Practically all the work has been done by Dave Ginsburg and our shop.

H.M.JR: And in the room here, Justice Byrnes working with Ginsburg--

MR. PAUL: He only approached that one end of it on the agriculture, and the question of 3-F on a legal basis.

H.M.JR: I brought it to sort of a head Friday and sort of precipitated the thing, because each day you read in the paper that the President was going to do something.

MR. WHITE: We had a memorandum here ready indicating why we think the Executive Order is most unwise.

H.M.JR: Well, let's just for the minute take that for granted.

MR. VINER: That is an order that has not yet been issued?

H.M.JR: It hasn't even been written.

MR. PAUL: It has; we drafted a couple of them, and it is still in the very formative stage.

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H.M.JR: I mean I doubt even - to bring you up, Rosenman has lunch with the President Monday and puts up to him this thing, and he begins to see people, and anybody that is at all affected by this in Washington, you might say - well, I don't suppose anything has happened in a long time which has created as much excitement in Government circles. Many people have different opinions, you see, and in view of that and my grave doubts about doing anything, and I happen - people in the Treasury don't all agree with me - I happen to believe, well, for two reasons, that the President has to do something.

In the first place, he is out on the end of a limb. He said he would; and even if he hadn't said anything, I believe he should. Now, some people here don't agree with me, but I think that the thing can't just go on drifting this way; and if he suddenly announced, "I am not going to do anything; everything is lovely," I think that would be just too terrible.

MR. PAUL: I don't think anybody disagrees with you that something has to be done. He only says we have a reasonable time in which to do it.

H.M.JR: No, he sat here yesterday and told me there was no hurry and we had months, that prices are all right, ceiling isn't cracking.

MR. PAUL: I don't think that is Harry's point.

H.M.JR: He told me this.

MR. WHITE: May I talk for myself?

H.M.JR: On those things I have got a photographic mind, and I know what Harry said. I told Harry I wouldn't argue with him because I didn't want to get excited.

MR. WHITE: What is behind it is--

H.M.JR: That is what I would like to know.

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MR. WHITE: I said that it wasn't too urgent - it is urgent from the point of view of getting to work on something, preparing something.

H.M.JR: You were talking about the price level, the cost of living, how beautiful it was, and when I spoke about the case of subsidies and the packers, all that you said was, "Well, just trifles."

MR. WHITE: Well--

H.M.JR: Harry, you sat right in that chair, didn't you?

MR. WHITE: You can take anything out of context, Mr. Secretary.

MR. VINER: What he said, I think, was you have two months at least for good, careful, cautious planning, that there is going to be an explosion if you don't do something; but I would be sure that you have got at least two months.

MR. PAUL: That is the opinion of Colm.

H.M.JR: Colm and Viner? (Laughter)

MR. WHITE: If that is the opinion of Colm, why take the position that the explosion is around the corner? (Laughter)

H.M.JR: Five months ago, last November - did I bring Viner all the way back from Chicago to concur with Colm? (Laughter)

MR. VINER: I don't care whom I concur with; I am democratic. I don't care whom I concur or disagree with. (Laughter)

MR. PAUL: If he isn't in a hurry - Colm, he has been the fanatic on inflation controls.

MR. VINER: I am in no hurry on the Government working out a plan, because I think it will take

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very careful consideration, and I think the most important thing to remember is don't have your plan quarter-baked or half-baked; have it ready to put into operation before you say a word to the public, because I think some of the things, good steps, that have already been taken are sour because they were started so clumsily and so badly, such bad press, that they are never going to work.

H.M.JR: I just want to say here - if anybody questions it, they can look at the stenographic notes last November - everybody said inflation was not around the corner, but was right on us, and there was only one man that didn't agree at that time, and that was Lauch Currie. I mean, everybody said it was just desperate. That was last November, and Lauch Currie said, "There is no hurry."

MR. BELL: Do you think we have got three months to study it?

MR. VINER: Oh no, I don't think it is a question of study; I think this will take at least a month to work out the orders, procedure, staffing, and so on. You have two or three months for study and administration, the preliminary administration, so that you have a machine ready to go.

MR. WHITE: We thought it would be ready to go right after election since there seems to be some serious doubt about before election; but if you wanted it right after election, you have to begin full speed ahead at this moment.

Mr. Secretary, there is one thought I have in mind. I wonder whether you think it might be effective to tell Judge Rosenman--

H.M.JR: You forget everything you said yesterday?

MR. WHITE: You didn't have a photograph of what was in my mind.

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H.M.JR: You are wrong; I knew what was in your mind. That is why I didn't argue with you. I thought what was in your mind was all right, but what you were saying wasn't.

MR. WHITE: Would this be effective argument to give Rosenman that, after all, they are not going to even partially solve this problem of inflation by that Executive Order which they had suggested, because there still would be a gap of from twenty to thirty billion dollars which must be closed somehow, even if labor didn't get a single cent increase in wage rates? Even if they didn't get a single cent increase in wage rates, you would still have the major portion of your problem left. You are not solving it this way. Therefore, why throw a monkey wrench in the machinery for an end which is so partial, and I don't think they realize that. They think if they stop wage rates they have got the problem licked. They are not even touching it.

MR. HAAS: It completes the ceiling arrangement.

MR. WHITE: But you still have twenty or thirty billion dollars you have got to take care of.

H.M.JR: Just a minute.

(Discussion off the record.)

H.M.JR: Well, anyway, where were we?

MR. WHITE: There is some correction, Mr. Secretary, in your explanation of the rationing system; you said something that wasn't quite clear to me. This particular proposal doesn't envisage the giving of different books to individuals.

H.M.JR: Well, that is--

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MR. PAUL: I would like to say something that I think goes more to the heart of the whole situation. I think what the President - the direction in which he is moving is a very dangerous one, and I think the reason he is moving is because he is assuming that we can't control inflation by various devices. He says we can't get it by taxes, we can't - we have gone in for voluntary savings. He doesn't know about the rationing of money. He hasn't that in mind at all. He thinks he is driven to this step because of the inability to control the situation through all the other measures. Now that, to my mind, forces us to reexamine it. It is true you can't do it with taxes, but we ought to reexamine our compulsory savings position; we ought to shoot as hard as we can on this rationing proposition, and everything we have decided so far seems to me now to be open to question because we are put on the spot. Something has got to be done, and we have to get another alternative. We can't just complain about this one.

H.M.JR: Walter, do you have any thoughts on this?

MR. STEWART: I am not clear about this prospective Executive Order. If it is intended to be a ceiling on wages and farm prices, a completion of ceiling without any proposal for rationing or absorbing the additional purchasing power, then I think it is just worse than futile.

H.M.JR: Let me do this, because I haven't yet had Paul outline it to me, and I would be very glad to hear it myself. Supposing, Paul, you or one of your men give me--

MR. PAUL: I can do it, but I think perhaps Mr. Bernstein, because he has been spending more hours on it than I have--

MR. BERNSTEIN: What the President said he wanted to do--

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H.M.JR: Pull up your chair. You fellows sit in the back row, and you are like on a mourners' bench.

MR. BERNSTEIN: With respect to the wages, what the President wanted to do was this: He wanted to determine on a nation-wide basis the average wage paid, industry by industry; and anyone now getting the average wage or higher in an industry would get no increase in wages. Anyone getting less than the average wage could, by collective bargaining or otherwise, work his way up to the average wage. At that point wages would be frozen tight.

At the same time they would set up a new cost-of-living index in which would be included only the necessities of life, including no luxuries and no borderline cases. That index would be fixed as of August, 1942; and only if that cost-of-living index increased by five percent or more would there be reconsideration of wages. The idea, therefore, is to do something much tighter than the War Labor Board proposal, because that was too liberal; that was too generous. That was going to result in a tremendous increase in wages with a huge inflationary result.

On the agriculture side the President was prepared, despite what Barkley and Byrnes said, and I think was somewhat influenced by our suggestion that you could control prices by controlling credit, because Rosenman said the President immediately hopped on that idea, to cut across Section 3 of the OPA statute, which requires a hundred and ten percent parity as the minimum prices for agricultural products. He would cut across that on the theory that the fundamental purpose of the whole program was to assure agriculture a hundred percent of parity, and the hundred and ten figure was included simply to assure on a year-round basis that the farmer would get a hundred percent. So he would say to the farmer, "I will assure you a hundred percent of parity, but not a hundred and ten, and we, therefore, will fix prices on those items that are still subject to fixing at a hundred percent of parity."

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In reply to that the OPA people began to belittle several of the agricultural items to be fixed, saying there were only four or five classes of items, that the bulk of the items either had passed the hundred and ten percent of parity or were so far down because of huge supplies. It rests on that basis. The OPA was supposed to draft an order.

H.M.JR: Do you want to ask some questions?

MR. STEWART: It is what I said, it is completing a ceiling.

H.M.JR: It is what?

MR. STEWART: It is completing a ceiling with just as good a chance the house will burn down as there was before.

H.M.JR: That is what bothers me. I don't know who stated it here. The thing that bothers me, and I don't know - I am sure that up to this morning I haven't got the answers - that the President, finding himself out on a limb, angry with the farm bloc, particularly, might do something which really might set a match to a very - well, to a fire which he couldn't put out. I don't, as far as I can make out - he is really angry with the farm bloc, and he sees these things popping through the ceiling here and there, and the danger signals, and they come along.

I don't know if other than coal that they have given a subsidy in any instance, but they have, you know, in coal. In moving coal to New England, whatever the loss is the Government has made it up - the Government--

MR. VINER: Also petroleum.

H.M.JR: I don't know whether they have or not. They might have. I can't keep up with it all, so I just feel that possibly we here might think up something

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better than what is before him now. It gets down - I don't know, maybe I am all wrong, but after all, you have so much money in your pocket. I have a hundred dollars in my pocket, and there is only so much goods on the shelves that I can buy. The question is, what am I going to do with the rest of this money. Am I going to compete for the goods that are left, or am I going to lend it to my Government to pay for munitions?

Now, I don't think that is over-simplifying, is it?

MR. WHITE: That is one way of stating it. There will be seventy to eighty billion dollars of money looking to buy about sixty or sixty-two billion dollars worth of goods.

MR. PAUL: And that won't be touched by this control that is there now.

MR. HAAS: No, but it will come before the year is up.

MR. WHITE: The wage control doubtless will reduce it over what it might otherwise be by several billion dollars.

MR. PAUL: It doesn't touch that twenty billion that is there anyway.

MR. WHITE: That is figured on a conservative estimate.

MR. PAUL: The only way we have of touching that is voluntary saving, compulsory saving, or rationing.

MR. WHITE: Or taxes.

MR. PAUL: In taxes we know we can't go far enough.

H.M.JR: Well, I remember that last fall this question of rationing of money intrigued me very

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much. I was amazed to read there is available here - anybody may have it - a memorandum from Sir Frederick Phillips, and the English haven't gone nearly as far as I thought. They haven't gone anywhere except on clothing.

MR. WHITE: Meats, clothing, and certain foods.

H.M.JR: Who has it now?

MR. WHITE: I have it now.

H.M.JR: If anybody wants it - also an amusing thing, "I herewith enclose a confidential memorandum from OPA on this subject, which is the best that I can give you at this time," and he enclosed about thirty pages of OPA on the subject - Sir Frederick Phillips of the British Treasury. (Laughter) But I don't know how you felt, Harry, I was disappointed that the English evidently haven't gone further than they have. It seems as though they just made a nibble at it.

MR. WHITE: I think the items they cover - it is practically all clothing, meats, and some foods. It is a pretty substantial area of the kind of expenditures which the bulk of persons make.

H.M.JR: The way I feel this morning, and I have arrived at this alone - I mean, I haven't talked to anybody, but I have been doing an awful lot of thinking, within the limitations of my brain, and where I have arrived at now, I should think with the people in this room what we could do is to set up an ideal plan. Let's forget elections; let's forget politics, but let's set up an ideal plan for the President which would do the whole job, no matter whose corns it would step on or whose pet theories, including my own - and I haven't got any. But I would like to approach this thing. Here is this gap that we have been talking about; going back again to those meetings with Mr. Barnard, we have been fooling around with this thing, and we have been trying to do the thing, and a series

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of compromises with the politicians - that is what it amounts to.

Now, I can make the most beautiful speeches in the world about pre-Pearl Harbor exemption.

MR. PAUL: I notice how they are picking up your phrase. Lindley was using it this morning.

H.M.JR: I get a lot of personal satisfaction out of it, but it doesn't get me anywhere.

MR. CAIRNS: 'One' limitation I assume - there is one limitation in your proposal that I assume you want us to act on, and that is that we do it without legislation.

H.M.JR: Not necessarily. What I am saying here - what I am asking for is an ideal plan, irrespective of how you arrive at it. I mean, you can't immediately first say you have got to do it without legislation.

MR. CAIRNS: We can't do general rationing without legislation. That is the only way.

H.M.JR: Huntington, what I want to say here is this, because I think this, that if the plan was good the President could get this legislation, and what I hope it would be would be a new route so these fellows wouldn't have to say, "Well, I voted for a hundred and ten percent, and I am on record," so that when he goes back to reelection he wouldn't be facing a hundred and ten. Well, he will say, "We still have the hundred and ten percent on the books. I did my best for you. The President didn't change that. Now, he did something else, and that isn't my fault. The President did something else."

But the thing that the President has been bucking, and that is why he can't get anywhere - Barkley won't let him - he goes right up against these fellows, says, "You have got to have the hundred and ten percent, and

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we will let you sell a hundred and twenty-five million bushels of wheat, or corn, or whatever it is, provided it goes into the mouths of animals at eighty-five percent of parity." That is the only concession he got. I wanted to fight on the hundred percent level, and Wickard wouldn't do it.

I want to say this, that Wickard, on the price thing, has been terribly good, much more forceful than Henry Wallace ever was, much more forceful and much more conscious of the whole - well, I think he is a much better Secretary of Agriculture than Wallace ever was, because he is a fighter.

MR. BELL: He is in more hot water than Wallace ever was with his own people.

H.M.JR: You have got to be, Dan, if you are going to fight. So to answer your question, what I am asking for is something which - purely forget Congress, forget elections, and we can go to the President and say, "Look, Mr. President, here is an over-all plan that as far as we can see, looking forward to expenditures of two hundred billion dollars and a constantly decreasing amount of supplies, going down to '32 levels for civilian supply - that this will cope with that situation."

(The Secretary held a telephone conversation with Judge Rosenman.)

MR. BELL: How about this expenditure tax?

MR. PAUL: The spending tax is one of the three.

MR. WHITE: But the chief difficulty about that is that they will take that tax, and they will make of it a revenue sales tax, slightly progressive sales tax, which will help meet a revenue problem, but will not even approach the problem that we are after.

MR. BELL: It is big enough that it will certainly--

MR. WHITE: Yes.

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MR. BELL: ... hold the expenditure down.

MR. PAUL: It could be one--

MR. HAAS: You could do that and still do the other later on.

MR. BELL: I like that, I was asking about the expenditure tax. Harry said that was one of the things he suggested.

MR. WHITE: One of the three alternatives, but the great obstacle in our mind is that they have converted it into a revenue measure - it is so akin to a sales tax.

MR. PAUL: It is quite different from a sales tax, Harry.

H.M.JR: What I would like to do, if Bell and Paul and White will accompany me - I would like to walk over there now and see the Judge. What did we have at eleven?

MR. BELL: Nothing. We cancelled that.

H.M.JR: And then when we come back, I would like to continue this conversation.

MR. WHITE: About one o'clock we will have a memorandum comparing all these things which this group could begin working on.

H.M.JR: I will be ready in three minutes, and I would like Bell and Paul and White to accompany me.

July 28, 1942.  
10:10 a. m.

AID TO BRITAIN

Present:

Mr. White  
General Meyers  
Mr. Hicks

H.M.JR: Frankly, I smell a rat, the rat being that you fellows, knowing my friend Jack McCloy, most likely will say, "I can't pull this on Morgenthau without letting him know, because three months from now he may ask me to pay a hundred million dollars; but if I have told him all about it, then he can't do anything."

MR. WHITE: I think this time the rat is in the other fellow's stable.

H.M.JR: In the English?

MR. WHITE: I mean there certainly is no rat here.

H.M.JR: Are we very honest and ethical about this?

GENERAL MEYERS: I feel so, sir. I feel that we have approached it from not only an equitable angle, but from a point of view of our position before the American public. I feel that it is a situation in which, by happenstance, for strategical reasons, we have taken certain models of airplanes from British contracts and given them certain models of airplanes from United States contracts. It could have had the strategical situation--or, the employment of the weapon could have been a little different, then it might just as well have been that they would have gotten all their own airplanes and we would have gotten all our own airplanes.

MR. WHITE: The General remarked that some of the planes that we took from them they didn't want - a large number.

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GENERAL MEYERS: That is very pertinent. In one case of our Lockheed P-38 model airplane, that two-engine fighter, their version of that airplane was called the Lightning. There are a hundred and nineteen of those airplanes right now that they refuse to accept.

H.M.JR: That is several months old?

GENERAL MEYERS: Yes, sir.

Now, of course, as Mr. White stated, it is one point - it is an angle.

H.M.JR: The machine wasn't any good.

MR. WHITE: They ordered it, didn't they?

H.M.JR: Yes, but we made it.

GENERAL MEYERS: But we made it, that is right.

MR. WHITE: I mean with the specifications, the carrying out of the specifications - the whole conception of the plane.

GENERAL MEYERS: It isn't really pertinent to the case. It is a fact.

H.M.JR: Incidentally, has the plane - the defects - been corrected, the wobble in the tail, and all that?

GENERAL MEYERS: That isn't the reason these airplanes--

H.M.JR: But the subsequent ones?

GENERAL MEYERS: It has been corrected to a point where the airplane is operational. We can now fly that airplane at speeds of four hundred miles an hour, indicated air speeds of four hundred miles an hour, which speed is a true speed in excess of five hundred miles an hour. The tactical employment of any airplane would rarely demand, in the present situation, a greater

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performance than that.

H.M.JR: Yes, but there were other things which - I mean I know you took delivery at San Diego and then moved it somewhere into Texas.

GENERAL MEYERS: We moved from Los Angeles down to Dallas.

H.M.JR: And started monkeying with it down there, trying to make a good plane out of it.

GENERAL MEYERS: There were several things about their planes. As a background, when the British originally ordered their so-called Lightning airplanes, the British were completely devoid of supercharger consciousness. They wouldn't go along with us on superchargers at all at that stage of the game. The war was going to be fought at fifteen thousand feet - by order it just was going to be fought at fifteen thousand feet, so they wouldn't have that supercharger on that airplane. That was one thing. So that precludes the use of that airplane without superchargers for the purpose for which it was really intended in the light of the developments of the whole operation.

Another thing, they built that airplane and wouldn't go along with us with opposite rotation propellers. Both engines revolved their propellers in the same direction, which created a bad aerodynamic effect on the airplane. Now, that is what is being corrected - changed at Dallas now, and the tails - the adjustment to the tails to eliminate that flutter, as well. So there were several things about it that made the airplane unworthy as a fighting airplane.

H.M.JR: But, General, what I can't understand is that we kept right on taking delivery of those things. We kept on building them with the defect - I mean, the reason I am spending so much time is you have got a plane - and you have all kinds of trouble with it. As I understand it, there are great difficulties in bailing out; you have got to turn the plane upside down

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to get out, or else get caught in that cross bar. Is that right?

GENERAL MEYERS: That isn't totally right. It is difficult.

H.M.JR: It is very difficult. You are apt to get caught in that cross bar connecting the tail and--

GENERAL MEYERS: It is difficult.

H.M.JR: I mean, it is very difficult to bail out.

GENERAL MEYERS: Yes, sir.

H.M.JR: No, but I mean the thing I would like to ask you, still we keep right on making it, and the last I heard, which is not very recent, they still hadn't - I mean, they still had to take the planes from San Diego down to Dallas and still keep--

GENERAL MEYERS: No, sir, not the airplanes that are coming out of production now.

H.M.JR: Are they fightable, the ones that come off the lines now? Can you fight with those?

GENERAL MEYERS: Yes, sir, but now I must qualify that statement. Nearly all our airplanes that are coming off the production line are going through what we call modification centers. For example, the Flying Fortresses, with which you are familiar, the B-17 and the B-24, the Consolidated, those airplanes, after all this production, are going through what we call modification centers to incorporate changes that have become necessary in the light of operations and of experience in actual combat.

For Example, when the B-17's first went over there the Japs were coming in from the four quarters where there was a blind spot in the armament protection. As soon as we learned that they were able to do that, we immediately set up this modification center and put in a gun on either side at that point, and things such as

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that develop all the time, constantly. We hope to reach the ideal of having an airplane come off the production line into a combat unit. I don't believe it will ever happen. For example, the crisis that I spoke of yesterday, we just can't get these light bombers over to Russia in the time that we want to get them there, so I struggled and struggled to get extra gasoline tankage in those airplanes.

If we had told the factory to have the airplanes come out of the plant with those tanks in, they would have had to stop production and re-jig and replan the flow of that manufacturing cycle to such an extent that there would probably have been two months when we wouldn't have gotten one airplane off that line. We are always trying to approach that, so we say, "Well, you go ahead and deliver those airplanes as they are coming off the production line. We will set up this modification center, and we will have the parts built here, there, and yon, and do it ourselves over here, or have someone else do it."

Then you figure doing it up here in the three hundred and fiftieth article, so that you can plan your production line accordingly, and that is exactly what we did in the case of this light bomber, the A-20, at the Douglas plant.

However, in spite of that plan to do that, when they got the engineering all finished and got the tank in it, and got all this Rube Goldberg plumbing that is essential to put in it to make it operate, the first airplane that flew with the tank was just like a sieve. The tank leaked, so you say, "Well, why wouldn't you have tested the tanks? You can put gasoline in, shake it up here in a tumbling machine, and try it." Well, we do do that, but when the airplane gets in the air, it leaks.

Now, you have all the best engineering talent in the country developing and producing that tank, but in spite of all the best engineers in the country, it leaks, or the plumbing or the pump doesn't work right. You have - you design a pump or a new piece of equipment

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to go into this melee of plumbing that goes into it, and it is very complicated. To build a gas tank in the plane where there are these various ribs and protrusions and other equipment, you have to almost mold a tank in there. It is of a wierd shape to get it in there in the first place. And it is that sort of thing that requires this - I spend this time on it because it is that sort of thing that requires what I say is this modification center. There is no such thing, I am satisfied, of not interfering with production when you make changes in the production line. There "ain't" no such animal, when you are using all the productive facilities of a plant - there is no such thing.

H.M.JR: Well, thanks for the explanation. Now, let's go back to the English.

Harry, do you want to give me your viewpoint? I imagine Phillips is outside.

MR. WHITE: In a letter to you from Secretary Stimson on April third, he made a statement with respect to the treatment of transactions encompassing this very one.

H.M.JR: Stimson?

MR. WHITE: Stimson did, and the Portal agreement that you spoke of, which the General brought along and showed me, in a cursory examination doesn't touch on these matters at all. It is an agreement which relates to the strategic disposition of various types of planes, the various theaters of war, and goes into some detail as to what they may expect in the way of distribution from a general pool, so that that agreement doesn't really bear on the question of financing at all.

*me safety in treasury - means almost to Stimson's work -*

Now, I would like to read the one phrase from this letter which I think bears on the point. This letter indicates that all the planes which are produced here will go into a pool, irrespective of the origin, irrespective of whose it is, and from that

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pool they will go out to various theaters of war. This refers now to planes which go to some foreign source belonging--

H.M.JR: This is the Portal agreement?

MR. WHITE: No, I am reading from Stimson's letter.

H.M.JR: To me?

MR. WHITE: To you, of April third.

H.M.JR: Is that the famous one McCloy wrote, and Stimson said he couldn't understand?

MR. WHITE: Yes, but this statement is clear. "It will be the responsibility of the foreign governments, from whose contracts equipment has been taken, to see that appropriate documents are forwarded to the War Department upon which a credit can be made to their Lend-Lease account."

If I might paraphrase that, I would say it will be the responsibility of the British government, from whose contracts equipment has been taken, to see that appropriate documents are forwarded to the War Department, on which a credit can be made to their Lend-Lease account.

H.M.JR: Of course, that is Stimson's viewpoint.

MR. WHITE: That is Stimson's.

H.M.JR: Let me just ask you this. Where do we stand, Harry, with them, going back to March 15, '41, when I was trying to get that three or four hundred million dollars--

MR. WHITE: The three hundred or four hundred million has been obtained. You remember there was a letter which you thought of sending, which you are holding up, which explains--

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H.M.JR: Which I have not read. I have not read it, so I don't know what is in it. Is the three or four hundred million taken care of?

MR. HICKS: About three hundred and seventy million has been obtained.

H.M.JR: I mean, clean-cut?

MR. HICKS: Without considering any of the marginal cases at all, I believe--

H.M.JR: So I mean I can say to them that that--

MR. WHITE: I definitely think so - definitely. The only hesitation about sending the letter arose from some other cause, not because of that.

H.M.JR: I had another reason. But now, are you through?

MR. WHITE: No, I was going to say their situation, you remember, when we considered what to do with the three hundred million dollars of pre-Lend-Lease contracts, whether to take them out or not - well, part of that three hundred million is this hundred million, and according to General Meyers, they probably haven't known until now that this hundred million dollars' worth of planes going to the pool was not going to go to them. They are getting other models instead, so that it seems to me that the question of whether they should get this hundred million or not was part of the question which was tentatively answered at the time we were discussing the three hundred million.

They now have seven hundred and seventy million dollars' worth of gold.

H.M.JR: Gold?

MR. WHITE: Gold and dollars other than the Belgian gold. They will lose, in the next six months, about three hundred million, leaving them about four

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hundred and seventy-three. They will get approximately three hundred and forty million, putting them back over seven hundred million.

In addition to that, they will get around ten million a month from troop expenditures, and we are buying, sterling, about ten million a month, and it may run more than that. That would mean another six hundred million, so they will have at the end of the year, we estimate, at least eight hundred million, and may be closer to the nine hundred million.

H.M.JR: Ten million a month - isn't that--

MR. WHITE: No, but in addition to what they already have.

H.M.JR: The thing that I have got to decide here for the War Department is this, gentlemen, - everything is finished now, washed up - I make this decision, and from now on anything - either one of two things happen to the remaining contracts, "Either you pay for them or they go into the pool, and you get things in exchange.

GENERAL MEYERS: Based on the strategic need of the equipment.

H.M.JR: "And the stuff that you turn into the pool - the stuff you pay for you get a credit for with Lend-Lease against the money we are advancing."

Now, the question is, should I say to this fellow, "Now, we made good on the three to four hundred million. That is all we ever promised you - and it never was promised you."

MR. WHITE: Never was definitely promised.

H.M.JR: "And so, from now on you can't expect anything more on those old contracts."

MR. WHITE: Or you might say that--

H.M.JR: I mean I am just practicing. I am not

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saying I am going to say that.

MR. WHITE: Or you might also say that the dollar position looks as favorable as they had hoped it would be - expected it would be.

H.M.JR: I am not saying I am going to say this. How much more outstanding contracts have they got?

MR. WHITE: Now?

MR. HICKS: Less than three hundred.

MR. WHITE: Somewhere between two hundred and fifty and two hundred and eighty-five. I don't know the exact figure.

H.M.JR: Of course, the other thing which nobody has brought up - I don't care whether Phillips waits a few minutes - I told the Senate - you check me on this - that they would pay for all outstanding contracts which, as I remember, was around a billion two hundred million.

MR. WHITE: That is definitely what you testified.

H.M.JR: That is what I testified. Of the billion two hundred million, how much do you suppose they really paid for?

MR. HICKS: Probably more than that, in all, because there have been adjustments and amendments to the contract. I think they could show that they have paid that amount that you said they would pay.

MR. WHITE: That is because there were a lot of adjustments and some additions that probably amounted to four hundred million dollars.

H.M.JR: Additional?

MR. WHITE: I think so, so that they probably have paid a little more than that even though you

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have taken - you have had some take-outs that you have taken over.

H.M.JR: Of course, then the other thing is, looking at it from another standpoint, supposing this - we here figure on a five-year war, if we are wrong we are lucky, and if we don't - I mean, ~~we~~ can't figure on a one to two-year war. Supposing this war lasts five years, the English will need money. Can we get it for them any easier than reimbursing them for this three hundred million dollars' worth of contracts they have outstanding now?

MR. WHITE: I can't think of any way, off-hand, other than Congress giving it to them.

H.M.JR: Yes, and that is the thing that I hate to go up for. I mean, that is the other side. Do you see what I mean?

MR. HICKS: There will always be adjustments in reciprocal aid to provide money if at that time useful.

H.M.JR: What do you mean?

MR. HICKS: They are now making agreements to provide certain things our troops will need in the British areas under reciprocal aid. If it should later become convenient to increase their dollar balances, you could make an adjustment to that agreement.

MR. WHITE: There is something more than that, it seems to me. If it is going to be a five-year war, they are going to need a lot more than this hundred million. So I think you will be placed in the perfectly legitimate position that when you went to Congress you asked them to undertake the Lend-Lease arrangement, because they were out of money, which was true at the time; and the Lend-Lease operations took place. Since then they were able to accumulate some money, and they will have seven or eight hundred million; maybe in the second or third year, circumstances will be such that they will lose some of that, and it will be quite

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appropriate to go to Congress.

H.M.JR: When you figure seven or eight hundred million at the end of this year, are you figuring they are going to pay the three hundred million dollars in cash?

MR. WHITE: Yes.

H.M.JR: They can pay the three and still have seven or eight - you are sure?

MR. HICKS: A few items--

H.M.JR: I will give you a leeway of a hundred million.

MR. WHITE: Within seven hundred, anyhow. I think it will be more than eight hundred.

H.M.JR: Let me state it once more, that they can pay for this with cash and still, on the first of January, have seven hundred million?

MR. WHITE: Yes, and still pay even that fifty million on the movies - that is, of course, counting their gold, which they don't like to count, which they won't count, and that is not including Belgian gold, and not including their private investments, and things of that kind.

GENERAL MEYERS: I had just one thought. Isn't it true that part of this three hundred million dollars you gave them was to pay for these very airplanes we are talking about now?

H.M.JR: I don't think so.

MR. WHITE: No, we took on some other contracts.

GENERAL MEYERS: In effect - then I will discard that.

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H.M.JR: No, that would confuse it. The hard-boiled decision I have got to make is to say to this fellow, "Now look, Sir Frederick, we are right up against this, and I am telling you today that this hundred million dollars, or the balance of the stuff, we expect you to pay cash for. Now don't come around doing the baby act."

GENERAL MEYERS: Have you talked to him at all? Maybe he doesn't expect this - I don't know.

H.M.JR: Oh, you don't know yet? I will put it as fairly as I can.

MR. WHITE: You might like to do one other thing for your protection. If you like, you can let him - it has been over a month at least - more than that - since we have gone over all the figures. Now, if you would like to satisfy yourself before you give him a final answer, give him an opportunity to re-examine the figures.

H.M.JR: I will put it to him. I think I know how to put it to him. He was told what this was going to be about. I don't know even if he is here.

July 28, 1942  
10:35 a.m.

AID TO BRITAIN

Present: Sir Frederick Phillips  
Mr. White  
General Meyers  
Mr. Hicks

H.M.JR: The reason I asked you to come over, the War Department is about to conclude an arrangement whereby they are going to take over, roughly, a hundred million dollars' worth of planes which you have on order here, and are going to Lend-Lease you, roughly, a hundred and fifty million dollars' worth of other planes.

They propose to give you a credit on the hundred million dollars' worth of planes in Lend-Lease - I mean, just credit you with that amount. Now, the point they raise is, is there any reason why they shouldn't go ahead and do it that way?

SIR FREDERICK PHILLIPS: Well, I hadn't heard of this proposal, but I am not quite clear - why do they propose to give us a credit? We ought to have some cash, if that is agreeable.

GENERAL MEYERS: The reason for it is this, that the airplanes were, in effect, thrown into a pool by the combined Chiefs of Staffs. Out of the pool, for strategic reasons, the combined Chiefs of Staff decided that certain models of airplanes would go to certain theaters, regardless of who procured them. In that tumbling act certain models came out to go to the United States theaters and organizations. Certain ones of those airplanes happened to be British-procured airplanes. Likewise, out of the tumbling

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act came certain models that went to British organizations, regardless, as I stated, of the contracts.

It could just as well happen that the United States would have operated all P-40 airplanes, and the British all P-38 airplanes, but because of this happenstance that we happened to get some of their models and they happened to get some of our models, it doesn't seem to be justifiable from the War Department's point of view that we should assume the financial responsibility for those particular models.

SIR FREDERICK PHILLIPS: Well, I don't know. It seems to me the War Department's point of view ought to be changed. Aside from the development of these reciprocal aid proposals, it seems to me you have a much better case for developing - for taking over these contracts than you have ever had before because we are deciding this reciprocal aid - I say we should be deciding this reciprocal aid shortly, in a week or so, I hope, and it seems to me to start off now would stop your providing us American production and stop our providing British production.

GENERAL MEYERS: My view on it is that I don't see that it is even pertinent. Here are two - getting down to practical demonstrations, we have got two airplanes. We bought one, and you bought one. We are each going to get one of those airplanes, depending on the strategic uses of them. We take out of the bag - we take one, you get one, and it doesn't make any difference whether I have got this airplane or that airplane, I have still got one airplane, assuming the same value, and so forth, of course. It is just a strategic happenstance rather than a financial dealing, it seems to me.

We are saying to you, "You use our P-40 airplane and we will use your P-38 airplane." Now, from a very crude explanation of it, that is the way I see it.

We have a group of airplanes here. We each can use one of those airplanes. You bought one and we

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bought one; you say, "Well, we need the airplane that you bought," and we say, "We need the airplane you bought."

SIR FREDERICK PHILLIPS: Well, but General, your case is that it is an accident that you want to take a hundred million dollars' worth of our planes; it might have been that you didn't want to take any of them. If there was strategic distribution it would be different or equal. It might have been you want to take a great many more of them - you might have wanted to take four hundred millions of them. The mere fact that the figure is settled down at a hundred million doesn't mean you can settle the matter, anyway.

GENERAL MEYERS: I don't think it is a matter of what the figure is. We can't say that without, by the same token, saying that there was two hundred million dollars' worth of airplanes, not one hundred or two airplanes. We decided that - we jointly decided that it was strategically advantageous for us to use your airplanes than for you to use our airplanes. It is an exchange of material, as I see it, rather than any financial entanglement or financial consideration. It is physical.

SIR FREDERICK PHILLIPS: I should say it was an exchange of material which gives you a very convenient opportunity to make it desirable to make an adjustment.

GENERAL MEYERS: But on what justification?

SIR FREDERICK PHILLIPS: Justification of the President's first report on Lend-Lease, that the true basis is that each country shall contribute about the same proportion of its production to the war. Well, we are - you are making gigantic strides, and I am quite willing to accept that sometime in '43 you will be contributing the same proportion to the war as we are. But that isn't true now, and it hasn't been true since December. This year we are contributing a vastly greater proportion to the war. That is a

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thing which ought to be rectified. This is a very convenient method of rectifying a bit of it.

GENERAL MEYERS: But we, likewise, are out of this grab-bag, this adjustment of equipment, we are - the British are getting airplanes that were purchased not on Lend-Lease. They are getting an approximate amount of airplanes in money value, dollar value, that were purchased from the War Department appropriations, which were not purchased from Lend-Lease authorization.

SIR FREDERICK PHILLIPS: That is true of all weapons now, isn't it?

GENERAL MEYERS: No, sir, it is not true of all weapons.

SIR FREDERICK PHILLIPS: You are placing all the orders. Orders for weapons aren't being placed through us; they are now all going through you.

GENERAL MEYERS: That is correct, but this equipment wasn't in that category. This equipment was procured specifically for the War Department from War Department appropriation by Congress, aside and apart from those appropriations that authorize airplanes to be turned over under Lend-Lease.

H.M.JR: I would like to - this particular swap of planes, who initiated this, the U.S.A. or the English?

GENERAL MEYERS: It was jointly initiated, sir. It was based on the original - President Roosevelt and Prime Minister Churchill's conversations, which were followed up subsequently by the conversations with General Arnold and General Marshall with Mr. Churchill in England, and then with the succeeding conversations in this country with the combined Chiefs of Staffs.

SIR FREDERICK PHILLIPS: Did any of these authorities discuss or mention any financial settlement?

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GENERAL MEYERS: No, sir. It was never considered insofar as I have knowledge of.

H.M.JR: And the Army wanted to settle it yesterday. I persuaded them to wait until today, because both our Armies are at fault, that they overlooked the Treasury right along. I mean, we are the forgotten man. But in this question of where the plane can be of the most use, I don't blame them for overlooking the Treasury.

GENERAL MEYERS: It didn't appear to have a financial consideration. The airplanes are produced, and for strategic reasons they are assigned to the American organization. I don't think - as I see it, it isn't a question of us taking over - buying the airplanes, or of you buying the airplanes, as it is the assignment or the use of the weapon. It seems to me a matter of financial adjustment is something aside from that.

H.M.JR: You haven't had a chance to prepare yourself for this?

SIR FREDERICK PHILLIPS: I did know, roughly, that as you know, sir, this was a settlement as regards certain airplanes taken over off our contracts. I think that was the case where you had to go to the President to get the thing cleared up, and they paid down the lump sum of seventy millions, or a little bit more. I know it was understood there were more of our planes going over and above the seventy million, but this is the first--

H.M.JR: Have these gone?

GENERAL MEYERS: These airplanes are being delivered right now. It is in process at the moment.

H.M.JR: Oh, it is?

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GENERAL MEYERS: Yes, sir.

H.M.JR: If they are being delivered, why such pressure?

GENERAL MEYERS: Well, the pressure is now that it was started by virtue of these Lightning airplanes. I want to get them accepted from the factory; I wanted to take them over from the factory. The British refused to accept the airplanes because they maintained, right or wrong, that the airplanes aren't according to specifications and do not meet the performance guarantees, and so forth and so on, but will not accept these airplanes.

SIR FREDERICK PHILLIPS: That is all new to me. I am very sorry.

GENERAL MEYERS: That is just one of the complications that make it necessary for a prompt decision as to what we are going to do.

H.M.JR: Well, who is pressing you, the manufacturers?

GENERAL MEYERS: Well, really I am instigating the pressure myself because I want to get those airplanes now, so we can work on them on our own, out of the jurisdiction of the factory.

H.M.JR: You mean - are these planes finished, the ones that you want, these English planes?

GENERAL MEYERS: They are finished as much as the factory is going to do on them.

H.M.JR: They are lying in the yards - Lockheeds - at Dallas?

GENERAL MEYERS: Yes, sir.

H.M.JR: They have left California?

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GENERAL MEYERS: They have left California, but are still under Lockheed control.

H.M.JR: But Dallas hasn't started to revamp them?

GENERAL MEYERS: No, sir. That is right, sir.

H.M.JR: You mean, they are waiting there to work them over?

GENERAL MEYERS: That is going to be one of these modification centers.

H.M.JR: But they are - are these hundred Lockheeds there?

GENERAL MEYERS: Yes, sir.

H.M.JR: I heard about those hundred and nineteen, two or three months ago.

GENERAL MEYERS: That is right, and I can't tolerate it any longer to have those airplanes sitting there.

H.M.JR: Excuse me, when this officer came on from Dayton, you remember, to take me up to New York - you remember that materiel man - they sent him on. I will tell you, a year or two ago he was a captain in a Pursuit Squadron. They sent him over to England. He was the first man to go to England, almost. Now he must be under you.

GENERAL MEYERS: Kelsey?

H.M.JR: Kelsey. Now, that was fully two months ago.

GENERAL MEYERS: Yes, it is.

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H.M.JR: The story - that must be two or three months ago.

GENERAL MEYERS: Yes, sir.

H.M.JR: Kelsey--

GENERAL MEYERS: He is over there now.

H.M.JR: Kelsey was the first man that came back and said England would hold out in '40, as far as I am concerned.

GENERAL MEYERS: As far as I am concerned, he is the first man that told me about that.

H.M.JR: Captain Kelsey came back in July or August of '40 and said that England will not fall.

GENERAL MEYERS: He was the only optimist that came back.

H.M.JR: A very interesting fellow - I have never forgotten that. How high up now?

GENERAL MEYERS: He is a Colonel.

It is a very unsatisfactory situation as it stands, because your people, our people, the factories, they don't know who is to do what. There is just that added confusion into our over-all effort that makes it very desirable that we should settle it. However it is settled, it should be settled.

H.M.JR: I heard of those one hundred and nineteen planes - it was fully two or three months ago. How much do they amount to alone, that group?

GENERAL MEYERS: That group would amount to fifteen million dollars.

H.M.JR: And what are the other planes?

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GENERAL MEYERS: The other planes - there is a total of three hundred of that type airplane. There is another one hundred and eighty-one of those. Then there are approximately three hundred pursuit P-40 type airplane, if I remember correctly, and some A-20's.

H.M.JR: Are there any planes, other than these hundred and nineteen that the English have refused to take, I mean?

GENERAL MEYERS: No, sir. That is the only one in that particular category.

H.M.JR: Couldn't Sir Frederick be furnished with a list, and I be furnished with a list of what goes into the hundred million?

GENERAL MEYERS: Yes, sir. I can do that right readily. I will give it to you. There are two hundred and fifty-four medium bombers type B-34, forty-seven million dollars. There are two hundred and nineteen light bombers, Vengeance, model V-72, eighteen million dollars. There are three hundred Lightning, P-38, forty two million dollars; total, a hundred and seven million dollars.

H.M.JR: Couldn't you furnish Sir Frederick with a copy of that?

GENERAL MEYERS: Yes, directly.

H.M.JR: I have got to think this thing over more, and you would like to think it over.

SIR FREDERICK PHILLIPS: Yes, very much. In fact, you--

H.M.JR: In fact, you want to.

SIR FREDERICK PHILLIPS: I would have to tell my people. I am afraid I can't presume to speak for them.

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H.M.JR: Could you rush it up?

SIR FREDERICK PHILLIPS: I will get their view quickly, but I am pretty sure it will be as I stated.

H.M.JR: It can be settled on this side of the water?

SIR FREDERICK PHILLIPS: I think so, yes.

GENERAL MEYERS: How would it be - if you will take this with appreciation that it is a very rough, quick get-up of figures - it is not exact at all. (Paper handed to Sir Frederick Phillips.)

SIR FREDERICK PHILLIPS: Going to be doubled a little later on or--

GENERAL MEYERS: No, I mean it is within pennies - you know what I mean.

H.M.JR: Well, I think that is about, maybe, as as far as we can go today. You might let me know when you are ready.

(Sir Frederick Phillips left the conference.)

H.M.JR: As the thing stands now, I think we will rule against the War Department.

GENERAL MEYERS: You would have to rule against it?

H.M.JR: Yes, sir. I am going to call up the President after you leave and ask him how important it is right now, not to irritate the English. My guess is it is very important not to have Sir Kingsley Wood rush in and see Churchill just at this moment and tell him that - well, if you don't mind my using the language - we are trying to put over a fast one. Of course they wouldn't use that kind of language. But I am going to call up the President and tell him just

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how important it is, because I know that they have a way of knowing what is going on. It isn't a matter of a hundred million. The whole war is at stake, right now, and I don't want to be a part in it, and I am sure Mr. Stimson wouldn't - just at something they would call a Cabinet meeting and have Sir Kingsley Wood take a couple of hours to discuss it - here we are, grabbing off a hundred odd million dollars' worth of planes, and they are going to have to pay good English pounds for them, and so forth - dollars. I think it is something bigger.

GENERAL MEYERS: I appreciate that.

H.M.JR: I mean, I want to be sure that I am not even doing something which at the cabinet meeting in England might be a discussion for a couple of hours.

Churchill is never interested in the dollars and cents, but if he thought we were trying to put over a fast one he might get very irritated, and I am going to ask the President how he feels about it.

MR. WHITE: It is a hundred million dollars.

H.M.JR: You see what I mean, Harry?

MR. WHITE: I think the statement about the seventy million - remember, when the Army decided to take over the seventy million they said that is all they could see their way to take over, so there was no indication left that they were going to do it with the remainder.

GENERAL MEYERS: Too, I don't think that that should establish any precedent for what we are doing, now. That was a different situation.

H.M.JR: On the other hand, if you don't mind, I think this: I think where the Army makes a mistake, and I don't know who it is, so I will say Mr. Stimson, the civilian side, or whatever it is - I think that

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when they do these things they shouldn't wait until the deal is half way through before they let the representative of the English Treasury know, because he is against it before he starts.

GENERAL MEYERS: I agree with that.

H.M.JR: And I got their Air Secretary - what is his name, the man in charge of their air--

GENERAL MEYERS: Evald?

H.M.JR: On the civilian side. He has been here for three years.

GENERAL MEYERS: Dick Perry? Sir Henry Self was--

H.M.JR: Has he left?

GENERAL MEYERS: Sir Richard Ferry is here now.

H.M.JR: Sir Henry--

GENERAL MEYERS: Henry Self.

H.M.JR: Has he left?

GENERAL MEYERS: Yes, sir. He has gone back.

H.M.JR: Why did they call him back?

GENERAL MEYERS: I don't know. There was a little machination there. They moved him out of there up into the combined Chiefs of Staffs, and it was just a--

H.M.JR: As a number fellow he was awfully good.

GENERAL MEYERS: He was clever.

MR. WHITE: When did the Chief of Staff make the decision, aside from these P-38's that you are going to fix up - when did they make the decision with the remainder, the eighty-five or ninety million dollars'

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worth of British planes, not to distribute to England, but somewhere else?

GENERAL MEYERS: This was all finished up about three weeks ago.

MR. WHITE: In other words, the British couldn't have known it before three weeks ago, because the decision wasn't made?

GENERAL MEYERS: They were part of this agreement.

MR. WHITE: I mean financial.

H.M.JR: Of course, it is their own people. It isn't up to us to notify them. You people can take that position. This man is a truthful man (Sir Frederick Phillips).

GENERAL MEYERS: I mean, their people have known it.

H.M.JR: But they haven't let him know.

GENERAL MEYERS: In the same manner we haven't discussed it with you.

H.M.JR: I am used to that. (Laughter) That doesn't bother me. I mean, if you can put them to good use, more power to you. That is my only interest. I am used to that, and they are not, but anyway, I am going to ask the President, myself.

GENERAL MEYERS: Sir, I think this is a matter really outside of the War Department. I don't think it is a War Department matter at all.

H.M.JR: I want him to know how important it is for me to say to the British at this time, "From now on, you pay for every dollar you have got here. We don't help you out any more on the rest of the contracts" or, "Here is another hundred we may take that over. We may take them all over."

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GENERAL MEYERS: I think I will get together with Mr. Ferry and Air Marshall Evald and make an agreement with him, give them a piece of paper, if they want it, and say for them to accept those airplanes and turn them over to us, subject to any decision that is made for the financial settlement.

H.M.JR: That is all right.

MR. WHITE: So as not to hold up--

H.M.JR: That I think would be smart, because this thing can't be done--

GENERAL MEYERS: It is obvious.

H.M.JR: I should think you could get a piece of paper that will be like the seventy millions, something to settle with. Then another thing, if that could slide over a week or two, whatever the situation is, London will have to - they can't sit there forever.

GENERAL MEYERS: All right, sir, I will see Ferry.

Notes on meetings held to discuss the means of payment  
for planes diverted from British contracts for the uses of the United States

Tuesday, July 23, 1942

General Meyers of the Air Corps called upon Mr. White at 9:45 A.M. Mr. Hicks was also present. General Meyers explained that the planes in question were British planes manufactured in the United States but assigned to the United States Army under the terms of the Arnold-Portal-Towers Agreement. This Agreement called for delivery to the United States Army of approximately \$107 million worth of planes from British contracts in the United States, and for delivery to the British of approximately \$193 million worth of American planes from Lend-Lease contracts and \$90 million worth of planes from War Department contracts. The planes that the British would receive would be charged to their Lend-Lease account, and General Meyers wanted to know whether the Treasury wished to have the Army pay dollars for the British planes to be received by the Army, or credit Britain's Lend-Lease account for that amount.

Mr. White asked whether the Arnold-Portal-Towers Agreement contained any statement about the terms of payment. General Meyers replied that the Agreement made the distribution exclusively on strategic grounds, and that no mention was made of the financial arrangements. Mr. White then read to General Meyers the paragraphs from Secretary Stimson's letter of April 3 to Secretary Morgenthau in which Secretary Stimson stated that all munitions manufactured in the United States were being put into a pool for assignment on strategic grounds, and that materials assigned to Britain from that pool would be debited to Britain's Lend-Lease account and British financed materials put into the pool would be credited to Britain's Lend-Lease account. General Meyers said that he understood that was the arrangement in use, but that the War Department would like to have a specific statement of the Treasury's preferences in the case in question. Mr. White also asked General Meyers whether the British expected to be paid dollars for these planes. General Meyers replied that the matter had not been discussed with the British and that they might not even know that a decision was about to be made.

At 10:00 A.M. General Meyers, Mr. White and Mr. Hicks went to the Secretary's office to discuss the matter with him. General Meyers described the planes in question and the terms under which they had been assigned to the United States and American planes had been assigned to Britain. Mr. White then added a brief review of Britain's dollar position, and concluded that there did not seem to be need at this time to make further arrangements designed to increase Britain's dollar balances.

The Secretary asked whether, if this opportunity to increase Britain's dollar balances should be passed up, there would be any other opportunities in the future? Mr. Hicks replied that under the terms of the reciprocal aid negotiations now being completed, the United States would receive from

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various British countries a substantial amount of military materials and services as reverse Lend-Lease, and that, if it should appear desirable in the future further to increase Britain's dollar balances, changes in the reciprocal aid procedures could be made so that the United States might pay dollars for all or any portion of materials now being received as reverse Lend-Lease.

The Secretary then called Sir Frederick Phillips into the conference. The Secretary explained to Sir Frederick that the manner of paying for British planes to go to the United States under the terms of the Arnold-Portal-Towers Agreement was under discussion, and that the possibility of paying for the planes with a credit on Britain's Lend-Lease account was being considered.

Sir Frederick replied that the British would prefer to receive dollars. Sir Frederick pointed out that in the President's fifth report under the Lend-Lease Act it was stated that all of the United Nations should be expected to devote the same portion of their income to the common war effort, and Sir Frederick said that at the present time the British were using in the war effort a much larger portion of their national income than was the United States. Consequently, paying for these planes in cash would be a convenient means of increasing the contribution of the United States and reducing the contribution of Britain. Sir Frederick then left the conference.

The Secretary closed the meeting with the statement that he was unable to make a decision without obtaining the President's view upon the matter. He said that he wanted to make certain that an arrangement of this sort at this time would not interfere with full cooperation among the United Nations.

J. E. Hicks

July 28, 1942.  
11:16 a.m.

HMJr: Hello.

Samuel  
Rosenman: Hello.

HMJr: Sam?

R: Hello, Henry.

HMJr: How are you?

R: How are you?

HMJr: God, you swore all my boys to secrecy, what  
you're talking about over there....

R: Yeah.

HMJr: ....and I read the whole thing to the last  
detail in this morning's Times.

R: Did you? (Laughs)

HMJr: Have you seen it?

R: No, where is it? (Laughs)

HMJr: Well, everything is there.

R: Where - what page?

HMJr: Well, I don't - I get clippings. It says,  
"President starts wage curbs study," and  
"Judge Rosenman is in charge of it."

R: Really?

HMJr: Yeah.

R: That's pleasant.

HMJr: And then it goes on, and "Under this proposal,  
as well as that framed by C. David Ginsburg,  
General Counsel, it will be possible..." and  
so forth - I mean - it will - where do you  
suppose....

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R: That's terrible.

HMJr: What? It sounds - the whole - the whole thing - I mean, if I had to guess I'd say it looks as though Ginsburg had talked.

R: Well, that's what I should say.

HMJr: Well, have - you haven't....

R: You don't know what page that's on so I can find it here. I haven't read the Times.

HMJr: No, I - but it's a big headline: "President starts wage - wage curbs study."

R: That's terrible.

HMJr: What?

R: That's terrible.

HMJr: Because I - when I heard that....

R: Is it a Stark article?

HMJr: What?

R: Is it written by Stark?

HMJr: It - no, it - it - the unusual thing, it just says Washington. It doesn't say Washington Times Bureau or doesn't give any name.

R: Uh huh.

HMJr: Hello?

R: Yeah, because a Stark called me up, and I - I said I was out.

HMJr: Yeah.

R: I guessed that's what he wanted, because he writes these stories.

HMJr: Well, I'd be curious if you find out, because I think it's outrageous.

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R: So do I.

HMJr: What?

R: Terrible.

HMJr: It's the whole thing down to the last detail.

R: Well, I think - I think it may have been Leen himself because he - he was very hot last night. He called me up. He's coming in to see the President today. He wants to tell him that he disagrees with the whole thing. But last night he called me after Ginsburg spoke with him....

HMJr: Yeah.

R: ....and he was - oh, very hot about it. He said he didn't want anything to do with it, and so forth.

HMJr: Well....

R: I - I - I sort of think it was he.

HMJr: It's this - it says, "President Roosevelt was reported today to have requested Supreme Court Justice Samuel I. Rosenman...."

R: I have it.

HMJr: What?

R: I have it here.

HMJr: You got it?

R: Yeah.

HMJr: I think it's terrible that you can't - I mean, because I - I bet a thousand dollars to one it wasn't my boys.

R: Oh, I - I'm sure it wasn't. "Treasury had formed a.....problem...." Yeah, it's certain it - it must have been either Ginsburg or Henderson himself.

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HMJr: Well, I - I - the way - if you read it, I think it - because it favors them, so I think it would - it doesn't mention B. Bernstein or Paul or anybody by name....

R: Yeah.

HMJr: ....but just Ginsburg.

R: Well, I'm pretty sure it is....

HMJr: Are you reading it?

R: I got it here, yeah. Yeah, I don't know where - it must - must have been he. I think - I think I'll ask him flatly.

HMJr: Why don't you ask him?

R: Yeah.

HMJr: Let me know what he says.

R: Yeah, it's terrible.

HMJr: Because - Bernstein when he called me up, he said, "Now Judge Rosenman said that under no circumstances must anybody know about it."

R: Yes.

HMJr: So I said, "Well, Bernie, when you've talked to Paul and White--they're the only two--impress on them this is the President of the United State's business, and there just can't be any leaks."

R: Yeah, well....

HMJr: Well, that was last night at seven.

R: And there it is in the paper.

HMJr: What?

R: And here it is this morning.

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HMJr: In the whole detail.

R: Yeah.

HMJr: Well, you know Henderson has done that kind of thing before when he didn't like it.

R: Well, I - I imagine he's done it this time.

HMJr: Yes, well, if -if....

R: He's here now. I'm going to ask him. I mean he's in the building now.

HMJr: Yeah. Okay.

R: All right, I'll let you....

HMJr: I'm glad I called you.

R: Yeah. I'm glad you did too, or I - I probably wouldn't have seen it.

HMJr: I - no other paper has it.

R: Well, it must have been Stark....

HMJr: Yeah.

R: ....who - who probably got a hold of Leon.

HMJr: Yeah.

R: Because Stark usually writes these stories. He tried to reach me here, and I stayed - I said I was out.

HMJr: Okay.

R: All right, thanks, Henry.

HMJr: All right.

R: Goodbye.

July 28, 1942  
11:30 a.m.

INFLATION

Present:

Mr. White  
Mr. Paul  
Mr. Cairns  
Mr. B. Bernstein

H.M.JR: Well, after Bernstein told me that that whole thing was a secret, did you read the New York Times?

MR. BERNSTEIN: I have it with me.

H.M.JR: Did they miss it?

MR. BERNSTEIN: They certainly had the story on the basis of what had been considered up to yesterday's meeting, but what took place at yesterday's meeting is not out yet.

H.M.JR: I called up one Judge Rosenman and drew his attention to the story and said you were even afraid to tell me what happened over there - which was a slight exaggeration - and cautioned everybody that this was the President's business and how I had cautioned you all. He hadn't read the story. He says, "There is only one place it could come from." He says, "That is from Leon himself", and he said that Leon is over at the White House and he would immediately ask Leon point-blank if he had told this to the New York Times.

MR. BERNSTEIN: Ginsburg called me a little while ago. He was quite upset about it. He wondered whether the Treasury had given it out. I said, "Absolutely not." He began to wonder whether Justice had.

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H.M.JR: Why didn't he wonder whether he had given it out?

MR. BERNSTEIN: I think the story as it reads is one more favorable to the Treasury than it is to OPA.

MR. PAUL: Yes, that is true.

MR. CAIRNS: It puts the Treasury in a favorable light.

H.M.JR: Well, but it talks of - it doesn't mention any of us by name. Well, I made the flat statement to Rosenman that it didn't come out of here. He was going to ask--

MR. PAUL: It certainly didn't.

H.M.JR: Nobody here has seen any reporters, have they?

MR. PAUL: In fact, up to yesterday morning--

H.M.JR: Has anybody talked to any reporters?

MR. CAIRNS: Not me.

MR. PAUL: Nobody.

MR. ODEGARD: About this Executive Order?

H.M.JR: No.

MR. ODEGARD: No.

MR. WHITE: Not to anybody.

H.M.JR: The reason that Rosenman said he thought - Stark tried to talk to him and he wouldn't talk to him. The reason he thought it was Henderson is that Henderson is so opposed to this. Henderson, he thought, went to the press with it.

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MR. CAIRNS: Didn't you say the Post had the story, too?

MR. BEHNSTEIN: The Post also had the story. I would be surprised if Henderson gave it out.

MR. PAUL: Might it not have come from the White House?

H.M.JR: I always say the best leaks come from the White House. (Laughter) I don't know. I am not upset about it, but I should think that the President would be.

MR. PAUL: Well, we have been talking it over for some time and we are pretty disturbed about the whole thing, from other merits apart from publicity.

H.M.JR: Well, I am not disturbed because by the time the President consults everybody in town it will be watered down plenty.

MR. PAUL: The question uppermost in our minds is what we can do to impress the unwisdom of it on the President and to perhaps develop it - in the first place, to impress the unwisdom and the lack of need for immediate action, and second, perhaps to develop a counter-movement in favor of rationing - general rationing, or something of that sort.

H.M.JR: "So far as could be ascertained tonight organized labor's spokesmen are inclined toward the Treasury proposal because it falls in line with its idea of having wages up before the War Labor Board."  
(Read from New York Times)

MR. PAUL: We should say - that is just what they took out yesterday, that is just what they took out.

H.M.JR: What you said about the rationing, that was the only thing that I could think of as a possible

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substitute, if the President wanted to jump to that.

MR. WHITE: I think there are two points that need to be made about that. One is that there is not any urgency for action within the next couple of months.

H.M.JR: On what?

MR. WHITE: On the President's part - on inflation.

H.M.JR: I disagree with you wholly. I think it is a matter of days to get this thing straightened out, Harry - what is happening in the packing industry with pork products - I mean that is as good an example as any.

MR. WHITE: How is the fixing of wages going to affect that?

H.M.JR: That is just part. I am thinking of agricultural prices, this whole question of subsidies. I mean you have got the thing blowing up through the ceiling on prices. I am not thinking of wages.

MR. WHITE: It is very far from that except in one or two instances.

H.M.JR: I disagree with you.

MR. BERNSTEIN: To get the whole picture on that, Henderson apparently feels so strongly opposed to what the President is thinking about on the fixing of agricultural prices, or at least that is what Ginsburg said yesterday afternoon, that he is going to argue with the President this morning and try and stop any action on agricultural prices, even if that means postponing action on agricultural prices and on wages until some time after the election. He doesn't think, apparently, that that will be too troublesome a matter.

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H.M.JR: Well, the only thing, you people know - I mean this (indicating clipping) came in to me from the President. It is dated July 27. The National Grange, Worcester, Mass., at which Mr. Peter Odegard was present - he may have even written this - this is what is underlined in red: "First some advance in prices is a natural accompaniment of the great destruction of wealth as a result of war. This advance is not inflation. It is an unavoidable cost which all must bear."

I think, gents - all I sent for you for was to tell you of my conversation with Rosenman, and I think we had better just sit tight because the Judge will call me.

MR. PAUL: No--

H.M.JR: Wait a minute. He will call me after Henderson sees the President. As far as I am concerned, I don't see what anybody else can do.

MR. PAUL: Well, the only thing - I am not opposing that, of course, but I do feel that we ought to make up our minds, one, on the question of whether there is an urgency, and second, that we ought to rush the general rationing program.

H.M.JR: Yes, well--

MR. PAUL: Most of the boys here, all except Roy Blough, seem to feel there isn't an urgency.

H.M.JR: Is not?

MR. PAUL: Yes, Harry feels very strongly that way.

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H.M.JR: Well, I totally disagree with Harry.

MR. WHITE: It depends on what you mean - your urgency for what.

H.M.JR: I don't see how it could be any worse.

MR. WHITE: There may be a political urgency. There certainly isn't any economic urgency. Look at the price data and the cost of living. There is no sense in that being called an urgency. There will be an increasing need, of course, and something should be done to get us ready for the spring of next year - something should be done before then. It certainly doesn't have to be done in the next month or two.

H.M.JR: Harry, don't, just because the thing isn't the way you like it, let that influence you.

MR. WHITE: That goes both ways - I mean I don't think the facts influence me any less than they do you; and the facts seem to bear out what I say, that the cost of living has been rising extremely slowly, the wholesale prices have not been rising, and it will become increasingly more difficult and there will be increasingly more pressure. But the situation is in no sense becoming serious from a price point of view until either late this fall or until next spring.

H.M.JR: But, Harry, the price thing - it is the workability of the thing, and the thing is breaking up all over.

MR. WHITE: I think that is why we ought to substitute something else.

H.M.JR: Well, anyway, I haven't got the time now, between now and one o'clock, and I am not so inclined anyway, to go into a long, lengthy discussion on this thing. Just talking for myself, I am going to wait now until I hear from across the street.

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MR. PAUL: I think we can develop in the meantime all we can on the rationing.

MR. WHITE: We are doing that.

H.M.JR: They were told yesterday to go ahead.

MR. PAUL: At the bottom of page two it indicates that Judge Rosenman will want a memorandum outlining the defects in the President's wage proposal.

H.M.JR: That is all right. You can go ahead on that.

MR. PAUL: Moreover, he apparently does not want that memorandum just at this time.

H.M.JR: Well, anyway, gents--

MR. WHITE: I was hoping you would throw your weight towards stopping this thing, which I think only hurts matters.

H.M.JR: Harry, you can't - I don't want to argue about it.

MR. WHITE: I am not arguing with you, just expressing a hope.

H.M.JR: Well, I am not going to between now and until I hear from across the street, until I hear what is going to happen I am not going - I mean I know my President. There is a time to do everything, and this is not the time for me to stick my oar in.

MR. PAUL: Suppose we get up a memorandum to be used when you want to use it.

H.M.JR: On the labor--

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MR. PAUL: On the defects in the whole scheme.

H.M.JR: I thought you would have one by now.

MR. PAUL: By now?

H.M.JR: Sure. After all, Bernie got through at seven last night and he had nothing to do but eat supper and go to bed. (Laughter) Sure, Harry wants me to jump over on the President's neck, and I haven't even got a memorandum. You had better first get me a memorandum.

MR. PAUL: All right.

H.M.JR: I am glad, I am just sitting here waiting for the memorandum.

MR. PAUL: All right, at least we can work on that in the meantime.

H.M.JR: That will give Harry something to do. All right, the Judge will call me.

July 28, 1942.  
12:24 p.m.

HMJr: Hello.

Mrs. Eleanor Roosevelt: Hello, Henry.

HMJr: Yes, Eleanor.

R: Henry, I don't want to bother you, but do you remember I told you some days ago that I didn't think the presentation was awfully good at the theatre of the War Bonds and Stamps?

HMJr: Yes.

R: Well, now I told Elinor this this morning....

HMJr: Yes.

R: ....because yesterday Monroe Robinson, my cousin who's been doing some speaking for you in New York....

HMJr: Yes.

R: ....on the New York group, brought two men - I - I mean - he didn't tell me ahead what they were coming about and it's none of my business, do you see? He brought two men who are - one of them is on your staff, both of them are working, and they said they'd been to Lowell Mellett because they were deeply troubled that they weren't getting the right thing either in the movies or on this stage thing or even on the radio sometimes in the sort of "spot" things, and they hadn't got much satisfaction with Lowell Mellett because he had a six-reel picture and they only wanted a three, and they were ready to do it themselves, but - in fact, they had everything all set but they just couldn't seem to get anywhere. So I spoke to Elinor this morning. She told me to call Mr. Duffus....

HMJr: Yes.

July 28, 1942.  
12:24 p.m.

HMJr: Hello.

Mrs. Eleanor  
Roosevelt: Hello, Henry.

HMJr: Yes, Eleanor.

R: Henry, I don't want to bother you, but do you remember I told you some days ago that I didn't think the presentation was awfully good at the theatre of the War Bonds and Stamps?

HMJr: Yes.

R: Well, now I told Elinor this this morning....

HMJr: Yes.

R: ....because yesterday Monroe Robinson, my cousin who's been doing some speaking for you in New York....

HMJr: Yes.

R: ....on the New York group, brought two men - I - I mean - he didn't tell me ahead what they were coming about and it's none of my business, do you see? He brought two men who are - one of them is on your staff, both of them are working, and they said they'd been to Lowell Mellett because they were deeply troubled that they weren't getting the right thing either in the movies or on this stage thing or even on the radio sometimes in the sort of "spot" things, and they hadn't got much satisfaction with Lowell Mellett because he had a six-reel picture and they only wanted a three, and they were ready to do it themselves, but - in fact, they had everything all set but they just couldn't seem to get anywhere. So I spoke to Elinor this morning. She told me to call Mr. Duffus....

HMJr: Yes.

- 2 -

- R: ....which I did, and he says he's in touch with them all the time, and I'm wondering if I - if really what - what they wanted perhaps was something that - that he can't do, which is perhaps to get a little pressure on Mr. Mellett to talk with them and him and see if they have a good idea, and if what they think is something that ought to be pushed. Now is that something you can suggest that Mr. Duffus might do....
- HMJr: Well....
- R: ....or do you suppose it would be bad?
- HMJr: I don't - who were the two men, Eleanor, that....
- R: I'll tell you, Bruce Smith of your War Savings Staff....
- HMJr: Yes.
- R: ....and - a Mr. Max Cohen, who represents the motion picture industry, but told me very carefully that he didn't want to come as representing the industry. He wanted to come just as an interested person.
- HMJr: Yes.
- R: Now they both seem to be working at the New York office. Mr. Bruce Smith is War Savings Staff, 1270 Sixth Avenue....
- HMJr: Yes.
- R: ....and the other man is 214 West 42nd. Now the only reason I called you was that I thought perhaps--Mr. Duffus said he talked to them all the time--perhaps I was just doing a stupid thing and I'd better leave it in your hands rather than get - ....
- HMJr: Well, let me find out, Eleanor. I'm - I'm not familiar with the thing that - that they're complaining about, you see?
- R: Well, would you like me to send you over their names and....

- 3 -

HMJr: I've written it down.

R: You have.

HMJr: Bruce Smith and Max Cohen.

R: Yes.

HMJr: And - now I've written it down, and I'll....

R: And it's none of my business. Monroe Robinson just asked if he could bring them in, and they told me their unhappiness because they thought they weren't getting enough contributions....

HMJr: Yes.

R: ....and they thought it was because on these things they weren't getting the right presentation, but they'd been to Lowell Mellett and hadn't got anywhere.

HMJr: Well, personally, I don't - I don't like this talking in the theatres at all.

R: And - I had had - I told them how I had felt about it....

HMJr: Yeah.

R: ....do you see, and they agreed, but they said also that they felt something better could be done with the movies....

HMJr: Well....

R: ....and....

HMJr: ....let me - could I leave it this way, if - if I need your help, I'll call you back.

R: Well, you don't need my help because if you just let them know either that you want them to come down and talk or that you don't or Mr. Duffus doesn't....

HMJr: Yes.

- 4 -

R: ....but I just had an awful feeling - oh, goodness, Mr. Duffus says that they must be crazy because they - he sees - he's in touch with them all the time, and I thought, oh, heavens, I've probably done....

HMJr: No, no, no, you've....

R: ....something wrong, you see?

HMJr: You can do no wrong.

R: (Laughs) Well, it's only that they probably said something they were troubled about, do you see, and just felt that as far as Lowell Mellett went, they hadn't got anywhere.

HMJr: Well, that's perfectly possible. That's happened to me too.

R: (Laughs) Well, if there's anything I can do, you let me know, but....

HMJr: I will. I'll....

R: ....this - I know this isn't my business, and I'm....(laughs)

HMJr: That's all right, that's - I'm delighted. I'm delighted. Always delighted to get suggestions from you and....

R: All right. (Laughs)

HMJr: ....now please always feel any time, anything, I don't care what it is.

R: All right. (Laughs)

HMJr: I'm always glad....

R: Had a nice meeting with Elinor and Miss Elliott this morning.

HMJr: Well, don't - don't ever feel that it's not your business.

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R: All right. (Laughs) Well, goodbye. (Laughs)

HMJr: Goodbye.

July 28, 1942.  
3:08 p. m.

Operator: Go ahead.

HMJr: Hello. Hello.

C. Glass: How do you do, Mr. Secretary?

HMJr: Hello Senator, how are you?

C. Glass: I'm just fairly well.

HMJr: Oh, I'm sorry.

C. Glass: Mr. Secretary...

HMJr: Yassah!

C. Glass: The people in Roanoke want to know if it would be just as convenient to you to come there on the twenty-third as on the twentieth.

HMJr: Twenty-third?

C. Glass: Yes, because they say they can get a tremendous crowd on the twenty-third.

HMJr: That's the twenty-third of uh . . .

C. Glass: July, of August.

HMJr: August. Instead of what?

C. Glass: Instead of the twentieth.

HMJr: Twentieth. That's a Sunday, isn't it?

C. Glass: Yes. They say they can get you 25,000 people then.

HMJr: I see. Well now, I couldn't give you an answer over the phone, but how soon would they have to know?

C. Glass: Well, they want to know right away, because they want to make the announcement.

HMJr: Well, I could let them know in twenty-four hours.

C. Glass: All right, if you'll let me know in twenty-four hours I'll communicate with them.

HMJr: Sunday's kind of hard for me. I try not to work on Sundays.

C. Glass: Well, I think that's right, but this is an exception.

HMJr: Yeah. Yeah. Well, let me look into it, Senator, and I'll let you know, not later than tomorrow.

C. Glass: All right, thank you. I hope you may be able to go.

HMJr: Now take care of yourself.

C. Glass: Thank you. I'm trying to do that.

HMJr: Do that. Thank you.

C. Glass: Goodbye.

HMJr: Goodbye.

July 28, 1942.  
3:12 p.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Secretary  
Stimson: Hello.

HMJr: Hello, Harry.

S: Henry, I've heard nothing from Hull....

HMJr: Yeah.

S: ....since - in regard to that currency matter....

HMJr: Yeah.

S: ....since I received Herbert Feis's memorandum  
in answer to you in....

HMJr: Yes.

S: ....not in any criticism of yours, but in  
answer to it.

HMJr: Yes.

S: And I wrote back to him that I'd received it,  
and I concurred with his views. It seemed to  
be all right. Now the only - only - as I  
understood them, the situation was this, that  
we thought that your suggestion of having a  
currency ultimately issued....

HMJr: Yes.

S: ....in the name of the occupied country....

HMJr: Yes.

S: ....would be the best one....

HMJr: I see.

- 2 -

S: ....or in the - in the - or by a central bank after things got stabled down.

HMJr: Yes.

S: In the beginning, I think - I know Feis told me that he felt that there was a little--just the way I did--that there was a little preference on his part for our own money without its being marked.

HMJr: Yes.

S: The - as he put it, the - there were advantages and disadvantages to marking. He thought rather that the balance was a little on the side of the disadvantages.

HMJr: Well, what's the next move, Harry?

S: Well, I should say, Henry, the next move - move is to occupy a country.

HMJr: (Laughs)

S: I don't see that that's very - very imminent just now.

HMJr: You don't.

S: I don't....

HMJr: Not with all these people returning, it's not....

S: (Laughs) Well, I - not enough to print any special money, I should think.

HMJr: Well, after all you're - you've got a front seat on that show, and I don't.

S: Well, you're - if - if that's - I - I don't know whose move it is next - I mean....

HMJr: On this thing?

S: On this thing.

- 3 -

HMJr: Well, I'll make it simple for you - hello?

S: Yes.

HMJr: I mean, I'm not going to stand on any ceremony, and if you'd like to have a - it's - a meeting at your office - it's military - I'd be glad to come over there.

S: Well, there's no - no - it's very kind of you. I don't think there's any occasion for a meeting.

HMJr: You don't.

S: Don't think anybody - I mean I've read your memorandum and I thought it was excellent.

HMJr: Yes.

S: I - and I called up Hull and he said, "See Feis."

HMJr: Yeah.

S: I did so. Feis seemed to - and I seemed to agree.

HMJr: Yeah.

S: Now I've reported that to you - I can put it in writing if you like.

HMJr: Well, I think....

S: If Hull has anything different, it's up to him to say so.

HMJr: Well....

S: But....

HMJr: If - if you didn't mind putting it in writing, and then I could simply have it and take it up with our people....

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S: We were all against - as I understood it, we were all rather against joining the British plans.

HMJr: Yes, but - so that - I sort of feel, right or wrong, that it's our responsibility to be ready when you call on us.

S: Yes, yes.

HMJr: That's all.

S: Well....

HMJr: When you call on us, we'd like to be ready.

S: I - we'll try to be.

HMJr: Yes.

S: And - I should think there's a regular - what I mean is there's a regular system of paying our troops, now for instance in Great Britain....

HMJr: I know. There's no trouble with that.

S: ...and we're paying them in our currency, isn't it?

HMJr: Oh, yes - our - our men work very closely with yours and we have no troubles and....

S: Yes.

HMJr: ....there are no troubles on that.

S: Well, then the - I mean if they should move into some other country, why, we'd just continue that for the present, at any rate, until the thing got in shape to follow one of the other steps that you suggest.

HMJr: Yeah. Well, if you didn't mind dropping me a little note, and then if I don't hear from Hull I can call him up and say....

S: All right.

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HMJr: ...."I've heard from Stimson, now what about you?"

S: All right, I'll send you a little note.

HMJr: Is that all right?

S: That's all right.

HMJr: Well, thank you for....

S: I'm - I'm very much obliged to you for bringing it up.

HMJr: Well, thank you.

S: All right. Goodbye.

HMJr: Goodbye.

July 28, 1942.  
4:05 p.m.

Operator: Go ahead.

HMJr: Hello.

General  
Myers: Hello.

HMJr: Yes, General.

M: I proposed a meeting this morning on -  
I have made - carried out the thought and  
made arrangements with the British in the  
manner that I spoke to you about this  
morning.

HMJr: Well, then there's no hurry as far as I'm  
concerned.

M: That's right, so you can - don't have to push  
it.

HMJr: Good for you. I congratulate you.

M: All right, sir.

HMJr: Thank you.

M: You're welcome.

July 28, 1942.  
4:12 p.m.

HMJr: Hello.

Operator: Mr. Babcock.

HMJr: Hello, hello.

H. E. Babcock: Henry?

HMJr: Ed?

B: Yes, it's awfully nice of you to call me.

HMJr: That's all right.

B: I thought it might be the best way to save your time, to wire you. You saw - or know that the President had Goss up to see him.

HMJr: Yeah.

B: I wanted to say this, that - you know the Farm Bureau has not had the support of the other farm organizations in a good many of the positions it's taken.

HMJr: I hope so.

B: Well, I wanted you to take my word that it hasn't.

HMJr: Yeah.

B: We've had to be courteous and avoid a break as much as possible and go along.

HMJr: Yeah.

B: Now this man Goss is - you know him....

HMJr: Yeah.

B: ....but he's got character.

HMJr: Yeah.

B: The President has asked him and Claude Wickard to do some figuring for him on the way these price control ceilings are operating.

HMJr: That's right.

B: And the National Council is going to back Goss and Claude and we're interested in helping the President and in doing a constructive job. I just wanted to get that message to him.

HMJr: Good.

B: Now we would like to draft - to borrow Bill Myers for a few days to put at work on the job if you could release him.

HMJr: Where is he?

B: Well, I - he's around somewhere on Treasury assignment.

HMJr: I - I - last I heard was he's in Iowa.

B: Well, I know he's going to be here Saturday, because his daughter's going to be married.

HMJr: Well, I'll give him off Saturday.

B: Huh! Well, you mean Saturday evening? How about Sunday?

HMJr: (Laughs) Well, that's big-hearted of me, isn't it?

B: (Laughs)

HMJr: What do you want it - would....

B: Well, I would like to ask Bill Saturday when he's home for the wedding if he would go down to Washington and check in with Goss and possibly Wickard

HMJr: Sure, that's all right. He doesn't - just tell him when he comes down, check in if he - you know it may - it may be an hour, it might be two days.

B: Yes, it might be three or four.

HMJr: Well, this is - if - if it will keep till next week, it's all right.

- 3 -

B: Well....

HMJr: I don't know whether it's going to keep that long.

B: Yeah, that's the thing - the other thing that worries me, I - I - I hope that the President won't go off - you're farmer enough to know that there's two sides to some of these questions.

HMJr: Yeah, well, all I can say is he's studying it awfully hard. He - in fact, he sent me a memo - evidently God blessed him, he sent me that today.

B: Yeah, well....

HMJr: So he still thinks of me as a farmer.

B: Well, I - I've thought - I hoped he did. I'd rather take you as a farmer than some other real farmers down there.

HMJr: What do you mean? I'm a real farmer.

B: I said I'd rather - did I - I admitted that, I....

HMJr: (Laughs) Well, anyway, you can tell Bill if he's - that I say when he comes down if he wants to put in a little time on this thing, it's okay with me.

B: And - I - if you get a chance I would like to have ....

HMJr: Well, have.....

B: ....you say - what's that?

HMJr: Well, then when he comes down if he has some ideas, let him bring them in and show them to me.

B: Yes, and I'd like to have you say to the President that he - we don't want - we're not all in the same group and that we're all - that there's some of us trying to be constructively helpful.

HMJr: Okay. He'd be glad to hear that.

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B: Yeah, okay.

HMJr: Thank you.

B: Thank you, Henry. Goodbye.

July 28, 1942.  
4:16 p.m.

HMJr: Hello.

John  
McCloy: I was sorry I couldn't get to that meeting  
yesterday.

HMJr: It's just as well.

M: I just wanted to get from you how you - how  
you think it went and how did - are you making  
progress on it?

HMJr: Well, your General Myers, as you know, is a  
very able citizen....

M: Yes.

HMJr: ....and he just called me up two minutes ago,  
and told me that he's arranged with the English  
that they can go ahead on their swap with the  
planes....

M: Yes.

HMJr: ....irrespective of any financial arrangement.

M: In other words, you go right ahead and accept  
the planes for the British.

HMJr: Yeah....

M: Uh huh.

HMJr: ....and take the planes from the British.

M: Yes.

HMJr: Now the way I feel is this, I had Sir Frederick  
in, and I don't know whether it's the job of  
somebody in the United States Army to keep him  
posted what's going on, but he - but nobody  
told him anything, see?

M: Yes.

HMJr: And, naturally, his back is kind of up.

M: Yeah.

HMJr: Now the - the thing that bothers me, quite frankly, is this, how important is it not to irritate the British at this time, you see?

M: Yes, yes.

HMJr: See what I mean?

M: Yes.

HMJr: Now I mean, I don't know how much pressure we're putting on them or not.

M: Yeah.

HMJr: And that's what I'd like to find out.

M: Of course, an awful lot's going on, and - I suppose that - or you can get the best answer to that from the White House. I....

HMJr: That's what - that's what I want to ask the President.

M: Yeah, that's where it all centers up, and....

HMJr: I want to ask perfectly frankly.

M: Yeah.

HMJr: I - I lean a little bit right now towards that we pay them for those planes....

M: Yeah.

HMJr: ....but the - with the arrangement that Myers has made, there's no hurry now.

M: Yeah, I'd - we're - in other words, we're ready to go anyway you decide, in substance.

HMJr: In other words, you can go ahead and take these planes....

M: Yeah.

- 3 -

HMJr: ....from the arrangements that he's made....

M: Yeah.

HMJr: ....and we could take a couple of months to chew over it.

M: All right, and you can talk to the President in the meantime.

HMJr: See? So there's the thing that I gathered, that you fellows wanted the decision to get the planes, and Myers has put over a deal that you can get them.

M: That's good, good.

HMJr: So there's no hurry.

M: All right, fine.

HMJr: But I do lean right now a little bit towards paying them.

M: Uh huh, uh huh. Well, if we can - I think - I think we can work out anything that it turns out that it's best to - best to do.

HMJr: But when you put up a proposition to me, I always look at it at both sides.

M: I know you do. (Laughs)

HMJr: (Laughs)

M: Well, some day I may get you to overcome that attitude. (Laughs)

HMJr: You're only looking after the Army end, and that's what you're hired for.

M: (Laughs) All right.

HMJr: All right.

M: Goodbye.

July 28, 1942.  
5:28 p.m.

HMJr: Hello.

Operator: Be right on.

Samuel  
Rosenman: Hello.

HMJr: Hello.

R: Yeah.

HMJr: Henry talking.

R: Hello. Sam Rosenman.

HMJr: Howjado?

R: All right.

HMJr: They said you wanted me earlier in the afternoon.

R: Yeah, I wanted to tell you what I - after I talked with these people, it - of course it's awfully hard to tell where a story leaks.

HMJr: Yeah.

R: But - their - their claim is that it probably leaked from Bernstein's sis... - wife. You know Bernstein has a wife who works over for a fellow by the name of Fowler, who works in McNutt's outfit....

HMJr: Yeah.

R: ....and they insist that there have been other leaks through there, and, of course, I know that - that Bernstein's wife knows all about this. It was somebody who knew what was in the Treasury plan a hundred percent....

HMJr: Yeah.

- 2 -

R: ....and the only people who knew, besides you people and Henderson and Ginsburg, was his wife--I know she was in on it, because she helped draw up a couple of things--and Fowler over in Man Power. They say that Fowler has leaked a lot of things. There seems to be a lot of feeling about Fowler and Bernice, who's Bernstein's wife.

HMJr: Oh, really?

R: I - I can't - I can't tell who - who leaked it, but I - I don't think either Bernstein or Ginsburg or Henderson did, and it - it may have been Fowler. But I - I don't know - I....

HMJr: No.

R: It's silly to try to chase it around.

HMJr: Yeah.

R: But I know that Bernstein has a wife who - who is....

HMJr: Yeah.

R: ....a lawyer. Do you - you know about that?

HMJr: Yeah, I don't know where she works. I know....

R: She works over with Fowler in Man Power, and there's a big scrap between Man Power and O. P. A....

HMJr: I see.

R: ....and - I know it's - life is too short really to bother except....

HMJr: Yeah.

R: ....it's a damn shame that....

HMJr: Yeah.

R: ....these things break.

HMJr: Yeah.

- 3 -

R: Yeah, this is a hell of a job I got. Nobody - nobody - I can't get anybody in agreement.

HMJr: I see. Well, where are....

R: But I'll keep on working.

HMJr: ....where are we tonight?

R: Well, we're no place, and....

HMJr: But we're no place. What?

R: ....I'm still talking with people. I - the reason I couldn't call you was I had Davis and the War Labor Board here for about two hours, and also the Parity fellow here from Agriculture. What's his name? Tully?

HMJr: Yeah.

R: I've been talking with him for an hour or so.

HMJr: I see. Is there any - of course, the thing that, as you know - that our boys are worried about is that - the reaction on labor.

R: That what?

HMJr: The reaction on labor.

R: I know it, and the War Labor Board is very strong on that.

HMJr: You mean - which way?

R: Well, they - they think - they think that if you freeze labor without giving them any - anything like their formula, you know....

HMJr: Yeah.

R: ....that there'd be a terrible reaction.

HMJr: I see. Well....

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R: The Boss is going to - you see, unfortunately, during these last three weeks no one has really been collecting these things for the President. He's just been talking to different people....

HMJr: Oh.

R: ....hit-or-miss, you know, and....

HMJr: I know.

R: ....you know what's happened.

HMJr: I know. Well, thanks for calling anyway.

R: All right. We - we'll keep at it. I'll be around - oh, this will take several days, I think.

HMJr: Right. Let me hear from you.

R: Yeah.

HMJr: Goodnight.

R: Goodnight.

## MEMORANDUM

To: Secretary Morgenthau

From: Mr. Paul

July 28, 1942

This memorandum will briefly recount my luncheon conference with Senator George today.

(1) Sales Tax. The Senator said that he doubted if the sales tax would pass the Senate or the House, and that he was inclined to abandon the idea of the sales tax unless it should be advocated by the President or unless the President should say that he would like to have the sales tax to make up the deficit in the yield of the revenue act. I told Senator George that I did not believe that the President would do so, and the Senator agreed. Senator George asked me what would be the Treasury's attitude with respect to the sales tax if we fell short of the \$8.7 billion, and I told him we would stick to our opposition.

(2) The Estate and Gift Tax. The Senator said he was sure we could not get any increase in the estate tax rates since none had been voted by the House. He thought we might have a chance to get through our recommendation as to the \$5,000 annual exclusion per donor, as distinguished from the \$3,000 exclusion per donee voted by the House. I am getting figures on the yield of this item. I am also getting figures on the yield of a reduction of the \$60,000 estate tax exemption to \$50,000, which Senator George thought might be a possible way of increasing the estate tax rates.

(3) Excise Taxes. We discussed a number of excise taxes. Senator George seemed to be in favor of an increased tax on fermented malt liquors and transportation of persons. He did not oppose a tax

on carbonated soft drinks, candy and chewing gum, and we discussed the technical problems of these taxes. He did not oppose a tax on gasoline since price is not a consideration in respect to gasoline, and this subject remains open. The Senator did not express himself with respect to the cigarette tax.

(4) Tax Exempt Interest. Since we are beaten on the taxation of outstanding State securities, I handed the Senator a confidential copy of the so-called Seltzer Plan for a credit of one-half of one percent. We discussed this idea briefly and the Senator said he would read this document with the idea of questioning Tobin when he appears to testify.

(5) Individual and Corporate Taxes. Senator George thought that our post-war excess profits tax rebate would fall standing by itself. He said that it might possibly be adopted in combination with the scheme of individual and corporate taxation, involving higher rates, debt relief, compulsory savings, and medical expense relief (for individuals). He mentioned the rates of 95 percent excess profits tax, 55 percent corporate, normal and surtax, and our rate schedules for individuals. I am going to try to develop some concrete plan along these lines and submit it to you.

*RGP.*

TREASURY DEPARTMENT  
WASHINGTONOFFICE OF  
COMMISSIONER OF INTERNAL REVENUEADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

JUL 28 1942

**MEMORANDUM for the Secretary:**

In the absence of Commissioner Helvering, it is my view that I would be remiss in my responsibility to him and to you if I should fail to direct your attention once more to certain basic objections and reasons why it is felt a withholding tax should not be enacted at this time.

In a memorandum dated April 20, 1942, this Bureau called attention to the fact that there was no immediate occasion for the enactment of a withholding tax from a revenue-raising viewpoint inasmuch as the proposed law is not expected to increase internal revenue collections. To the contrary, there are reasons to believe that a loss of revenue will result due to the inescapable fact that some employers will abandon their businesses or go into bankruptcy after expending the monies which have been withheld from employees for tax purposes. Under the self-declaration system now in effect, the Bureau of Internal Revenue over a twenty-one year period has collected more than 82 billion dollars. The amounts abated annually as uncollectible have averaged only about \$11,600,000. This record eloquently demonstrates the success of the voluntary or self-declaration system which we now propose to partially abandon for what may be called an involuntary process. The past experience of the Bureau fails to demonstrate the need for such a revolutionary change as is being proposed.

There can be no question that a withholding tax will entail an additional burden, additional expense and great inconvenience upon industry. It has been estimated that the additional cost to industry by reason of the withholding tax on wages and salaries will exceed 50 million dollars annually. Representatives of the American Bankers Association have estimated that the cost to the banking system alone by reason of a withholding tax on dividends and bond interest will approximate 17 million dollars.



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## Memorandum for the Secretary.

A statement has been made to the Finance Committee of the Senate that the Internal Revenue Service would require from 8,000 to 10,000 additional employees by reason of the requirements of the Revenue Act of 1942. This is an understatement. The withholding tax alone would require at least 12,000 additional employees in the sixty-four internal revenue collection districts. In addition, more than 5,000 employees will be required to perform the necessary functions in connection with the additional individual income tax returns that will be filed. Further additions to the force will be necessary depending upon what relief measures are finally enacted into law. The Internal Revenue Service is faced with the recruitment of over 5,000 employees even though the withholding tax is not enacted into law. Aside from the administrative costs incident to the hiring of over 12,000 employees to administer a withholding tax, there is great doubt whether the Bureau can successfully recruit as many as 17,000 qualified employees under present day conditions. In addition to the cost to the Internal Revenue Service other Governmental agencies, including various branches of the Treasury Department, must incur considerable additional expense if the withholding plan is enacted into law.

The proposed law as it relates to a withholding tax implies that the Bureau will make quick refunds in those cases where the amounts withheld are in excess of the liabilities disclosed on the returns. The Bureau can probably make a considerable number of such refunds within a period of several months after the returns are filed. However, the refunds will probably be so numerous that it will be impossible to complete this task within the short period of six months. In all the conferences on the subject, the representatives of the Bureau have called attention to the fact that the period within which refunds can be made will cover several months after the returns for a given year are filed. In some cases, an indeterminate period would be necessary in which to make refunds, depending upon the difficulties involved in the substantiation of the taxpayers' claims.

- 3 -

## Memorandum for the Secretary.

The recent survey conducted by selected men from both the Treasury and the Bureau, supplemented by questionnaires directed to various business firms, indicates that the industrial public can with considerable difficulty and inconvenience discharge its responsibility in withholding a portion of the income tax at the source. The survey disclosed that there are a number of business men who state their establishments will require additional accounting equipment if the withholding plan is enacted into law. Just how the problem with respect to accounting equipment needs would be solved is a matter over which this Bureau is without jurisdiction.

The Bureau is not unmindful of the fact that a withholding tax has been enacted in Canada, England and elsewhere but it must be remembered that Canada will in 1943 have only 2,500,000 individual taxpayers and 30,000 corporation taxpayers, whereas in this country, about 35,000,000 individual returns and 600,000 corporation returns will be filed. It is my understanding that Canada proposes to administer its income tax law with an expanded force of 5,950 employees. At the present time, there are approximately 29,000 employees in the Bureau of Internal Revenue with 30,000 authorized. These employees administer not only the income tax law but the many other Federal revenue laws. If the Bureau of Internal Revenue should staff its offices on the same basis as the Canadian offices are staffed, we should require more than 80,000 employees.

In view of the burden that a withholding tax law would impose upon industry, as well as upon the Federal, State and local governments and in view of the present day difficulties, if not impossibilities, of obtaining necessary mechanical equipment and competent personnel, both of which are vital to the success of the war effort, it would seem wise to give serious consideration to these factors before the withholding plan is permitted to go forward to enactment.

*Nathan N. Conn*  
Acting Commissioner

From Victory Fund survey  
July 28, 1942 288

I. 2-1/2% 1962 - 67

Boston assumed it would be reopened early in August.

N. Y. suggests reopening and estimates \$500 to \$750 M.

Also suggests coupon as well as registered form and redemption features similar to F & G War Savings bonds.

Philadelphia thought reopening would bring \$500 M.

Richmond reopen would bring about \$550 M

St. Louis "

Kansas City reopen

Dallas reopen; also for estate taxes.

San Francisco reopen.

II. Certificate of  $L_n$  indebtedness

Boston suggested C/I for 6 or 8 mos.

N.Y. " C/I

Phila. " C/I 3/4% May 1943

Richmond " C/I 7/8 Aug. 1943

Kansas City suggested C/I

San Francisco " C/I

III. Treasury bills

Philadelphia suggests increasing bills to \$400 M in Aug.  
and to \$500 M in Sept.

Rich. increase to \$400 M on Aug. 5

St. L. " to \$400 M

K. C. tap at highest bid price

- 2 -

## IV. Tap Issue

Phila suggests this to get business funds, etc.

St. Louis divergence of opinion on this proposal, but  
it is recommended to keep fund out of banks.

Minneapolis thought this would attract corporate funds

Dallas " " " " idle "

## V. Periodic Drives

Boston thought this better than an attempt to sustain  
steady sales effort (see letter)

## VI. Refunding \$894 M

New York suggests this early in September with Treasury note,  
raising at same time with some security \$500 M in cash.

Richmond \$1,500 M note issue with \$600 M cash.

## VII. Large Issue

New York suggests \$4 or \$5 billion issue late September or  
early October. Early decision is necessary in order to  
make preparation.

## VIII. Tax Notes

New York suggests limit on Series A be raised from \$1200 to \$5,000 or \$10,000. Rate on Series B be raised from .48% to .72%.

Philadelphia suggests adjustment of rate on Series B  
Minneapolis - Higher limit on A and higher rate on B.

## IX Miscellaneous

New York - Victory Fund Com. be given responsibility for F & G's.

Market bond issues under war financing be fixed at definite maturities.

Philadelphia - shortcomings in organizational set-up responsible for lack of greater success in sale of F & G. Also discount features of G.

St. Louis - 2-1/4% bond might be considered.

Minneapolis - Increase limit on F & G to \$250,000.

Kansas City - A note issue

Dallas - 7 - 10 year bond issue would be well received.

JUL 28 1942

My dear Senators:

I have received your letter of July 22, 1942, asking for my comments relative to a communication addressed to you on the subject of conditions now existing in the Bureau of Engraving and Printing. The writer of the communication refers to the common use of the lunch room and locker room facilities by both white and colored employees, and refers to current statistics relative to communicable diseases in Washington.

The regulations now in effect in the Bureau of Engraving and Printing regarding the use of the cafeteria and locker rooms provide for equal facilities and no segregation as between white and colored employees. These regulations have been promulgated in conformity with Executive Order No. 8802, dated June 25, 1941, and the President's letter of September 3, 1941, addressed to Heads of all Departments and Independent Establishments.

The scope of physical examinations for persons entering the Federal Service is a matter that is not within the province of the Treasury Department. Such matters come within the purview of Section 631, Title 5, U. S. Code, under the authority of which regulations for the admission of persons into the Civil Service of the United States are prescribed.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Robert E. Reynolds,  
United States Senate,  
Washington, D. C.

Photostat file NMC  
Orig. File to Thompson

JAJ:HT:aja

HENRY S. BETHUNE, N. C., CHAIRMAN  
CLAYTON D. THOMAS, MISS.  
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JOHN C. WILLIAMS, WASH.  
WILEY M. KILGORE, W. VA.  
WESLEY S. MURRAY, MISS.  
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OSAM BURNEY, S. DAK.  
RUFUS C. HOLMAN, OREG.  
JOHN THOMAS, IDAHO  
HENRY CABOT LODGE, JR., MASS.

## United States Senate

COMMITTEE ON MILITARY AFFAIRS

July 22, 1942.

WESLEY S. MCDONALD, CLERK

Dear Mr. Morgenthau:

I am in receipt of a letter reading as follows:

"I am writing to you to call to the attention of our representatives in Congress the conditions between the white and colored Government workers. An Executive Order has come through to the effect that both white and colored employees are to have the same privileges and that there be no discrimination because of creed, race or national origin. At the Bureau of Engraving, where I am employed, the colored are now eating with us in the luncheon room and using the same locker rooms, although they have been provided with a section in the lunch room and their own locker rooms, equally as large and as well equipped as ours.

"It is not a pleasure at this time to discuss a matter so distasteful, especially with our country at war, but something must be done about the situation.

"If you will view the history of the Negro, you will perceive the enormity of the danger of expanding infection, also, the need for concentrated and immediate action in preventing disease. Dr. Leiby estimates there are now some 60,000 cases of Gonorrhoea and 80,000 cases of Syphilis in Washington. A more staggering assertion by Dr. Oetis Anderson of the Virginia State Department of Health is that 'only 20% to 40% of persons under treatment carry that treatment to a point of cure.'

"Upon entering the Federal Government the only physical examination required is a general check-up, whereas, if Wasserman tests were given to both white and colored, it would reveal the dangers of such close contact.

"We are sitting on top of a powder keg and if something is not done immediately to prevent the lid from blowing off, someone will be hurt."

I shall appreciate it if you will give me your reactions to the above-quoted communication.

Yours very sincerely,

*R. K. Reynolds*  
Chairman.

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



OFFICE OF THE DIRECTOR

## TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

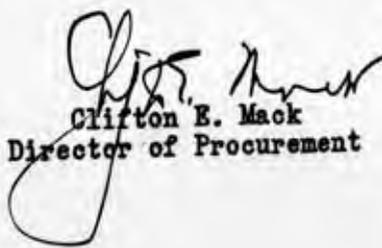
July 28, 1942

## MEMORANDUM TO THE SECRETARY:

There is submitted herewith the operating report of Lend-Lease purchases for the week ended July 25, 1942.

We are now making plans for the training of selected employees, having a knowledge of Government procedure, to become warehousemen and to represent the Procurement Division in the warehouses now being constructed by the War Department for joint use with the Procurement Division for Lend-Lease materials.

Of the nine warehouses under construction, seven are expected to be completed during September and October, and they are located at Terre Haute and Fort Wayne, Indiana; Marion and Warren, Ohio; Louisville, Kentucky; Bound Brook, New Jersey; and Springfield, Illinois.

  
Clifton E. Mack  
Director of Procurement



STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND  
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS  
AS OF JULY 25, 1942  
(In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Undistributed &amp; Miscellaneous</u>
Allocations	\$1771.4 (1768.8)	\$1003.4 ( 976.4)	\$443.7 (436.2)	\$56.0 (56.4)	\$3.7 (1.6)	\$264.6 (298.2)
Purchase Authoriza- tions (Requisitions)	\$1329.8 (1312.0)	\$ 873.6 ( 863.3)	\$401.9 (395.5)	\$46.9 (46.8)	-	\$ 7.4 ( 6.4)
Requisitions Cleared for Purchase	\$1285.3 (1256.4)	\$ 847.8 ( 827.5)	\$384.3 (376.6)	\$46.5 (46.5)	-	\$ 6.7 ( 5.8)
Obligations (Pur- chases)	\$1225.9 (1198.8)	\$ 833.3 ( 817.6)	\$346.6 (335.6)	\$40.2 (40.0)	\$1.7 (1.6)	\$ 4.1 ( 4.0)
*Deliveries to For- eign Governments at U. S. Ports	\$ 484.9 ( 471.7)	\$ 387.5 ( 377.2)	\$ 75.6 ( 72.7)	\$20.0 (20.0)	-	\$ 1.8 ( 1.8)

\*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of July 18, 1942.

## EXPLANATION OF DECREASE

The decrease of \$400,000 in Allocations for China was due to cancellation of six requisitions totaling this amount for that country.

July 28, 1942.

Dear Mr. Holme:

Mr. Morgenthau has noted the enclosures which you sent him with your letter of July 16. I think that you would also like to have these back, and I am sending them to you for your own files.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,  
Private Secretary.

Mr. Brant Holme,  
c/o Mr. W. N. Rehlender,  
Procurement Division,  
Seventh and D Streets, S.W.,  
Washington, D. C.

Enclosures.

*File - nmc*

/ds

BRANT HOLME

238  
TEL. CENTER BRUNSWICK 28 F 32  
MERLES - MEAD R. F. D. 2. TROY, NEW YORK

Thursday, July 16, 1942

Dear Henry:

I thought it as well to pass the enclosed, received this morning, on for you to see. I shall appreciate your using the enclosed envelope to return it. It is hard for me at this distance to understand the "crossed wires" but maybe it is not uncommon these days.

Mr. Ludington's call to me here over the weekend ought to give me something on how things look now. He is Chairman of the Committee of bag men which O P A asked to recommend an "Administrator". He is a fine and very capable fellow.

The despatches on O P A's appropriations have been more encouraging this week. Aside from personal desires, I am distressed about the loss of such precious time when the issues are so vital. It all simply increases many times the tremendous tasks ahead of O P A and other related agencies.

Also glad to hear the good progress of your own program. You evidently will not get all your recommendations but the satisfying thing is the obvious respect back of the attention they are receiving. Good work!

Again, I hesitate to intrude on your well-deserved peace and rest, and ask forgiveness. If I am "wearing you down", shoot me and I won't hold it against you, nor will Ethel.

Love to all from all here. Elinor is still with us here.

Faithfully,

*Brant*

Mr. Henry Morgenthau, Jr.  
Fishkill Farms  
Hopewell Junction, New York

P S - Wrote the above before receiving your wire. However, still think the enclosed will interest you. You know how much I appreciate your taking valuable time to arrange my meeting with Mr. Mack. Contrary to my wire reply, I shall not leave here until the 4:05 Sunday and take a sleeper from New York in time to see Mr. Mack at 9:30 Monday.

B *BH*

# CHASE BAG COMPANY

155 EAST 44 STREET

NEW YORK

July 15th, 1942

FRANCIS H. LUDINGTON  
PRESIDENT

Mr. Brant Holme  
Marles - Mead R.F.D. 3  
Troy, N.Y.

Dear *Brant,*

Funny thing -- yesterday I received a letter from Mr. Frederick W. Brown, Principal Examiner, Agricultural Unit, United States Civil Service Commission, Washington, D.C., suggesting that there was a vacancy within the O.P.A. for a Commodity Specialist who would act as chief of a unit having to do with miscellaneous fibers, including burlap, sisal, hemp, henequen and woven containers -- the letter further explains that the position would involve responsibility within the Office of Price Administration "for the formulation of price controls, the direction of explanation of the General Maximum Price Regulation and existing price schedules of this unit....." Mr. Brown's letter further says that the person selected for the particular position he has in mind "must have had several years experience as a production and distribution executive in large firms manufacturing and distributing cotton and burlap containers".

I immediately telephoned Mr. Halliwell, read him the letter, and at his request am sending him today, air mail, special delivery, a copy of it. Mr. Halliwell seemed a little embarrassed that wires had been crossed and explained that very likely Mr. Brown didn't realize that while such a man was needed at the moment, O.P.A. personnel was frozen and that it was a matter of settling on their budget, etc.

I am going to be in Washington on Friday and will try my best to see Mr. Halliwell.

Your letter of July 9th much appreciated, and I doubt if anyone feels any more keenly your disappointment than I do, particularly since you and I together in Washington discussed the program with Messrs. Halliwell and Oppenheim and came home more or less assured that your application would be approved on short notice and that the Office of Price Administration would be in a position to establish a so-called Bag Unit, etc.

Certainly even if I miss connections with Mr. Halliwell in Washington on Friday, the subject of your appointment will be discussed with someone, and I will try to give you a little more definite information when I get back. I will telephone you probably over the week-end.

My trip to the Middle West uncovered nothing of any particular consequence -- I will call you at CENTER BRUNSWICK 26 F 32 unless you notify my office to the contrary.

Sincerely yours,  
*Fran*

FEL:LS

CHASE BAG CO.  
NEW YORK

AIR MAIL  
SPECIAL DELIVERY

July 15th, 1942

Mr. R. Davis Halliwell  
Temporary Building "D"  
Room No. 2740  
Washington, D.C.

Dear Mr. Halliwell:

Following our conversation yesterday, here are two copies of letter we received from Mr. Frederick W. Brown, Principal Examiner, Agricultural Unit, United States Civil Service Commission, Washington, D.C. - also two copies of my reply.

I am going to be in Washington Friday to attend a meeting of a newly organized Industry Advisory Committee for the New Textile Bag Industry and I hope I will have an opportunity to see you while I am there.

With kindest regards,

Sincerely yours,

FHL:LS

cc: Regular Mail

CHASE BAG CO.  
NEW YORK

July 15th, 1942

Mr. Frederick W. Brown, Principal Examiner  
Agricultural Unit  
United States Civil Service Commission  
Washington, D.C.

RE: FILE XSS:HPH:cha  
July 11, 1942

Dear Mr. Brown:

Your letter dated July 11th which arrived yesterday advises that the United States Civil Service Commission is in need of Commodity Specialists to serve the Office of Price Administration, and you emphasized the present need for someone who has had "several years experience as a production and distribution executive in large firms manufacturing and distributing cotton and burlap containers. ...." Your letter is appreciated.

Not so very long ago a qualified individual in the person of Mr. Brant Holme volunteered to serve within the Office of Price Administration in connection with matters having to do with Textile Bags. Mr. Holme made a trip to Washington, conferred with Mr. Burton E. Oppenheim and Mr. R. Davis Halliwell of the O.P.A., filed application, and it is my understanding that his application was approved, and it is my further understanding that later because of budget difficulties his appointment was not officially confirmed.

Mr. Brant Holme at the present time is in Troy, New York - his address being: -

BRANT HOLME  
MERLES MEAD R.F.D. 3  
TROY, N.Y.

TELEPHONE: CENTER BRUNSWICK 26 F 32

If there is any further information, or if I can in any way be of further help, I would appreciate hearing from you.

Sincerely yours,

CHASE BAG COMPANY

PHL:LS

PRESIDENT

202

107 X

UNITED STATES CIVIL SERVICE COMMISSION  
WASHINGTON, D.C.

July 11th, 1948

Mr. Francis E. Lodington, President  
Shaw-Weg Company  
165 E. 46th Street  
New York, New York

Dear Mr. Lodington:

The U.S. Civil Service Commission is in urgent need of Commodity Specialists available for War Service Appointments in the Office of Price Administration in connection with the administration of price control systems.

At present, there exists in Washington, D.C., a vacancy in the \$5600 grade requiring the services of an individual to act as Chief of a unit dealing with miscellaneous fibers including burlap, sisal, hemp, henequen, and woven containers. The position will involve responsibility for the formulation of price controls, the direction of explanation of the General Maximum Price Regulation and existing price schedules of this unit, and amending and enlarging the unit's price schedules, formulating press releases, freeze orders, etc.

The person selected for this position must have had several years experience as a production and distribution executive in large firms manufacturing and distributing cotton and burlap containers. Academic training is desirable, and will enhance opportunities of appointment, but is not essential.

The opportunity thus exists for a qualified person to render an important service to the nation at this critical time. Please give serious consideration, therefore, to making your own services available. It is also desired that you bring this matter to the attention of any qualified persons in your own organization or elsewhere. If circumstances prevent you from submitting an application, it is suggested that you consider, possibly together with the other executives of your organization, the designation of some one from among your number whom you feel can be spared for the duration of the war. It should be understood that the filing of an application does not obligate you to accept an offer of appointment when made, but it will give the Commission and the operating officials a chance to consider your qualifications. No written examination is involved. The decisions are based upon the applicant's own statements regarding his education and experience. For this reason, the description of the applicant's experience should be sufficiently in detail that an accurate conception of his background may be gained by the operating officials.

While the vacancy described above is of immediate concern, it is expected that other positions of lesser responsibility will be vacant in the near future. Persons who have had broad and responsible experience in this field, and who may be available for these positions when the demand for their services arises, should also submit applications. These positions range in pay, in accordance with their duties and responsibilities, from \$2600 to \$4600.

It is our hope that persons of the highest attainments will feel that they should make their services available wherever they can be used to advantage.

The necessary Application Forms 8 or 57, and 4006-ABCD may be obtained at the Second U.S. Civil Service District Office, Federal Building, Christopher Street, New York. After execution, they should be forwarded to the Agricultural Unit, Room 261, Civil Service Commission in Washington. All positions in this field are entitled Commodity Specialist.

By direction of the Commission:

Very truly yours,

(SIGNED) FREDERICK W. BROWN  
PRINCIPAL EXAMINER  
AGRICULTURAL UNIT

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE July 28, 1942

TO Secretary Morgenthau

FROM Alan Barth

Subject: Senate Debate on Editorial Criticism of Congress

The Senate yesterday rose to its own defense. A front page editorial, sharply critical of Congress, appearing in the Washington Post of the preceding day, was the immediate cause of this self-vindication. But the debate expanded into a general reply to the widespread and insistent criticism of Congressional behavior by newspaper and radio commentators.

There has been of late widespread editorial criticism directed at Congress as a body. The general charge most commonly leveled is that the legislative branch of the Government continues to engage in "politics as usual" without full awareness of the war.

Editorial discontent regarding Congress became pronounced with the quickly rescinded Congressional pension plan. Later it was expressed with renewed vigor over the granting of unlimited gasoline ration cards to Congressmen. More recently, the criticism has centered around Congressional failure to enact a satisfactory tax bill, obstruction of the OPA price control program, the conflict concerning dollar-a-year men, interference with WPB in connection with

synthetic rubber production and lack of resistance to farm and labor blocs.

The Washington Post editorial specifically accused Congress of "political profiteering." By implication, it blamed the legislative branch for the inferiority of American military equipment, for a failure to place ceilings on farm prices and wages, for confusion about tires and gasoline and for a general pandering to popular desires out of concern over the approaching Congressional election.

Senator Taft was alone in expressing specific condemnation of the Post editorial. He argued that the executive departments of the Government, rather than Congress, were responsible for the shortcomings enumerated in the editorial. He defended Congressional action on farm prices, wages and rubber, asserting that "if blame attaches to anyone .... of course, it must attach to the administrative officials." Congress, he said, cannot be blamed. And he ended by accusing the newspaper's editor of "deliberately fomenting dissatisfaction and disunity and the kind of bitter personal recrimination that is bound to interfere with the progress of the war to a greater degree than any action that Congress may or may not take."

At the conclusion of this speech, the Senate's attention was diverted temporarily to a consideration of war production. In a very short time, however, Senator O'Mahoney rose to discuss the general subject of criticism of Congress by

commentators and newspapers. He declared that for several years Congress has vigorously supported the Executive, appropriating most of the money requested by him and supporting every effort of the War and Navy Departments to expand war facilities. "More than that," he said, "I believe the record will show that the Congress has been far ahead of both the War Department and the Navy Department in its desire to prepare for war."

The Senator launched upon an analysis of the way in which editorial comments are devised. In his opinion "too many radio commentators and too many editors are merely propagandists who are trying to convey to their listeners or their readers the points of view which they themselves hold, even though, in many cases, they entertain these opinions without any factual basis." He cited Raymond Gram Swing as a notable exception, but accused broadcasters in general of filling the air every night with "meaningless words."

Mr. O'Mahoney's indictment prompted Senator Chandler to interrupt with an excoriation of radio commentators in general and Upton Close in particular. Senator Lucas joined the chorus, observing that so far as the Japanese situation is concerned, Close "was just as wrong as Kimmel and Short."

Senator O'Mahoney, thus encouraged, went on to assert that "The gentlemen of the press and of the radio who think they are defending democracy are undermining the very basis of democracy because they are destroying the faith and

confidence of the people of the United States in their elected representatives and they are building the ground-work upon which totalitarianism can be reared." He suggested that radio programs may be influenced by the advertisers who sponsor them, that newspaper headlines give distorted versions of events and concluded with a glowing defense of his colleagues. "I know of no member of Congress who is putting his political fortune ahead of his country."

Only Senator Pepper interposed any objections to Senator O'Mahoney's observations. The Senator from Florida felt that Congress could scarcely escape some share of responsibility for inadequate legislation.

Senator Lucas offered the suggestion that Mr. Elmer Davis "prepare a 15-minute radio address once or twice a week for the benefit of the millions of listeners he had throughout America prior to the time he accepted his present important position."

Senator O'Mahoney inserted into the record an article from the Washington Star by T. H. Thomas to the effect that the press has been so busy bolstering morale that it has given rose-colored news and a grossly optimistic version of the war's progress. According to the Washington Post, there were never more than 25 senators in the Chamber during the progress of the debate.

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## BUCKINGHAM PALACE

28th July 1942.

Dear Mr. Morgenthau,

The King and Queen have now received from Lord Halifax the newsreel films which you sent to him with your letter of June 19th.

Their Majesties wish me to thank you sincerely for your kind thought. They are very glad to have these films, which are indeed a stirring record of the wonderful welcome which the American people gave to Squadron Leader Nettleton and his men throughout their recent visit to your country. The King and Queen were delighted to hear how successful it has been.

Yours sincerely,

Renard Howard

H. Morgenthau Esq., Jr.,  
The Secretary of the Treasury,  
Washington.

PS/42/179.  
309

By Recd.

W. Morgan Kousser Esq. Jr.

The Secretary of the Treasury

Washington.

U. S. A.

Private Secretary to the King

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE July 28, 1942.

TO THE SECRETARY  
FROM TED R. GAMBLE

Attached is a copy of the results of the survey conducted at your request in greater New York.

I think it is a very thorough job and presents some most interesting facts.

I wish to call your attention to the full list of persons interviewed contained in back of the report.



## TREASURY DEPARTMENT

DEFENSE SAVINGS STAFF

OFFICE OF STATE ADMINISTRATOR

521 Fifth Avenue  
New York, N. Y.

July 23, 1942

Via Registered Mail  
Special Delivery

Mr. T. R. Gamble  
United States Treasury Department  
Washington, D. C.

Dear Mr. Gamble:

It is a pleasure to send you two copies of the Compilation of the Market Survey as summarized by Batten, Barton, Durstine & Osborne, Inc., under the direction of the head of their Market Research Division, Mr. Robert N. King.

The 1,006 completed questionnaires which form the basis of this tabulation are being sent you under separate cover.

The interviews in this Survey were made, as you know, with individuals who had signed pledges during the Greater New York War Bond Pledge Campaign, June 14-28, 1942, to purchase War Stamps and in a few instances War Bonds regularly, designating in each instance a Post Office as the source of purchase. A total of 2,000 names, divided in lots of 200 each, were supplied each of the 10 cooperating agencies so that they might complete 100 interviews with a minimum of call-backs.

These 2,000 names were purposely chosen from eight low-income groups and two middle income groups in scattered geographic areas in the city. The majority of pledgees in the two middle income groups comprised servants, small tradesmen, and in certain instances housewives whose husbands were pledged to buy War Bonds at sources other than Post Offices.

Most significant is the fact that in the opinion of the investigators 801 of the 1,006 persons interviewed (79.6%) are "Serious" in their determination to fulfill their pledges; 190 (18.9%) are regarded as "Doubtful" as to fulfillment; and 15 (1.5%) as "Insincere".

These results are even more conclusive when it is realized that both Mr. Madden and the writer personally discussed this phase of the survey with



- 2 -

the various agency heads in charge of the actual interviewing and expressed the strong desire that reactions and opinions as to the seriousness of intent in relationship to pledge fulfillment be conservative, objective and as scientific as humanly possible. Furthermore, each interviewer received a confidential note of instructions asking them to record their careful observations and judgment as to the seriousness of intent of the persons interviewed in relationship to their fulfillment of pledges.

Therefore, we have reason to believe that this check-back, conducted under the restrictions imposed, sincerely represents the true feelings of the 1,006 persons interviewed.

The organizations voluntarily cooperating with us in this market survey include:

Batten, Barton, Durstine & Osborne, Inc. 383 Madison Avenue	Mr. Robert N. King
Book-of-the-Month Club, Inc. 385 Madison Avenue	Mr. Meredith Wood
Compton Advertising, Inc. 630 Fifth Avenue	Mr. Edward Battey
Erwin, Wasey, Inc. 420 Lexington Avenue	Mr. J. M. Snyder
Kenyon Research Corporation 480 Lexington Avenue	Mr. C. W. MacKay
Arthur Kudner, Inc. 630 Fifth Avenue	Mr. Robert Thompson
Lennen & Mitchell, Inc. 17 East 45th Street	Mr. A. P. Livingston
Marschalk & Pratt, Inc. 535 Fifth Avenue	Mr. Edward F. Gerish
McCann-Erickson, Inc. 50 Rockefeller Plaza	Miss Margaret C. Booss
Ruthrauff & Ryan, Inc. 405 Lexington Avenue	Mr. Wilson Main

The individuals listed above are the heads of the market research departments of their respective agencies with the exception of Mr. Meredith Wood who is treasurer of the Book-of-the-Month Club and was delegated this responsibility by Mr. Harry Scherman, president, Book-of-the-Month Club.

You will note the names and addresses of the people interviewed in this survey are listed in the rear of Mr. King's report as a permanent reference source for further possible checking on their performance records in fulfilling pledges.

Kindest personal regards.

Cordially yours,

*L. Rohe Walter*

L. Rohe Walter

Greater New York War Bond Pledge Campaign

LRW:w

Encl. (2)

cc: Mr. John T. Madden - 1 Compilation of Market Survey  
Mr. Bayard L. Pope - 1 Compilation of Market Survey  
Mr. Robert N. King

REPORT OF SURVEY ON

WAR SAVINGS STAMP PLEDGEES

made by

GREATER NEW YORK WAR BOND PLEDGE COMMITTEE

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F o r e w o r d

The findings in this report are based upon the replies made to a questionnaire by 1 006 residents of New York. These individuals had signed pledges during the campaign conducted by the Greater New York War Bond Pledge Committee, to make systematic purchases of War Savings Stamps through Post Offices.

The principal objectives of the survey were to ascertain the extent to which Pledgees had started to buy stamps, where they prefer to buy them and why and, by making this personal contact, to get a measure to some degree (based on personal observation and judgement) of the sincerity on the part of the Pledgees in carrying out their agreement.

The list of interviewees was compiled by the Committee. The names were selected from various areas in Manhattan according to types of neighborhoods in order to obtain the economic cross-section desired. The individuals selected to be interviewed were confined to those who had pledged to buy stamps and expected to make their purchases at a post office. Calls were made on the tenement dwellers of the lower east side, on people in rooming houses, and on residents of other sections of the borough in order to reach a representative group of the mass middle and low income families.

The interviews were made evenings during the period of July 6th to 25rd, 1942. Nine leading New York advertising agencies and one commercial firm conducted the field work. These firms assigned their own men to make the interviews and each group was under the supervision of the marketing and research executive of its respective firm.

The firms participating were:

Batten, Barton, Durstine & Osborn, Inc.  
 Book of the Month Club, Inc.  
 Compton Advertising, Inc.  
 Erwin Wasey & Company  
 Kenyon Research Corp. (Kenyon & Eckhart)  
 Arthur Kudner, Inc.  
 Lennen & Mitchell  
 Marschalk & Pratt, Inc.  
 McCann-Erickson, Inc.  
 Ruthrauff & Ryan, Inc.

A list of names and addresses of the Pledges who answered the questionnaires appears in this report and samples of the following material with which the reporters were supplied is also shown.

Credential certificate  
 Confidential instructions  
 Questionnaire forms  
 War Bond Purchase Authorization Blanks  
 War Bond Application Blanks  
 \$50 in War Savings Stamps

A tabulation of the replies appears on the pages immediately following.

Respectfully submitted,

GREATER NEW YORK WAR BOND PLEDGE COMMITTEE

July 24, 1942

Report compiled by:

Robert N. King, Director of Research,  
 Batten, Barton, Durstine & Osborn, Inc.  
 New York, N. Y.

Table 1 - WHERE PLEDGEEES PREFER TO BUY WAR STAMPS OR BONDS:

	<u>Total Number</u>	<u>% of Total</u>
TOTAL	1 006	100.0
Post office	585	58.0
Retail store	129	12.8
Savings bank	106	10.5
Miscellaneous booths	65	6.5
Place of employment	57	5.7
Checking a/c bank	51	5.1
Salary deduction	45	4.3
Children buy at school	19	1.9
Union office	7	0.7
Treasury Department	1	0.1
Other miscellaneous	15	1.5
No one particular place	22	2.2
Don't know where to buy	2	0.2

\* The sum of the percentages exceed 100% as many respondents mentioned more than one place of preference to make purchases.

Table 2 - REASONS FOR PREFERENCE ACCORDING TO SOURCE OF PURCHASE NAMED:

	<u>Post Office</u>		<u>Retail Store</u>		<u>Savings Bank</u>		<u>Checking a/c Bank</u>	
	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>
TOTAL	488	100.0	87	100.0	77	100.0	44	100.0
Because convenient	456	95.2	77	88.5	56	72.7	24	54.6
Have bank account					12	15.6	18	40.8
Can exchange for bonds					2	2.6		
Employed in bank					1	1.3	1	2.3
Bank holds bonds in vault					2	2.6		
Safer buying from a bank					2	2.6	1	2.3
Booths are reminders to buy			4	4.6				
Employer has payroll plan								
Safer buying from post office	3	0.6						
No particular reason	29	6.2	6	6.9	2	2.6		

	<u>Place of Employment</u>		<u>Salary Deduction</u>		<u>All Other</u>	
	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>
TOTAL	52	100.0	36	100.0	81	100.0
Because convenient	55	67.2	7	19.4	67	82.6
Have bank account						
Can exchange for bonds						
Employed in bank						
Bank holds bonds in vault						
Safer buying from a bank						
Booths are reminders to buy					1	1.2
Employer has payroll plan	17	32.8	29	80.6	3	3.7
Safer buying from post office						
No particular reason					10	12.3

Above based on persons only who gave a reason for one particular source of purchase.

Table 2 - REASONS FOR PREFERENCE ACCORDING TO SOURCE OF PURCHASE NAMED:

	<u>Post Office</u>		<u>Retail Store</u>		<u>Savings Bank</u>		<u>Checking a/c Bank</u>	
	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>
TOTAL	468	100.0	87	100.0	77	100.0	44	100.0
Because convenient	456	95.2	77	88.5	56	72.7	24	54.6
Have bank account					12	15.6	18	40.8
Can exchange for bonds					2	2.6		
Employed in bank					1	1.3	1	2.3
Bank holds bonds in vault					2	2.6		
Safer buying from a bank					2	2.6	1	2.3
Booths are reminders to buy			4	4.6				
Employer has payroll plan								
Safer buying from post office	3	0.6						
No particular reason	29	6.2	6	6.9	2	2.6		

	<u>Place of Employment</u>		<u>Salary Deduction</u>		<u>All Other</u>	
	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>	<u>Total No.</u>	<u>% of Total</u>
TOTAL	52	100.0	56	100.0	81	100.0
Because convenient	55	67.2	7	12.4	67	82.6
Have bank account						
Can exchange for bonds						
Employed in bank						
Bank holds bonds in vault						
Safer buying from a bank						
Booths are reminders to buy					1	1.2
Employer has payroll plan	17	32.8	29	50.6	5	5.7
Safer buying from post office						
No particular reason					10	12.3

Above based on persons only who gave a reason for one particular source of purchase.

Table 3 - SOURCE OF FIRST STAMP PURCHASE ON PLEDGE

	<u>* Total Number</u>	<u>% of Total</u>
TOTAL	825	100.0
Post office	450	52.5
Retail store	109	13.2
Savings bank	85	10.3
Place of employment	67	8.1
Various booths	55	6.4
Checking a/c bank	27	3.5
Children buy at school	12	1.4
Union office	6	0.7
Treasury Department	2	0.2
Various other places	52	5.9

\* Based on persons who have made initial purchase

185 or 18.2% of total persons interviewed have not yet made their initial stamp purchase

Table 4 - WHEN STAMPS WILL BE BOUGHT BY PLEDGERS WHO HAVE NOT YET MADE THEIR INITIAL PURCHASE:

	<u>Total Number</u>	<u>% of Total</u>
* TOTAL	167	100.0
Within a month or so	117	70.0
Can't say, no time given	25	15.0
Too poor to buy now	17	10.2
Will have salary deduction taken	5	3.0
Do not intend to buy	3	1.8

\* 16 persons did not reply to this question

Table 5 - OPINION OF REPORTERS ON SINCERITY OF RESPONDENTS  
TO FULFILL PLEDGE AGREEMENT:

	<u>Total Number</u>	<u>% of Total</u>
TOTAL	1 006	100.0
A - Sincere	801	79.6
B - Doubtful	190	18.9
X - Insincere	15	1.5

COPY OF QUESTIONNAIRE AND  
MATERIAL CARRIED BY REPORTERS

HEADQUARTERS OFFICEU. S. TREASURY GREATER NEW YORK  
WAR BOND PLEDGE CAMPAIGN

521 Fifth Ave., New York, N.Y.

Good evening....., I'm from the head office of the War Bond Pledge Campaign. We are calling on people who have signed pledges to buy War Stamps and Bonds regularly to find out just where they would prefer to buy. Furthermore, we are hopeful that this cross-section survey may develop information useful in similar campaigns throughout the country which will help our Nation WIN THE WAR.

1. Where do you prefer to buy War Stamps or Bonds?
 

Savings Bank.....	Retail Store.....
Checking a/c Bank.....	Elsewhere (state).....
Post Office.....	
Treasury Dept.....	
  
2. Would you mind telling me the reasons why you prefer to buy from .....? (Comment)
  
3. I don't want to know how much you've pledged or how much you have bought but would like to know where you made your first purchase on your pledge whether at a post office, bank or other place?
 

Savings Bank .....	Retail Store.....
Post Office .....	Elsewhere(state).....
Treasury Dept.....	Not bought yet .....
Checking a/c Bank.....	
  
4. If not yet bought ask: About when do you expect to start buying War Stamps or Bonds?  
.....  
.....
  
5. Did the Minute Man have time to explain that ALL BANKS are ready and willing to serve you by making arrangements for the purchase of War Stamps or the opening of a special War Bond Account, without cost to you, and how their service can be of benefit to you?

YES.....

NO.....

NOTE: If the answer is NO - explain that for the convenience of the public, neighborhood banks in Greater New York will supply information and assist pledgees to work out War Bond arrangements. The banks' program includes:-

-2-

- a) Convenient arrangements for purchasing War Savings Stamps at tables and special windows.
- b) The opening of War Bond accounts with a first deposit of only \$6. When the account totals \$18.75 the bank will buy and deliver a War Bond to the depositor at the designated address.
- c) Arrangements whereby depositors may instruct banks to make deductions from their checking accounts at regular intervals for the purchase and delivery of War Bonds to a designated address.
6. So many people we've called on have asked us for stamps that we're carrying a supply. If you care to buy now, I can sell you some:  
 Bought ..... Did not.....
7. If stamps bought, list purchase and amount:
- |             |         |
|-------------|---------|
| 10¢ .....   | \$..... |
| 25¢ .....   | \$..... |
| 50¢ .....   | \$..... |
| 1.00 .....  | \$..... |
| 5.00 .....  | \$..... |
| Total ..... | \$..... |
8. If no stamps bought record verbatim any reason voluntarily given for not buying now: (Comment)  
 .....
9. I also have a number of Application forms for use in purchasing War Bonds for all denominations. If you wish to place an order now for War Bonds I shall be pleased to fill out the details for you. You can then drop around to your neighborhood bank or post office and complete the purchase. Should you desire I shall be pleased to leave a copy of this Application Form at the bank you suggest and tell them you will be in tomorrow or the next day to complete the purchase of your War Bond.  
 Amount of contemplated purchase of War Bonds \$.....  
 Date of purchase .....
- Where Bonds will be purchased .....
10. If respondent is interested in buying War Bonds continue: If you maintain a checking account at a commercial bank you can use this bank draft form to buy a War Bond now. At the same time, you

can instruct your bank to make periodic deductions from your checking account and buy and deliver War Bonds to you regularly at a designated address.

Amount of War Bonds purchased per bank draft \$.....  
Name of Bank.....  
Branch .....  
How frequently similar purchases will be made .....

11. Reporter to check:

- A .....
- B .....
- X .....

Name of Pledgee:

\_\_\_\_\_

(Street address)

Reporter:

\_\_\_\_\_

(Agency)

July \_\_\_\_\_ 1942.

WAR BOND PURCHASE AUTHORIZATION

DATE: \_\_\_\_\_

To \_\_\_\_\_  
(insert name of bank)

BRANCH \_\_\_\_\_

This will authorize you to charge my account \$ \_\_\_\_\_  
 on the \_\_\_\_\_ of each \_\_\_\_\_ and purchase a \$ \_\_\_\_\_  
 United States War Bond "Series \_\_\_\_\_".

The bond is to be registered as follows:

Name(s) \_\_\_\_\_

Address \_\_\_\_\_

Address of Co-Owner or Beneficiary  
 If Different from Above \_\_\_\_\_

Please mail the bond by registered mail to my address  
 on file with you.

These instructions are to continue until cancelled in  
 writing by the undersigned.

\_\_\_\_\_  
(signature of customer)\_\_\_\_\_  
(Maturity date)

Application for

**UNITED STATES DEFENSE SAVINGS BONDS—SERIES E (10-YEAR APPRECIATION BONDS)**

The undersigned hereby applies for United States Defense Savings Bonds of Series E (issued pursuant to Treasury Department Circular No. 653, dated April 15, 1941) as follows:

Number of pieces	Denomination (Maturity Value)	Issue Price (Each bond)	Amount (Total Cost)
-----	\$25 . . . . .	\$18.75 . . . . .	\$-----
-----	\$50 . . . . .	\$37.50 . . . . .	\$-----
-----	\$100 . . . . .	\$75.00 . . . . .	\$-----
-----	\$500 . . . . .	\$375.00 . . . . .	\$-----
-----	\$1,000 . . . . .	\$750.00 . . . . .	\$-----

Total amount of purchase \$-----

Bonds to be inscribed (see other side) (Please print or write legibly):

-----  
 -----  
 -----  
 -----  
 -----

**CAUTION.—No one person may hold Defense Savings Bonds of Series E originally issued in any one calendar year in his name alone or with another as coowner to an amount exceeding \$5,000 (maturity value).**

nom.	Bond Numbers
25	Q-----E
50	L-----E
100	C-----E
500	D-----E
1000	M-----E

-----  
 (Name of purchaser)  
 -----  
 (Address)  
 -----  
 Above Bonds received  
 -----  
 (Signature of purchaser)

Date ----- 1941

This application is to be retained by the issuing agent.



## MINUTE MAN CREDENTIAL CERTIFICATE

This is to certify that the bearer  
of this card

---

represents the Government of the  
United States.

★ ★ ★

*HE IS CALLING ON YOU TO  
SHOW WHY IT IS TO YOUR  
ADVANTAGE TO PLEDGE A  
PORTION OF YOUR FAMILY  
INCOME FOR THE PURCHASE  
OF WAR BONDS AND STAMPS  
FROM NOW ON UNTIL VICTORY*

GREATER NEW YORK WAR BOND PLEDGE COMMITTEE

CONFIDENTIALFOR INTERVIEWERS ONLY

In discussing Question 5, please do not make any suggestions encouraging people to take money from their Savings Accounts to purchase War Bonds and Stamps. The Treasury Department is interested primarily in encouraging people to make systematic purchases of War Bonds and Stamps out of current income.

In Item 11 space is provided for:

Reporter to check:

A . . . . .  
 B . . . . .  
 X . . . . .

Please record here your careful observations and judgment as to the seriousness of intent of the person interviewed in relationship to their actual or contemplated fulfillment of their pledge. Record this vitally important phase of this questionnaire as follows:

Check A if you believe person is Serious about his pledge.

Check B if you believe Doubtful as to fulfillment

Check X if you believe Insincere

Please use great care in recording your impressions. . . . and please record your observation for every person interviewed.

---

CONFIDENTIALFOR INTERVIEWERS ONLY

In discussing Question 5, please do not make any suggestions encouraging people to take money from their Savings Accounts to purchase War Bonds and Stamps. The Treasury Department is interested primarily in encouraging people to make systematic purchases of War Bonds and Stamps out of current income.

In Item 11 space is provided for:

Reporter to check:

A . . . . .  
 B . . . . .  
 X . . . . .

Please record here your careful observations and judgment as to the seriousness of intent of the person interviewed in relationship to their actual or contemplated fulfillment of their pledge. Record this vitally important phase of this questionnaire as follows:

Check A if you believe person is Serious about his pledge.

Check B if you believe Doubtful as to fulfillment

Check X if you believe Insincere

Please use great care in recording your impressions. . . . and please record your observation for every person interviewed.

- - -

NAMES AND ADDRESSES OF PLEDGES INTERVIEWED

*Handwritten scribbles and marks on the right edge of the page.*

PLEDGES INTERVIEWED

Geo. E. Marr	1063 Park Ave.
Laura S. Robbins	344 East 55th St.
Beatrice Morgan	204 E. 73rd St.
Annie Miller	1001 Park Ave.
Ida Ianelli	323 E. 62nd St.
Bina Ianelli	323 E. 62nd St.
David Williams	863 Park Ave.
Donald Witaker	529 West 113th St.
Alexander Goldberg	234 W. 42nd St.
Chas. S. Dangker	234 W. 42nd St.
Sidney Satz	344 E. Houston St.
Mrs. Agnes Hunn	416 W. 118th St.
Vincent Barbieri	301 E. 49th St.
Margaret Miklos	360 East 55th St.
Catherine Lyons	235 E. 73rd St.
Bertha Cassady	352 East 55th St.
Frank Cilluffo	320 E. 86th St.
William L. Heath	419 W. 119th St.
Mrs. Isodore Rosenblath	119 Cannon
Albert Novins	234 W. 42nd St.
John Jacura	389 E. 10th St.
Mary A. Hill	957 Park Ave.
Anna O'Brien	431 E. 82nd St.
Lillian Waterhouse	343 West 49th St.
Mrs. Anne P. Wilson	345 W. 50th St. (Polyclinic Hospital)
Harry Donstein	100 Lewis St., N.Y.C.
Aron Feldman	72 Lewis St., N.Y.C.
Mrs. Rose Gross	119 Cannon
Morris Mittman	95 Cannon
Rosaline Satz	344 E. Houston St.
Ethel B. Duck	419 W. 119th St.
Mrs. Sally Liebling	72 Lewis St., N.Y.C.
Abraham Silverberg	95 Cannon
Narcissa Morales	317 W. 54th St.
Kurt Berger	225 E. 79th St.
Fred Febling	424 E. 83rd St.
John Guastella	609 E. 12th St.
John Yaskin	647 E. 11th St.
John Panos	795 9th Avenue
Florence M. Lacey	52 W. 55th St.

Helen Pullin	627 E. 11th St.
May Sullivan	639 E. 12th St.
Mary McCabe	159 E. 65th St.
Fay Trachtenberg	225 E. 63rd St.
Beverly J. Le Roy	442 W. 50th St.
Fay Auerbach	350 W. 55th St.
Harry Winkler	404 W. 54th St.
Margaret Archer	175 E. 74th St.
Joseph Mariani	323 E. 62nd St.
Margaret L. Fidler	175 E. 62nd St.
Sally Lita Wieninikoff	310 East 55th St.
Paul Krunning	235 E. 73rd St.
Herbert Ruge	438 E. 86th St.
C. D. Goshorn	225 E. 74th St.
Charlotte Hersch	630 E. 11th St.
Walter Fleming	428 W. 56th St.
Thomas Henning	438 W. 42nd St.
Esther Pollack	85 Lewis St.
Miss Tepper	374 E. 10th St.
Max Westreich	350 E. Houston St.
Agnes Maloney	195 E. 76th St.
Morris Harris	224 E. 47th St.
Thomas S. Sheehan	333 E. 49th St.
Ella Pensinger	352 E. 55th St.
Leo Epstein	244 W. 39th St.
Mrs. M. H. Baker	302 W. 51st St.
Charles Piscarmona	410 W. 44th St.
B. F. Kramer	225 E. 74th St.
Frieda Greenberg	421 118th St.
Chuma Hurwitz	562 113th St.
Morris Blumstein	560 113th St.
Jacob Klein	514 W. 113th St.
Michael Conniff	1065 Park Ave.
Harry Hapler	321 E. 43rd St.
Blanche Daurie	309 E. 48th St.
May J. Doherty	944 Park Ave.
Anna O'Connor	1050 Park Ave.
Jean Palmer	222 E. 62nd St.
Irene Fontana	304 E. 62nd St.
Mary Moran	167 E. 65th St.
Mrs. Joseph Kovacs	312 E. 65th St.
Jennie Morer	316 E. Houston St.
Dr. Samuel Gilbert	170 E. 61st St.
Joseph Moro	322 E. 61st St.
Barney G. Sedlacek	339 E. 65th St.

John T. Mahoney	433 E. 65th St.
K. B. Ingham	176 E. 75th St.
Mrs. Aron Berman	100 Lewis St.
Rhoda Mitchell	159 E. 46th St.
Sanford Moore	145 E. 63rd St.
Thora Johnsen	507 W. 113th St.
<del>Ellen Ker</del>	430 119th St.
Mrs. Adele Mahoney	174 E. 74th St.
Mary O'Sullivan	121 E. 64th St.
Esther Cook	273 Stanton St.
Dorothy Everett	606 W. 113th St.
Mrs. Margaret Mulligan	416 W. 118th St.
Mrs. Katherine Watson	567 W. 113th St.
M. Bartley	340 E. 55th St.
Peggy Roddy	911 Park Ave.
Dorothy Wadulack	68 Lewis St., N.Y.C.
Mrs. Florence Pollak	541 W. 113th St.
Mrs. Angelina Sirianni	438 W. 40th St.
Mr. Antonio Sirianni	438 W. 40th St.
Violet Anderson	76 E. 101 St.
Mrs. S. Webb	1 West 64th St.
Norman Bernie	303 W. 74th St.
Bubbie B. De Fay	340 W. 72 St.
Mrs. Christine Weitiver	216 E. 15th St.
Mrs. Selma Dreyfus	322 W. 72nd St.
Mrs. L. Bruckman	200 W. 70th St.
L. Wenwood	305 W. 71st. St.
A. Thomas	315 W. 71st St.
Edith Krodetz	225 E. 63rd St.
Axel Persons	225 E. 63rd St.
Melvin A. Conant, Sr.	17 E. 97th St.
Eliza Wicker	245 E. 62nd St.
Mr. Eugene Goodman	500 West End Ave.
Mrs. Jane V. Smeallie	200 E. 16th St.
G. Perera	1 W. 64th St.
Mrs. Shirley Gerber	390 West End Ave.
A. Josephson	235 W. 71st St.
Mrs. Mischa Elman	101 Central Prky.
Leo Carino	72 East 110th St.
Mrs. Nina Speaker	431 E. 15th St.
William Sachonka	51 E. 98th St.
Mrs. Pauline Lasser	6-M - 200 E. 16th St.
Mr. & Mrs. Louis Prowman	9 E. 97th St.
Sidney E. Liss	301 E. 61st St.
Joseph W. Blum, Sr.	210 W. 70th St.

Jane Hess	225 E. 63rd St.
Mrs. Meehan	25 West 68th St.
Majorie E. Goldman	200 W. 70th St.
Carol Brans	330 W. 72nd St.
Mr. & Mrs. A. J. O'Brien	15 W. 81st St.
Irving Kay	2 West 86th St.
Mrs. Kelley	310 West 73rd St.
Mr. Sue Gee	107 W. 71st St.
Mr. Jack Wiseberg	20 West 72nd St.
Beatrice K. Wiseberg	20 West 72nd St.
Hugo Lederman	522 West End Ave.
Mrs. Henrietta Sullivan	348 E. 15th St.
Frieda Boise Holms	215 E. 15th St.
Sara Warrenoff	40 West 67th St.
Mrs. Marion Aronack	19 East 109th St.
Ruby Bencoe	118 W. 72nd St.
Thomas D. Noliterno	301 East 62nd St.
Elisabeth Marynychuk	48 E. 96th St.
Mrs. Rose Goodman	218 East 16th St.
Joseph Alexander	260 W. 72nd St.
Mrs. N. Ghez	12 West 72nd St.
A. Klein	144 West 86th St.
Olympea del Campe	124 W. 72nd St.
Miss Grayce C. Farrant	51 E. 90th St.
George J. Olsson, M.D.	56 E. 87th St.
George Bernstein	26 E. 105th St.
Mr. Clark E. Verrett	437 E. 15th St.
Luba Shapiro	171 W. 71st St.
Steffa S. Elrod	44 E. 98th St.
Virginia M. Walsh	61 E. 97th St.
Miss Jean Beattie	211 Central Pk. W.
Mrs. Sylvia I. Sax	15 Central Pk. W.
Isadore Bickart	295 Central Pk. W.
Mrs. Rose Bickart	295 Central Pk. W.
Mrs. Mollie R. Runnels	15 Central Pk. W.
Dr. Hoenig	146 Central Pk. W.
Mrs. Josephine Marie Nolan	433 E. 15 St.
Rose Douchin	51 E. 98th St.
Mr. Albert Gilbert	305 West 74th St.
Angele S. Pampinati	330 E. 15th St.
J. Marshall Hoag	226 W. 70th St.
Anna Blanch Goldfarb	15 Central Pk. West
Elsie M. Cook	68 West 68th St.
David Cohen	141 West 73rd St.
Mildred Courteney	43 E. 15th St.
Mrs. Rosie Weinfeld	348 E. 15th St.

Angelina Becocchi	506 9th Ave.
John V. McDermott	229 E. 76th St.
Mrs. L. Fischer	228 E. 75th St.
Mrs. Helen Courtney	725 9th Ave.
Mrs. Emil Lina	245 W. 51st St.
Mrs. Pauline Lukas	641 E. 12th St.
Julius Edely	405 West 118th St.
Ada Viola Blough	430 119th St.
Katherine B. Everett	606 W. 113th St.
Helen H. Ries	533 W. 112th St.
Mrs. Inse Tammat	540 W. 112th St.
Eva Marie Stutsman	360 E. 55th St.
Pearl Adie Martyn	319 E. 50th St.
Glse Blumenau	351 East 55th St.
Bridget Kiesel	301 East 50th St.
Mrs. Margaret Herrigan	284 E. 73rd St.
Agnes V. Masterson	421 118th St.
Francis C. Hall	430 119th St.
Lucille Wyler	349 W. 49th St.
Fred Weiser	612 West 114th St.
Herman Wichter	420 W. 119th St.
Miss Jeanne Franks	508 W. 114th St. (Apt. 84E)
Emily Fredricks Lewchinsky	310 E. 55th St.
Mrs. Jill Klauder	422 East 58th St.
Mrs. Margaret Zelenka	326 East 65th St.
Mary G. Reich )	
Robert Buchanan )	115 E. 61st St.
L. Wittmer )	
Patricia Rodnicke	323 E. 62nd St.
Harry Sling	419 W. 119th St.
Rose Rothenberg	829 Park Ave.
Mrs. David J. Putterman	1049 Park Ave.
Mrs. Dora Stammer	1105 Park Ave.
Hilda Johansen	940 Park Ave.
Philip P. Troy	929 Park Ave.
Anthony Moscatelli	323 E. 62nd St.
Ronald J. Fidler	175 E. 62nd St.
Iolanda Gumbas	302 E. 62nd St.
Grace Freeman	1548 Park Ave.
Jane Warl	1032 Park Ave.
Nora Frances Cawley	160 E. 48th St.
E. P. Brennan	302 West 51st St.
Gladys Millay Bailey	360 East 55th St.
Evangeline M. Pooler	319 East 50th St.
Miss Wahey	863 Park Ave.
George Orr	343 West 49th St.
Eliza Orr	343 West 49th St.
Catherine Cameron	128 W. 63rd St.

Mr. Friedman	310 West End Ave.
Patricia H. Palmer	15 Central Park West
Adolph Hofner	9 East 97th
Mrs. Jane D. Ferguson	9A - 200 East 16th Street
Mrs. Ella Leidel	69 East 87th Street
Estelle H. Ries	533 W. 112 St.
George Sullivan	344 East 55 St.
Louis F. Deskers	444 E. 57th St.
Herbert C. Nordberg	310 East 55th St.
Constance Hedberg	235 E. 50th St.
George Klegbald	361 E. 50th
Boris Volkov	527 W. 113th Street
Grace P. Paine	343 East 65th St.
Margaret C. Langellotti	349 East 65th Street
Louise S. Kibbe	445 East 65th St.
Mr. G. A. Hess	245 W. 51st St.
John Kreech	236 E. 33rd. St.
Laura E. Judge	233 E. 81st St.
Nora Cantwell	321 E. 65th St.
Elizabeth Con	233 E. 81st St.
Mrs. Rebecca Rosea	115 Cannon
Rudolf Bornemann	424 W. 46th St.
Molly Bartel	819 9th Ave.
John J. Valentine	149 East 55th St.
Marjorie Grossfield	225 E. 63rd St.
Rafalea Gonzales	405 W. 49th St.
Lydia M. Vaughn	420 W. 119th St.
K. M. Crawford	321 E. 43rd. St.
J. K. Sutherland	400 W. 118th Street
Mrs. Rose Spoljaric	523 9th Ave.
Miss Freyeira	823 Park Ave.
Katherine McBride	457 W. 57th St.
J. Shubert	1120—
Marlend Stewart	545 W. 112th St.
Hazel I. Haft	405 W. 56th St.
Ruth Rosenberg	225 E. 63rd St.
Mrs. Bwodoin F. Hazard	303 E. 63rd St.
Rose Glynne	225 E. 63rd St.
Gertrude Maas	225 E. 63rd St.
Paul Mortara	410 W. 44th St.
Harold Geissenheimer	442 W. 36th St.
Harding Leon	403 W. 54th St.
Dolly Lowell	1120 Park Ave.

David Ellner	389 E. 10th St.
George Gallub	250 E. 4th St.
W. Gallub	250 E. 4th St.
Gizella Ferency	414 E. 10
Esther Spuner	390 E. 10th
Paul Spuner	390 E. 10th.
Daniel Hedovance	639 E. 10th St.
Mrs. Elizabeth J. Hickey	421 118th St.
Mrs. B. Miller	149 E. 55th St.
Mrs. Marie Bruce Scott	300 W. 49th St.
Vyola M. Williams	340 W. 53rd St.
Fritz Harold Minors	325 W. 52nd St.
Junius Williams	334 W. 53rd St.
Nell Petrie	245 W. 51st St.
Mrs. Madeline Papillaw	312 W. 48th St.
Mr. Roy Thompson	823 Park Ave.
Anne Marie Wong	335 East 55th St.
Miss E. Long	138 East 55th St.
Patrick Hurihan	535 W. 48th St.
Edith G. Blackman	245 W. 51st St.
Alice Singer	310 E. 55th St.
Fred C. Klieberg	342 E. 55th St.
Marath F. Sanders	235 E. 50th St.
Kathryn McCallaf	421 W. 45th St.
Emma C. Miller	234 W. 55th St.
Anna Rlesberg	342 E. 55th St.
Wesley Morse	140 E. 46 St.
Sadie Kletter	349 E. 49th St.
Nora A. Thynai	349 E. 49th St.
Harriet O'Ken	335 E. 55th St.
Edward Barrett	208 E. 75th St.
Jeane Sisster	100 Lewis St.
Ellen Rodda	147 E. 72nd St.
Mr. Belle Ackerley	419 118th St.
Annette Anderson	212 E. 50th St.
Helen L. Jarrold	23 Lewis St.
Gertrude Blumenall	351 E. 50th St.
Jane L. Fox	310 E. 55th St.
Charlotte Loeffler	145 E. 82nd St.
Fred Appel	145 E. 82nd St.
Robert J. Teusg	324 E. 81st St.
Mrs. Tessie Goldstein	119 Cannon
Margaret I. Page	110 W. 69th St.
Mrs. Marx Ryall	122 West 63rd St.
Mrs. Rebecca Konigsberg	101 Cannon
Mrs. Molly Hartman	110 Cannon
Molly Krout	134 Cannon
Abraham Seltzer	342 E. Houston St.

Mrs. Katharine Cookson	174 E. 74th St.
Anne Fougner	225 E. 29th St.
Mae Reggi	316 E. Houston St.
Arthur J. Smith	312 E. Houston St.
Margaret Erbe	144 E. 47th St.
Carmen Collins	319 W. 116th St. (Apt. 2-D)
Lois Ruth Anderson	205 E. 73rd St.
Mrs. Alice D. Fox	400 W. 118th St.
Mrs. G. Diamant	512 W. 112th St.
Eillen Delaney	730 Park Ave.
Edward Noonan	189 E. 64th St.
Mr. Pincus Lesser	140 E. 46th St.
Bertram Newton	317 E. 55th St.
Mr. J. S. Warren	142 E. 47th St.
Mrs. Dorothy Gaway	730 9th Ave.
Mrs. Carmela Brauta	456 9th Ave.
Robert Breuta	456 9th Ave.
Tom Bubello	88 Lewis St.
Hilma Maurice	414 E. 65th St.
Margaret Jansen	140 W. 69th St.
Mrs. Helen Berger	160 E. 47th St.
Beatrice Mabry	204 E. 47th St.
Wm. H. Wheeler	330 E. 50th St.
John Martin	153 E. 55th St.
Mrs. Isabel O'Conner	419 118th St.
Angelina Ulena	240 E. 7th St.
Myrra Rabinovich	414 W. 120th St.
Mrs. Agnes I. Hunn	416 W. 18th St.
Annette Leoky	416 W. 118th St.
Geo. Petrocelli	416 W. 118th St.
Frank Von Roeschlaub	416 W. 118th St.
Julia J. Kenny	502 W. 113th St.
Armanta J. Brown	911 Park Ave.
Prince A. Gaines	911 Park Ave.
Melita Lingg	620 Park Ave.
Sam Weiss	290 Stanton St.
Miss Mary Burke	138 W. 63rd St.
Mary Chiarel	114 W. 63rd St.
Ray M. Fairman	1021 Park Ave.
Martha Bosch	983 Park Ave.
Warren Compton	224 E. 47 St.
Mr. Patrick Haren	174 E. 74th St.
Bernard Weinberg	562 113th St.
Elisabeth Stein	611 E. 12th St.
Carroll Stein	611 E. 12th St.

Sara C. Carnegie	226 W. 70th Street
Wm. Paul Gruenwald	226 W. 70th Street
Wm. E. & Mary Rofferty	63 97th Street
J. H. Foeller	5 West 63rd Street
Gertrude Sieberberg	104 West 70th Street
J. Merrill	12 West 68th Street
B. Norgen	9 West 64th Street
Mildred Imperato	141 West 62nd Street
Mr. Louis Herly	440 West End Ave.
Mrs. Edith G. Oppenheimer	310 West End Ave.
Joseph Litt	140 West End Avenue
Mrs. Sara Ciotman	55 Central Park West
M. Baruchin	61 West 73rd Street
Selma Diamond	154 West 70th
Mrs. Dorothy Danberg	44 West 63rd Street
Mr. Danberg	44 West 63 Street
Elizabeth Spanier	333 West 86th
Dr. Harry B. Silver	320 West 87th Street
Lillian L. Lyon	161 West 87th Street
Maurice Bernstein	235 West 71st Street
Gertrude Olbrick	235 West 71st Street
Bayles Family	6 East 97th Street
Sophie Espinoza	23 East 108 Street
Robert Curtiss	211 East 15th Street
Charles Tololko	235 West 71st Street
Joseph J. Hellman	116 West 71st Street
Celia AgResti	348 East 15th Street
Ana Ortiz	23 East 108th Street
Mrs. Wm. H. Greenburg	236 West 70th Street
Anne Jahrs	423 East 15th Street
Mrs. A. S. Kelly	58 East 86th Street
Mrs. L. Martin	24 East 99th Street
Gerald Marks	154 West 71st Street
Lyli E. Johinen	216 East 16th Street
Miss Bea Agnas Frain	51 East 90 Street
Jennie F. Siba	23 East 108th Street
Mrs. Joan Bolte	61 East 86th Street
Mrs. Neesomi Finkelstein	68 East 86th Street
Mrs. M. Perera	1 West 64th Street
Mrs. Martha M. Wharton	218 East 16th Street
S. Kanits	120 West. 71st Street
Mr. Robert Childs	21 East 90th Street
Paul H. Kuhn, M.D.	56 East 87th Street
Helen Malone	24 East 97th
J. Douglas Rankin	5 West 63rd Street
Bertha M. Baiza	8 East 109th Street
Maree Boeza	8 East 109th Street
Loretta Tiernan	51 East 106th Street

Sara Guline	609 E. 11th St.
Mrs. Josie Nobile	609 E. 12th St.
Mrs. Julia Veselaski	607 E. 12th St.
Richard & William Renstle	615 E. 12th St.
Ernest Flotman	631 E. 11th St.
Isidore Pullin	627 E. 11th St.
Mrs. Mary Hoffman	506 W. 113th St.
Helen Lee Wilson	612 W. 113th St.
Nancy Scarola	424 E. 82nd St.
Paul Hellinger	534 E. 83rd St.
W. A. Bartels	321 E. 43rd St.
Lyla Jacqueline Moore	311 E. 43rd St.
Harry Solomon	7 E. 32nd St.
Florence Gilligan	1100 Park Ave.
Mary H. Heyduk	415 120th St. St.
Roderick & Carroll Stein	611 E. 12th St.
Deborah Choquette	1125 Park Ave.
Mrs. Janice McCarthy	773 10th Ave.
Aaron Schwartz	162 W. 56th St.
John Rose	787 9th Ave.
Anna Trimble	773 9th Ave.
Mr. Z. Faller	132 E. 47th St.
Frederick White	151 E. 46th St.
Rose Gentile	313 E. 48th St.
Jennie Solineo	160 E. 47th St.
Austin Rogers	161 E. 46th St.
Daniel Galandek	522 W. 112th St.
Louis Menin	526 W. 112th St.
Rose MacNamara	526 W. 112th St.
Marie Mensie	542 W. 112th St.
Mary G. Riddleberger	404 W. 116th St.
Charles Chasman	508 W. 114th St.
Margaret Fish	420 W. 119th St.
Mrs. Edyth F. La Vay	141 E. 61st St.
Catherine Langer	172 E. 61st St.
Mrs. Betty Prestera	172 E. 61st St.
Mrs. Doris White	60 W. 45 St.
Mrs. Hattie W. Franks	508 W. 114th St. (Apt. 84E)
Thomas Cook	407 W. 52nd St.
Lillian Lamb	400 W. 52nd St.
Janet G. Hallock	404 W. 116th St.
Mrs. J. H. Lebeska	242 E. 55th St.
D. B. Bradshaw	176 E. 75th St.
Sylvan Peterson	230 E. 75th
Chester Jansson	230 E. 75th St.
Carrie M. Asud	50 W. 69th St.

Ella Rainer	312 West 120th St.
Mrs. Stephan Smith	162 East 82nd St.
Barbara Ann Gower	601 W. 113th St.
Mrs. Anna Liftin	508 E. 114th St.
W. S. Robinson	423 W. 120th St.
Lillian Benjamin	140 W. 69th St.
Mr. George Ball	60 W. 65th St.
Otto Reisinger	304 E. 65th St.
Margaret McDonell	412 E. 65th St. (Apt. 22)
Sheila Cameron	412 E. 68th St.
Mary Francis Leutz	128 W. 61st St.
Peter J. Savage	11 $\frac{1}{2}$ West 65th St.
Miss Margaret Fowler	401 118th St.
Mrs. Minnie Doohey	204 E. 73rd St.
H. H. Gwin	430 W. 118th St.
S. G. Bacon	336 W. 56th St.
Mrs. M. Cavanis	424 W. 46th St.
Constance Kininmonth	300 W. 54th St.
Josephine Daly	318 W. 51st St.
Thomas Lynn	865 9th Ave.
Virginia Mano	535 W. 112 St.
Mr. Lew Christensen	350 W. 55th St.
Lawrence Posser	615 E. 12th St.
James F. O'Brien	628 W. 114th St.
Lena Beringhauser	137 Rivington
Mrs. Bella Sturm	85-9 Lewis St.
Mrs. Mary Nelson	140 W. 69th St.
Mrs. Ryan	175 E. 74th St.
Sadie Hilton	774 10th Ave.
Katherine Ironside	423 W. 120th St.
Mrs. Crane Kennedy	214 E. 65th St.
Mrs. M. L. Rosenthal	400 W. 118th St.
Agnes Graham	955 Park Ave.
Harry Bienerstock	295 Stanton St.
Anne Hordecky	633 E. 11th St.
E. A. Fleming	428 W. 56th St.
Mr. & Mrs. Caroline Ponas	639 E. 11th St.
Carl R. Anderson	554 W. 54th St.
Emma C. Kennell	363 W. 51st St.
Anna Fuchs	611 E. 11th St.

Chas. S. Chasman	508 W. 114th St.
Nicholas Schmidt	334 E. 73rd St.
James McCarthy	323 E. 62nd St.
Beatrice Nulty	910 Park Ave.
Victor M. Sinisi	356 W. 56th St.
Rose E. Finn	475 W. 57th St.
Annie Walker	317 W. 120th St.
Mrs. Hattie Franks	508 W. 114th St.
Miss May Lynch	435 W. 119th St.
Miss Jeanne Franks	508 W. 114th St.
Helen Harter	401 118th St.
Frank Nusleva	422 E. 83rd St.
Catherine Notu	25 Lewis St.
Frank Sselisa	455 E. Houston St.
Mrs. W. McClain	307 W. 120th St.
Thomas Ryan	531 W. 113th St.
Elizabeth M. Kondrat	318 E. 73rd St.
Alice Crane	430 W. 118th St.
Idella Tennesen	318 W. 51st St.
Dorothy Lee	378 W. 51st St.
Mr. Earnest Pfeiffer	328 E. 86th St.
John Alexander	454 9th Ave.
Mrs. Margaret Alexander	454 9th Ave.
Erik Johanson	430 E. 65th St.
Josephine McGee)	
May McGee )	230 E. 75th St.
Martha McGee )	
Joseph Lerch	350 W. 55th St.
J. S. Wallerstein	125 E. 72nd St.
Charlotte Reinfeld	344 E. Houston St.
Mrs. Rose Sheinhut	292 Stanton St.
Mrs. Harold Hickerson	506 W. 113th St.
Elenor H. Smith	501 W. 113th St.
Maria Nuslera	422 E. 82nd St.
E. M. Edwards	245 W. 51st St.
Julius Jacowits	258 E. 4th St.
Sarah James	512 W. 112th St.
Jesse Williams	534 W. 112th St.
Gilbert Pinwas	53 W. 52nd St.
Mrs. Rose Lehman	85 Lewis St.
Ada White	307 W. 120th St.
Tena Kerth	317 West 120th St. (Apt. 6)

Doris Peck	186 Rivington
Marian Whitham	930 Park Ave.
Lu Ruchman II	225 E. 73rd St.
Augustus Fetner	250 W. 39th St.
Aaron Pfeffer	250 W. 39th St.
Joseph Doyle	404 W. 116th St.
Sam & Beekie Tepper	374 E. 10th St.
M. James Lavin, Jr.	1268 Park Ave.
Frederica Bigelow	430 W. 116th St.
Helen Marie Morrissey	1249 Park Ave.
Mrs. Erna Altman	205 E. 82nd St.
Mrs. E. F. Brady	167 E. 79th St.
Mary Garcia	460 W. 57th St.
Mary Daitin	225 E. 63rd St.
Evelyn Schumer )	
Rose Schumer )	186 Rivington
Florence Schumer)	
Miss Annie Munroe	140 E. 46th st.
Minnie Klein	340 E. Houston St.
Grace V. C. Schley	620 Park Ave.
Niles Tramell (Mrs.)	730 Park Ave.
Mrs. Grace C. Babcock	770 Park Ave.
Katherine W. Bureh	863 Park Ave.
Charles Kull	304 E. 55th St.
Michael Speciale	169 E. 65 th St.
Carl Zettl	412 W. 56th St.
Phillip Henry Stennett	310 W. 53rd St.
Mr. Errol H. Byron	150 E. 49th St.
Mrs. Geo. W. Butler	145 E. 49th St.
Mr. Irvin Davis	349 E. 49th St.
Giovanni Tambure	55 W. 70th St.
Hilda Baker	58 W. 70th St.
L. Hennie	338 E. 49th St.
Cecil Raimain	117 W. 70th St.
Charles Hughes	227 E. 49th St.
Mona Lee	348 E. 49th St.
Charlotte Kearney	349 E. 49th St.
Joe Cammorato	337 E. 49th St.
Betsy Ritchie Aron	159 E. 49th St.
Vivien E. Joseph	150 E. 49th St.
Josephine Falk	117 W. 70th St.
Mrs. Mabel Ayre	349 E. 49th St.
Mrs. Priscilla A. Clemens	349 E. 49th St.
Walter T. Brown	207 E. 49th St.
Ruby Hikocho Claff	307 E. 49th St.
Thomas Sheehan	333 E. 49th St.
Elsie Lorents	333 E. 49th St.

Mrs. Katherine Buchanan	400 E. 49th St.
Edith L. Smith	117 W. 70th St.
Mildred June Senanti	242 E. 46th St.
Anna Shapiro	117 W. 70th St.
Rudolf Baumbusch	131 W. 70th St.
Natalie White	307 E. 49th St.
Evelyn R. Miller	349 W. 49th St.
Louis Panighetti	220 E. 46th St.
Sophie Hemanos	238 E. 46th St.
Jean Roth	400 E. 49th St.
Bena S. Steen Peterit	146 E. 49th St.
Mr. F. White	151 E. 46th St.
Geo. B. Mack	400 E. 49th St.
Eula H. Christie	306 E. 49th St.
Elizabeth Palmer	400 E. 49th St.
Patrick Murphy	145 E. 48th St.
Elaine Lotito	641 E. 11th St.
Thomas W. Evans	320 E. 50th St.
Bettie Kleinrock	110 Cannon
Elizabeth Clemens	321 E. 43rd St.
Ann Kuzborski	318 W. 51st St.
Richard D. Campbell	229 E. 79th St.
Mr. Peter J. Breda	320 E. 86th St.
Helen McGrath	420 W. 56th St.
Jean Borden	611 W. 112th St.
Mrs. R. Donner	405 W. 118th St.
Mr. & Mrs. Jeremiah Moynihan	1065 Park Ave.
Mrs. Catherine Campbell	1088 Park Ave.
Miss B. Ramoska	508 E. 114th St.
J. Fleischer	216 E. 75th St.
Doris Adolph	548 113th St.
Gordon W. Pollock	345 W. 55th St.
Samuel A. Barforder	10 W. 61st St.
Ruth Hamilton	245 W. 51st St.
Carmen Rodriguez	359 W. 54th St.
Miss Margaret M. Henry	308 E. 73rd St.
Jade Ling Chan	56 W. 65th St.
Mr. William Whalen	510 E. 86th St.
Helen Godell	430 W. 118th St.
Eloise G. Miller	327 W. 52nd St.
Rose Godel	76 Cannon St.
Wm. Goldberg	414 E. 10th St.
Norma Gorden	251 E. 4th St.
Antonette Hellingan	534 E. 83rd St.
Catherine Campbell	1088 Park Ave.
Rose Szilagi	993 Park Ave.

Mr. & Mrs. Dengler	321 E. 43rd St.
Elizabeth Fitzpatrick	138 E. 72nd St.
Mrs. Harold Witham	227 E. 49th St.
Palmina Sperazi	163 E. 46th St.
Josephine Stach	311 E. 43rd St.
Mrs. Dorothy Garguito	677 9th Ave.
Gustave Kylmanen	170 E. 64th St.
Benjamin Jacoby	179 E. 79th St.
Joseph Keegan	309 E. 65th St.
Irene Keleshek	424 E. 83rd St.
Wm. Keleshek	424 E. 83rd St.
Yetta Yairman	421 E. 10th St.
Teresa Grico	217 E. 76th St.
Eileen Keegan	309 E. 65th St.
Ruth Babib	101 Cannon
Christine B. Carlucci	1049 Park Ave.
Ethel S. Blinder	1225 Park Ave.
Peggy Anne Blinder	1225 Park Ave.
Mrs. C. Conselman	417 E. 82nd St.
Marguerite Mahony	306 E. 55th St.
Rose Schoendorf	340 E. Houston St.
Mary Mazepa	316 E. Houston St.
Harry Hempstead	535 W. 112th St.
Mrs. Helen Lach	630 E. 11th St.
Frank Dula	255 E. 49th St.
Nettie Runberg	526 W. 112th St.
Helen Murray	442 W. 36th St.
Tiny Huff	245 W. 51st St.
Lena Feldman	72 Lewis St.
Bubbles Parker	245 W. 51st St.
Marion C. Outhit	405 W. 118th St.
Louise J. McKeon	502 W. 113th St.
Charles S. Sinatra	421 E. 65th St.
Velma Frank	1075 Park Ave.
Ann Schnakenberg	911 Park Ave.
Mrs. Dora Lubin	119 Cannon
James B. Keegan	309 E. 65th St.
Oscar Hyman	22 Lewis St.
Mrs. Yetta Hyman	22 Lewis St.
Patricia E. Sinatra	421 E. 65th St.
Sarah Rothman	389 E. 10th St.
Carry Dorcy	345 E. 57th St.

Alice Cliffe	245 West 51st St., New York City
Edwin Saunders	1088 Park Avenue, New York City
Sara MacDonough	157 East 55th St., New York City
Julia Follmer	429 East 64th St., New York City
Harry Zeiger	229 East 4th St., New York City
Margaret Breen	611 West 112th St., New York City
Dawn Ladouceur	611 West 112th St., New York City
Robert Schultz	544 West 113th St., New York City
Marie Heid	777 Tenth Ave., New York City
Saul Seichman	229 East 79th St., New York City
Mrs. Betty Holmes	50 East 86th St., New York City
Marjorie Hough	430 West 116th St., New York City
Mary L. McClure	400 West 118th St., New York City
Nellie Sullivan	417 West 120th St., New York City
Mrs. Clara Robbins	508 East 114th St., New York City
H. Halle	125 W. 72nd St., New York City
James McGregor	360 East 55th Street, New York City
P. E. Kuhn	430 West 118th St., New York City
Philip Hoffman	414 West 118th St., New York City
Mrs. Della Rocca	500 East 114th St., New York City
Henry Horsler	430 West 119th St., New York City
Mrs. J. L. Israel	215 East 73d St., New York City
Anna Besthorn	183 East 73d St., New York City
Eileen Shields	311 East 43d Street, New York City
Rose Goldberg	414 East 10th St., New York City
Elsie Palin	421 East 10th St., New York City
Yetta Horn	421 East 10th St., New York City
Herbert Horn	421 East 10th St., New York City
Isador Ronneger	281 East 4th St., New York City
Maxine Labinson	283 East 4th St., New York City
A. Labinson	283 East 4th St., New York City
Harriet Lazarus	993 Park Avenue, New York City
Rebecca Davis	955 Park Avenue, New York City
Jack Howard	136 East 64th Street, New York City
Sophie R. Bergman	114 West 61st Street, New York City
Selma Zelda Rachlin	225 East 63d St., New York City
Miss Auty	545 West 112th St., New York City
Eliza Tisol	545 West 112th St., New York City
Mrs. B. Braten	523 West 112th St., New York City
Isidore Bloch	162 East 62nd St., New York City
Beatrice Spiegler	175 East 63d Street, New York City
Mary Astarita	775 Tenth Ave., New York City
Michael Droby	371 East 10th St., New York City
Mrs. Jennie Brozovsky	414 East 10th St., New York City
Lucy Hendrickson	39 West 55th St., New York City

Michael Hanley	174 East 74th Street, New York City
Mrs. Ruth Slaton and Daughter	140 East 46th Street, New York City
Mr. John Reed	224 East 47th St., New York City
Mrs. Ruth Falkowitz	101 Cannon St., New York City
F. Kirstein	225 East 74th St., New York City
Frances Gallina	217 East 76th St., New York City
Cecil Brewster	14 East 14th St., New York City
Lela M. Mishkin	98 Riverside Drive, New York City
Carmen Cequet	49 East 112th St., New York City
Dorothy Rodrigues	4 East 112th St., New York City
William Barnes	8 East 112th St., New York City
Lina Montanez	46 East 112th St., New York City
Walter L. Meneses	10 Second Street, New York City
Samuel M. Wertheimer	588 West End Avenue, New York City
Lillie Mae Williams	19 East 113th Street, New York City
Elizabeth Peyser	137 West 72nd St., New York City
Samuel G. Meester	112 West 72nd Street, New York City
Mrs. Muriel Bernstein	585 West End Avenue, New York City
Mrs. Percy Mishkoff	585 West End Avenue, New York City
Miss Fanny Salek	175 West 72d Street, New York City
Mr. Lamont	5 West 63d St., New York City
Bessie Markin	7 West 81st Street, New York City
Mrs. Juliana Goldmann	118 Riverside Drive, New York City
Mrs. Thirer	317 West 83d Street, New York City
Mrs. McGaffey	45 West 75th St., New York City
Rose Robin	205 West 88th St., New York City
Dr. Anthony Stoff	65 Central Park West, New York City
Mrs. Anna S. Lubell	155 Riverside Drive, New York City
Harry I. Soble	1819 Broadway, New York City
Morris Kletter	1841 Broadway, New York City
Eva Menns	68 East 102d Street, New York City
Rosa Vestal	65 East 103d Street, New York City
Lynne Louise Runa	20 East 103d Street, New York City
Miranda Menguel Averye	20 East 103d Street, New York City
Carmen Revera	75 East 112th St., New York City
Cruz M. Hernandez	49 East 112th St., New York City
Lillian Parsons	14 East 114th St., New York City
Lottie Moore	14 East 114th St., New York City
Miguel G. Seda	23 East 113th St., New York City
Josefa Vincenti	83 East 113th St., New York City
Dr. Leon Antell	46 East 91st St., New York City
Adelaide Jacoby	50 West 72nd St., New York City
James Jacoby	50 West 72nd St., New York City
Lionel Rigman	53 West 72nd St., New York City
Mrs. Pauline E. Struck	61 East 95th St., New York City

Miss Annabelle Lega	25 East 94th Street
Maximilian E. Kloorfain	2020 Broadway
Joseph B. Duat	322 W. 72nd Street
Mrs. Rose Plank	114 West 82nd Street
Mrs. Fannie Pfritzer	68 East 94th Street
Mrs. Hannah Antill	46 East 91st Street
Carmelina Pelaez	21 East 112th Street
Javita Maisonet	14 East 112th Street
Mrs. Rose Newman	251 West 91st Street
Judith Greenfield	12 West 72nd Street
Anacelia Velez	56 East 102nd Street
Theodore Malardie	330 W. 72nd Street
Richard Routhbaum	158 West 81st Street
Mr. C.A. Kammerer	165 W. 72nd Street
Miss Susie Connor	165 West 91st Street
Irene Mc Gooty	14 East 114th Street
A. Kridel	1111 Park Ave.
Richard C. Sinatra	421 East 65th Street
Arthur A. Cohen	1111 Park Ave.
Quock Wah Chin	349 East 65th Street
Rose Leiss	291 East 4th St.
Mrs. Sarah Schulman	79 Lewis Street
Walter Gleich	929 Paul Ave.
John Harbeson Fitzgerald	127 East 61st St.
Barbara Carlton	309 W. 57th Street
Alfred Morer	316 East Houston St.
Martin Morer	316 East Houston St.
Elsie Berger	252 E. 61st St.
Charles Christ	309 W. 57th Street
Mr. John B. Etchingham	425 East 86th St.
Sylvia Peterson	201 East 61st St.
L. M. Lorine	225 E. 74th St.
Lester Breidenback, Jr.	1070 Park Avenue
Harriet M. Sherren	567 East 113th St.
Rudy George Hodovaine	389 East 10th St.
Mrs. Sarah Davis	292 Stanton St.
Mrs. Gertrude Kaufman	605 East 11th St.
Ella Driscoll	316 East 55th St.
Helen G. Mc Namara	328 East 50th St.
John J. Rathner	417 - 118th St.
Gladys Collins	413 East 82nd St.
Ellen Cerny	421 E. 82nd St.
Albert Kirokner	234 East 50th St.
Mary Margaret Walters	310 East 75th St.
Betty Merwin	119 East 64th St.

Mrs. Paula Marron	418 W. 36th Street
Edward G. Stirnlight	319 East 50th St.
Mrs. Esther Fass	601 W. 112th St.
Jack Hecker	266 Stanton St.
Nancy E. Heyburn	406 W. 57th St.
Francie Brown	412 E. 64th St.
Mrs. Edith Jevotovsky	290 Stanton St.
Mr. Salvatore Adamo	432 W. 43rd St.
Josephine Tiemon	400 East 59th St.
Harry Woods	350 W. 57th Street
Ernest Rizzo	72 Lewis St.
Margaret O'Reilly	1120 Park Ave.
John C. Livingston	160 W. 44th St.
Solomon Richkin	79-81 Lewis St.
(Mr.) & Mrs. Mary Mersinger	447 W. 37th St.
Anna Gabris	1100 Park Avenue
(Mr. W. Belcher	
(Mrs. Annie B. Haskett	420 West 119th St.
Barry Satz	344 East HoustonSt.
Constance A. Satz	344 East Houston St.
Peter Saocatuf	45 East 31st St.
Bella Klein	79-81 Lewis St.
Mrs. Jerry Foley	228 East 81st St.
Vera Anna Kovacs	623 East 12th St.
Miss Winifred Sundquist	239 East 73rd Street
Marie V. Buda	239 East 73rd Street
Edith Jackson	235 E. 73rd St.
Hans Morris	305 E. Houston St.
John C. LeGrand	419 W. 119th St.
Marion E. Pierce	122 East 62nd Street
Mary Franc	40 West 55th St.
Isabel S. Scott	957 Park Ave.
Walter, Mary & Josephine Dzeczeccki	611 East 11th St.
John T. Atkinson	505 West 112th St.
Mille Tratto	251 E. 4th St.
Karin M. Johvotsein	1021 Park Ave.
Mrs. Elizabeth O'Connor	204 E. 73rd St.
Ann K. Rosenblum	239 East 73rd St.
Miriam Kornman	348 East 49th St.
Truman Bidwell Jr.	840 Park Ave.
Marvin I. Heberman	155 W. 63rd St.
Elizabeth Kays	197 E. 76th St.
Rosalie Schubert )	
Shirley Schubert )	1120 Park Ave.

Dr. Samuel Finkelstein	70th St. & Bway. (Sherman Sq. Hotel)
Mrs. E. J. Swartz	730 Park Ave.
Mrs. V. Berroch	330 W. 72nd St.
Mary Laitin	225 E. 63rd St.
Mrs. Grace Schley	620 Park Ave.
Pauline Vohay	868 Park Ave.
Dr. Sidney Bier	330 W. 72nd St.
Dr. A. Alexander	32 W. 82nd St.
Mr. Patrick McCullum	18 E. 80th St.
Mr. William Waite	18 E. 80th St.
Jack Bain	526 Columbus Ave.
Virgil Markham	118 E. 18th St.
Duane Berry	339 E. 16th St.
Hilda Berry	339 E. 16th St.
Mr. John Novitsky	310 E. 18th St.
Jennie Weiss	345 E. 17th St.
Mr. Anna C. Winterhalder	304 E. 18th St.
Reese Jones	415 E. 17th St.
Pearl Gloria Weingarten	441 E. 16th St.
Clara Levin	417 E. 16th St.
Mary Charta	536 E. 16th St.
H. Mickiewics	401 E. 17th St.
Tynee Harkola	119 E. 17th St.
James A. McLaughlin	205 E. 17th St.
May B. Benjamin	233 E. 17th St.
Henry Shanahan	333 E. 17th St.
Gloria A. Jederan	208 E. 18th St.
Mrs. Lily Popper	208 E. 18th St.
Mary Blatty	333 E. 17th St.
Flora Marchowsky	107 E. 17th St.
Henrietta Adler	331 E. 17th St.
Mary Cullen	243 E. 63rd St.
Matthew Petrula	430 E. 71st St.
Agnes McDonald	433 E. 67th St.
Theresa Wake	204 E. 69th St.
Gilbert Felton	135 E. 65th St.
Zeland Carter	180 E. 64th St.
Julia Dvojak	222 E. 67th St.
John Guminskey	433 E. 68th St.
Mr. & Mrs. Louis C. Goodspeed	444 E. 66th St.
Margaret L. Seward	119 E. 64th St.
Mary R. McGuire	303 E. 65th St.
Mrs. G. Honce	30 Beekman Place
Frank Resioky	433 East 72nd St.
Blanche K. Miller	155 E. 73rd St.
Doris Ismay Jones	30 E. 68th St.

Mrs. Michael Corr 501 West 40th St.  
 Mr. & Mrs. Michael Dzedevick 630 East 11th St.  
 Mona Lee 348 East 49th St.  
 John Brussick 346 East 48th St.  
 Margone Vasiluth 319 East 55th St.

Charles Hughes 227 East 49th St.  
 Richard Keegan 309 East 65th St.  
 William S. Keegan 309 East 65th St.  
 Miss India Niblack 542 W. 112 th St.  
 Amelia Rodie 225 East 63rd St.

Richard A. Walsh 435 East 57th St.  
 Natalie Erdman 163 W. 65th St.  
 Karolina Olleon 170 E. 64th St.  
 Anna Klinberg 170 E. 64th St.  
 Mrs. D. M. Morris 246 E. 46th St.

Mr. Austin T. Rogers 161 E. 46th St.  
 Mr. Henry Slater 9 Columbus Circle  
 Kathryn O'Neil 166 E. 78th St.  
 Mr. Charles E. Hall 243 E. 46th St.  
 Maud Salm 333 E. 68th St.

John Hauser 40 E. 72nd St.  
 Stanford Moore 145 E. 63rd St.  
 Rose F. Schaff 46 E. 91st St.  
 Mr. Edward H. Kessler 170 E. 49th St.  
 Mr. Frank Dula 255 E. 49th St.

Eileen Delaney 730 Park Ave.  
 William Murphy 620 Park Ave.  
 Walter Ludwig Speyer 141 W. 73rd St.  
 Gretchen Degenkolb 150 Central Pk. S.  
 Mrs. Isabella Schloss 240 Central Pk. S.

Catherine Shortis 27 Columbus Ave.  
 Mrs. M. Epstein 121 W. 72nd St.  
 Dr. Nathan Portnay 320 W. 87th St.  
 Mrs. Margorie Terry 222 E. 49th St.  
 Robert Hojsgaard 26 E. 91st St.

Dr. Martin Slitaker 150 E. 49th St.  
 Julius Koppel 7 E. 89th St.  
 Peter Beck 165 E. 49th St.  
 Eugene Walker Keniley 146 E. 49th St.  
 Mr. Roy Thompson 823 Park Ave.

Pierre Simon 875 Park Ave.  
 Dr. Herman Nunberg 875 Park Ave.  
 Miss Anna Marie Winter 983 Park Ave.  
 Delys Sane 35 E. 76th St.  
 Eva Passon 35 E. 76th St.

Anna K. O'Brien	303 E. 69th St.
Patrick J. Duffy	231 E. 70th St.
Mary E. Johnson	210 E. 64th St.
W. B. Walter	20 Beekman Place
Dr. Abraham L. Wolbarst	114 E. 64th St.
Margaret Pusell	136 E. 64th St.
Delia Ahern	228 E. 67th St.
Max Lennox	172 E. 63rd St.
Oscar Wallack	18 E. 64th St.
Genevieve Noble	446 E. 66th St.
Katherine H. Spaatz	35 E. 63rd St.
Joseph Weinberg	141 E. 18th St.
Miss Sylvia Wiskind	346 E. 18th St.
Miss Julia Kopacka	346 E. 18th St.
Mildred B. Leau	227 E. 18th St.
Joseph Franco	340 E. 18th St.
Mrs. Elizabeth Zimmerman	332 E. 18th St.
Mr. Rudolf Stallindun	332 E. 18th St.
Miss Jean Acette	345 E. 18th St.
Mrs. Anne F. Hodgkins	138 E. 19th St.
Mrs. Catherine Sohn	345 E. 18th St.
Romaine Krantz	169 E. 77th St.
Mrs. Griffith	34 E. 68th St.
Mr. Walter Hillmer	177 E. 77th St.
Mrs. M. Ellinger	142
Elis. Fuohs	56 E. 78th St.
Minnie D. Coffin	169 E. 78 St.
Mrs. Hofstadter	175 E. 79 St.
Mrs. Ella Davis	135 E. 71st St.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE July 23, 1942.

TO Secretary Morgenthau

FROM Mr. Hays 

Attached is a memorandum on the Operation of Payroll  
Savings Plan in June.

## OPERATION OF PAYROLL SAVINGS PLAN IN JUNE

1. During the past 4 weeks 13,089 companies employing 9,500,000 workers have submitted data to the Treasury covering the operation during June of the payroll savings plan in their organizations in response to your monthly letter to such companies requesting this information. The figures cover about 43 percent of all workers in companies with payroll savings plans and are believed to be representative of the operation of the payroll savings plan in all companies in the country.

2. On the basis of the application of the figures reported by the 13,089 companies, it is estimated that 15,300,000 persons (approximately 69 percent of all workers in companies with payroll savings plans) had funds deducted from their pay for the purchase of war savings bonds during the month of June. It is further estimated that these deductions amounted to 5.8 percent of the monthly pay of these persons or to approximately \$9.96 for each one of the persons participating. In the aggregate it is estimated that the amount of deductions from pay amounted to approximately \$153 millions during June, but that as a result of a lag between the time deductions are made and bonds are actually purchased from the funds accumulated, the total purchases of war savings bonds under payroll savings plans during June amounted to only \$135 millions.

3. Figures similar to the foregoing have been given to you from time to time in the past. A table summarizing these figures will provide an overall picture of the progress that has been made during the past 7 months, and a cue to the distance that still has to be traveled. Such a table follows:

Month	Number of firms with 100 or more employees with payroll savings plans	Number of employees exposed to payroll savings plan (millions)	Estimated number of employees participating (millions)	Percent of pay of participating employees deducted	Average deduction per employee participating	Aggregate deductions made (millions)	Aggregate bonds purchased from funds accumulated (millions)
Dec.....	2,500	4.0	0.7	4.1	\$ 7.10	\$ 5.0	\$ 3.0
Jan.....	7,500	10.3	3.8	4.5	7.28	28.0	10.0
Feb.....	16,428	12.8	7.6	4.8	7.69	58.0	25.0
Mar.....	17,260	18.7	9.6	4.9	8.08	78.0	40.0
Apr.....	20,114	20.7	11.6	4.9	8.31	96.0	65.0
May.....	21,301	21.4	13.9	5.3	9.09	126.0	95.0
June....	23,855	22.2	15.3	5.8	9.96	153.0	135.0
July....							
Aug.....							
Sept....							
Goal..	33,695	35.0	30.0	10%	\$ 17.00	\$500.0	\$500.0

Note: Figures in first column relate to firms with 100 or more employees only. Figures in all other columns relate to all firms in the country.

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)

Date	July daily sales	Cumulative sales by business days				July as percent of June
		July	June	May	July as	
July 1942						
1	\$ 28,418	\$ 28,418	\$ 29,539	\$ 19,981	96.2%	
2	24,269	52,687	45,442	39,430	115.9	
3	27,277	79,964	67,046	72,048	119.3	
6	46,531	126,495	98,208	88,605	128.8	
7	31,110	157,605	132,341	122,575	119.1	
8	43,451	201,056	154,085	157,866	130.5	
9	39,918	240,974	192,659	181,431	125.1	
10	47,755	288,729	206,523	201,464	139.8	
11	36,127	324,856	236,552	232,801	137.3	
13	47,164	372,020	259,772	246,756	143.2	
14	30,102	402,122	281,724	271,525	142.7	
15	33,807	435,929	303,163	296,152	143.8	
16	31,670	467,599	334,398	317,861	139.8	
17	37,659	505,257	345,497	337,371	146.2	
18	21,929	527,186	368,782	371,066	143.0	
20	53,257	580,443	387,369	385,098	149.8	
21	21,686	602,129	414,804	409,987	145.2	
22	34,511	636,640	429,158	439,987	148.3	
23	33,434	670,075	468,812	466,171	142.9	
24	32,987	703,062	485,338	485,109	144.9	
25	19,510	722,572	510,446	518,829	141.6	
27	53,821	776,393	533,097	539,771	145.6	

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

July 28, 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 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)

Date	July daily sales	Cumulative sales by business days				July as percent of June
		July	June	May		
July 1942						
1	\$ 15,821	\$ 15,821	\$ 19,834	\$ 12,679		79.8%
2	14,880	30,701	27,841	24,263		110.3
3	16,822	47,523	40,811	46,532		116.4
6	29,797	77,320	58,199	55,460		132.9
7	17,724	95,044	82,988	73,824		114.5
8	21,599	116,643	98,197	97,049		118.8
9	22,746	139,390	125,245	114,218		111.3
10	24,772	164,161	134,157	128,670		122.4
11	19,077	183,238	154,242	151,956		118.8
13	26,550	209,787	169,920	161,346		123.5
14	15,744	225,532	186,470	177,133		120.9
15	18,407	243,938	201,700	194,047		120.9
16	17,828	261,766	225,684	208,939		116.0
17	22,345	284,111	233,218	223,242		121.8
18	12,233	296,344	249,033	247,532		119.0
20	31,368	327,712	261,321	257,374		125.4
21	12,239	339,951	280,742	271,079		121.1
22	18,184	358,135	291,729	290,485		122.8
23	18,261	376,396	321,114	309,584		117.2
24	18,588	394,984	331,806	323,705		119.0
25	10,695	405,679	347,673	347,494		116.7
27	32,577	438,256	362,550	360,564		120.9

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

July 28, 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)

Date	July daily sales	Cumulative sales by business days				July as percent of June
		July	June	May		
July 1942						
1	\$ 12,597	\$ 12,597	\$ 9,705	\$ 7,302		129.8%
2	9,389	21,986	17,601	15,168		124.9
3	10,455	32,441	26,235	25,516		123.7
6	16,734	49,175	40,009	33,145		122.9
7	13,386	62,561	49,353	48,751		126.8
8	21,852	84,413	55,888	60,817		151.0
9	17,172	101,585	67,414	67,213		150.7
10	22,983	124,568	72,366	72,794		172.1
11	17,050	141,618	82,310	80,845		172.1
13	20,614	162,232	89,852	85,410		180.6
14	14,358	176,590	95,254	94,391		185.4
15	15,400	191,991	101,464	102,106		189.2
16	13,842	205,833	108,715	108,923		189.3
17	15,314	221,147	112,279	114,129		197.0
18	9,696	230,842	119,749	123,534		192.8
20	21,888	252,731	126,048	127,724		200.5
21	9,447	262,178	134,062	138,908		195.6
22	16,327	278,505	137,429	149,502		202.7
23	15,174	293,679	147,698	156,587		198.8
24	14,399	308,077	153,532	161,404		200.7
25	8,816	316,893	162,774	171,335		194.7
27	21,244	338,137	170,547	179,208		198.3

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

July 28, 1942.

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

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

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Sales of United States Savings Bonds  
From July 1 through July 27, 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
	July 1	July 1	July 1	to Date	July 1	July 1	July 1	to Date	July 1	July 1	July 1	to Date
Daily	to	to	as % of	Daily	to	to	as % of	Daily	to	to	as % of	
Date	Date	Date	Quota	Date	Date	Date	Quota	Date	Date	Date	Quota	
1	\$ 15.8	\$ 15.8	\$ 23.6	66.9%	\$ 12.6	\$ 12.6	\$ 19.4	64.9%	\$ 28.4	\$ 28.4	\$ 43.0	66.0%
2	14.9	30.7	47.9	64.1	9.4	22.0	36.4	60.4	24.3	52.7	84.3	62.5
3	16.8	47.5	73.0	65.1	10.5	32.4	50.6	64.0	27.3	80.0	123.6	64.7
6	29.8	77.3	126.0	61.3	16.7	49.2	82.6	59.6	46.5	126.5	208.6	60.6
7	17.7	95.0	139.3	68.2	13.4	62.6	94.2	66.5	31.1	157.6	233.5	67.5
8	21.6	116.6	162.2	71.9	21.9	84.4	114.5	73.7	43.5	201.1	276.7	72.7
9	22.7	139.4	189.8	73.4	17.2	101.6	129.5	78.5	39.9	241.0	319.3	75.5
10	24.8	164.2	216.0	76.0	23.0	124.6	139.9	89.1	47.8	288.7	355.9	81.1
11	19.1	183.2	236.6	77.4	17.1	141.6	147.7	95.9	36.1	324.9	384.3	84.5
13	26.5	209.8	273.2	76.8	20.6	162.2	160.6	101.0	47.2	372.0	433.8	85.8
14	15.7	225.5	287.6	78.4	14.4	176.6	168.0	105.1	30.1	402.1	455.6	88.3
15	18.4	243.9	311.6	78.3	15.4	192.0	181.8	105.6	33.8	435.9	493.4	88.3
16	17.8	261.8	335.5	78.0	13.8	205.8	193.5	106.4	31.7	467.6	529.0	88.4
17	22.3	284.1	358.7	79.2	15.3	221.1	202.8	109.0	37.7	505.3	561.5	90.0
18	12.2	296.3	377.4	78.5	9.7	230.8	210.5	109.6	21.9	527.2	587.9	89.7
21	31.4	327.7	411.8	79.6	21.9	252.7	223.9	112.9	53.3	580.4	635.7	91.3
22	12.2	340.0	425.9	79.8	9.4	262.2	231.8	113.1	21.7	602.1	657.7	91.5
23	18.2	358.1	451.1	79.4	16.3	278.5	247.0	112.8	34.5	636.6	698.1	91.2
24	18.3	376.4	477.5	78.8	15.2	293.7	260.1	112.9	33.4	670.1	737.6	90.8
25	18.6	395.0	503.8	78.4	14.4	308.1	270.7	113.8	33.0	703.1	774.5	90.8
26	10.7	405.7	525.0	77.3	8.8	316.9	279.5	113.4	19.5	722.6	804.5	89.8
27	32.6	438.3	562.7	77.9	21.2	338.1	295.1	114.6	53.8	776.4	857.8	90.5
28			577.2				304.3				881.5	
29			601.3				322.1				923.4	
30			625.8				337.5				963.3	
31			650.0				350.0				1,000.0	

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

July 28, 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.

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

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE July 28, 1942

TO Secretary Morgenthau

FROM Mr. Hoflich

Subject: Shipment of Planes to British Forces

1. During the week ending July 21, 1942, a total of 83 planes of all types (79 combat planes) were sent to the British forces. As in the previous week, these shipments were substantially below the weekly average of 117 planes during the first six months of this year.

2. Forty-two planes, or more than half of the total, were sent to the Middle East. This number included 40 bombers. Only 26 planes, all bombers, went to the British Isles during the week.

3. For the first time in 1942, no pursuit or fighter planes were sent to the British forces.

Table A - Shipments by Area

	Week Ending <u>July 21, 1942</u>	Total Shipped in 1942 <u>to date</u>	Total Shipped since <u>Jan. 1, 1941</u>
<u>To the United Kingdom</u>			
Light and medium bombers	18	526	1,687
Heavy bombers	8	130	234
Naval patrol bombers	0	8	110
Pursuit	0	849	1,160
Army Cooperation	0	71	102
Trainers	<u>0</u>	<u>0</u>	<u>24</u>
Total to the United Kingdom	26	1,584	3,317
<u>To the Middle East</u>			
Light and medium bombers	37	368	698
Heavy bombers	0	0	5
Naval patrol bombers	3	6	6
Pursuit	0	344	1,192
Army Cooperation	2	14	14
Trainers	<u>0</u>	<u>8</u>	<u>150</u>
Total to the Middle East	42	740	2,065
<u>To the Canadian Forces</u>			
Light and medium bombers	1	49	217
Heavy bombers	0	1	1
Naval patrol bombers	0	23	31
Pursuit	0	30	72
Trainers	<u>4</u>	<u>504</u>	<u>1,745</u>
Total to Canadian Forces	5	607	2,066
<u>To the British Pacific Forces</u>			
Light and medium bombers	4	145	245
Naval patrol bombers	0	0	27
Pursuit	0	200	363
Trainers	<u>0</u>	<u>0</u>	<u>105</u>
Total to Pacific Forces	4	345	740
<u>To the British Indian Forces</u>			
Light and medium bombers	6	38	38
Pursuit	<u>0</u>	<u>40</u>	<u>40</u>
Total to Indian Forces	6	78	78
<u>Totals</u>			
Light and medium bombers	66	1,126	2,885
Heavy bombers	8	131	240
Naval patrol bombers	3	37	174
Pursuit	0	1,463	2,827
Army Cooperation	2	85	116
Trainers	<u>4</u>	<u>512</u>	<u>2,024</u>
Grand Total	83	3,354	8,266

- 3 -  
Table B - Shipments by Types

360

	Week Ending <u>July 21, 1942</u>	Total Shipped in 1942 <u>to date</u>	Total Shipped since <u>Jan. 1, 1941</u>
Bell Airacobra	0	315	469
Boeing B-17	0	41	61
Boston III	0	15	39
Brewster Buffalo	0	0	168
Cessna Crane I-A (AT-17)	0	65	65
T-50	0	86	700
Consolidated Catalina	3	37	174
Liberator	8	90	179
Curtiss Kittyhawk	0	575	957
Tomahawk	0	0	544
Douglas Boston I, II and III	0	0	492
Fairchild 24 R-9	2	75	97
PT-26 Cornell	4	11	11
Glenn Martin B-26A (Marauder)	12	16	16
Baltimore	2	257	325
Maryland	0	0	150
Grumman Martlet II	0	47	88
Lockheed A-29A (AC-151)	0	1	1
Hudson	15	452	1,422
Lightning	0	3	3
Ventura I	0	12	12
Ventura Bomber	30	227	227
North American B-25	1	106	106
Harvard II	0	53	950
Mustang	0	518	598
Northrop Vengeance	0	5	5
Pitcairn Autogiro	0	0	5
Stearman PT-27	0	297	298
Vought-Sikorsky Chesapeake	0	0	50
Vultee-Stinson O-49	0	10	14
Vultee Vengeance	<u>6</u>	<u>40</u>	<u>40</u>
<b>Grand Total - All Types</b>	<b>83</b>	<b>3,354</b>	<b>8,266</b>

Table C - Plane Shipments to the British by Weeks

Weekly Average of shipments in 1941	Light and medium bombers	Heavy bombers	Naval patrol bombers	Pursuit	Army Cooperation	Trainers	Totals
35	2	3	27	1	29	97	
Weekly Average of shipments in first 6 months of 1942	36	4	1	55	3	18	117
July 7, 1942	77	17	0	17	0	30	141
July 14, 1942	42	11	3	24	0	1	81
July 21, 1942	66	8	3	0	2	4	83
Total shipments since January 1, 1941 to date *	2,885	240	174	2,827	116	2,024	8,266

\* Total includes planes shipped in 1942 prior to March 17 which are not included in the weekly totals up to that date.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE July 28, 1942

TO Secretary Morgenthau  
FROM Mr. Hoflich

Subject: Changes in the German war economy.

During this year, Germany has carried out important economic changes, precipitated by shortage of manpower. The measures which have been taken indicate some degree of economic strain, but furnish no basis for predicting an early collapse of the Nazi economy. These changes have not been accompanied by any considerable friction among the chief power groups in Germany. It is stated that the Nazi Party has retained and consolidated its leadership, but that it has received full cooperation and support from the army and industrialists.

The measures taken fall into five categories:

1. The Armament Industry

- a. Control over armament production has been concentrated and unified under committees of technical experts for each of the major armament products, coordinated by a new Armament Council under the direction of the Minister of Armaments and Munitions.
- b. A new contract system for armaments has been instituted to replace the "cost plus" system. Under the new system, all producers of a given article are classified into a number of groups according to production costs. Then a uniform price is fixed for each group, determined by the production costs of a relatively efficient firm in each group.
- c. A decree of March 21, 1942 "for the protection of the armament industry" increases the penalties (to include death) for anyone who makes incorrect statements regarding needs for manpower or supplies of essential raw materials and machinery.

2. The Output of Basic Industry

Industrial concentration (now being considered in the United States) has been speeded up, especially in consumer goods production, where there is extensive idle plant capacity.

3. Simplification of Economic Structure

- a. Administrative machinery is being simplified to increase efficiency and to save manpower. Trade associations, cartels, and syndicates in some industries are being abolished and their place is being taken by Reich Associations.
- b. Government personnel has been cut by about 40 percent by draft for the armed forces. All post-war planning and administrative activities not directly connected with the war effort have ceased.

4. Measures relating to Labor

Labor control has been further centralized under the new Commissioner General for Labor, who is charged with "combing out" all men from industry in such a way that productive output will not decline. Compulsory recruiting of labor is being introduced in some of the occupied countries.

5. Conservation of Food Stocks

Substantial reductions in food rations took place in April, motivated by indications of poor crops throughout Europe. The lower rations, however, apparently are adequate for most workers from the standpoint of nutrition requirements.

(Office of Strategic Services, "The War This Week", July 16 - 23, 1942. Based on a study made by the Economics Division and the Central European Section of the Office of Strategic Services)

WAR DEPARTMENT  
WASHINGTON

July 26, 1942.

My dear Mr. Secretary:

Re currencies in occupied  
territories

Confirming my talk with you over the telephone, I have read the memorandum of the Treasury on the subject of the financial and economic arrangements to be made by the United States Government in areas which may be occupied by its armies.

When I asked the Secretary of State as to his views on the memorandum, he said that he had not yet had time to consider it but had referred the matter to Dr. Feis, Adviser on International Economic Affairs of the State Department, and suggested that I talk with Dr. Feis. I did so and found that his views as well as my own were in substantial agreement with the recommendations of your memorandum so far as the topics had been brought up in the conference with the President the other day. In general Dr. Feis and my views were as follows:

First: We were disinclined to have the United States Government use the pound currency proposed to be issued by Great Britain.

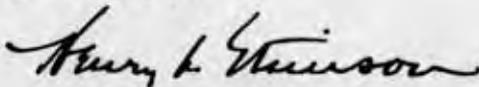
Second: We were inclined to feel that in the initial period of an occupation the simplest method was to proceed with the use of American currency so far as it could easily be used and that this currency should be not especially marked.

Third: We agreed with the Treasury memorandum that, after the occupation had proceeded long enough to make the course possible, it would be most desirable to have currency issued in the similitude of the currency of the occupied country or of its central bank.

I send you enclosed a copy of Dr. Feis's memorandum.

I have not heard anything further from Mr. Hull or from the President.

Very sincerely yours,



Secretary of War.

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

July 21, 1942.

Mr. Secretary:

The Secretary of War telephoned me this morning and stated that he had been informed that you had instructed me to deal with the matters raised in the letter of July 20 from the Secretary of the Treasury to yourself dealing with various currency questions that would arise in the event of American occupation of territories now in Axis control. The Secretary of War stated that he anticipated that the Secretary of the Treasury would wish to review this question very promptly and therefore immediate discussion of the subject would be advisable.

I called upon him this afternoon. General Carter(?) was also present.

Current discussion of the subject appears to have been stimulated by a cable from General Eisenhower informing this Government that the British authorities are preparing a special type of sterling currency for use in occupied areas and had requested that our troops use this sterling currency. However, since there was complete previous agreement that the American army of occupation should not use sterling currency, this question did not arise in discussion this afternoon. It was assumed that any American occupation would use either (a) some form of American currency, or (b) some form of currency issued by the local authorities.

The Treasury had prepared an extensive "Preliminary Report on the Financial Administration of Occupied Territory" which is attached to the letter of the Secretary of the Treasury. As summarized in the covering letter to the Secretary of the Treasury, this memorandum was intended to deal with two main questions:

- "(1) Provision for a currency that United Nation armed forces would need within a few days or weeks after invasion.
- "(2) Provision for a sound monetary, banking and fiscal order in the area in which the occupation authorities would have to administer behind the advancing armies."

The Secretary of War requested my views on the two leading questions presented by the Treasury memorandum. These were as follows:

First. The Treasury proposes that we should issue for the use of our armed forces and similar purposes a special dollar currency. This would be distinguished from the regular dollar currency by some such mark as an overstamp or perforation. Soldiers' pay to be spent in the occupied area would be made in this special currency. It would be exchangeable for ordinary dollars or sterling only by license.

The primary reason, so far as I have been informed, behind the Treasury suggestion of a special dollar currency would be as safeguard against the possibility that some might come into the possession of the Axis who would of course turn it to their own advantage.

The Secretary of War had doubt as to whether this special currency would be as acceptable to the American troops as regular dollar currency. But more importantly, he stated that the thought was in his mind that it would be imperative to win over local populations of occupied territory as completely as possible; that if they were paid for goods and services they might supply our armed forces in regular dollars, which they knew they could freely use and possibly put aside as savings, that this would help in assuring aid to our troops; and that this advantage might in part be lost if they were paid in a restricted dollar currency.

I stated that I agreed with this judgment and that I did not think the insurance provided by a special dollar currency was sufficient to outweigh the disadvantages.

Second. The Treasury memorandum then provides that after a very short period [and I presume with some form of understanding with the present recognized governments of the occupied territories] there should be issued a new local currency for each country reoccupied. This new local currency, prepared in advance, would be similar to but distinguishable from any currency previously used in the country concerned. The Treasury memorandum then set forth several alternative procedures in regard to the question of who should issue such occupation currency and by what procedure. In the course of the discussion with the Secretary of War, I indicated the view that the second of the two procedures suggested (see page 11 of the Treasury memorandum) appeared to me to be the most satisfactory, that is, that "free governments already existing, or more acceptable new free governments, might issue the currency in their own name". In certain circumstances the third alternative, that is, "issuance by existing or new central banks of the free governments", might however be used.

It seems clear that whatever procedure was used it would be helpful to have thorough-going understanding with the present governments of the occupied countries to assure their full cooperation in this currency field. I believe also that there would have to be an understanding as

understanding as

regards money matters, for example, (a) the uses to which the new local currency might be put, (b) the ultimate responsibility therefor, (c) its redeemability for pounds sterling and dollars. On the latter point, I indicated agreement with the Treasury memorandum that these new local currencies would only be redeemable under license. The Secretary of War indicated similar agreement, since this local currency would not be used for the payment of American troops.

In the course of the discussion several related questions of importance presented themselves.

(1) In the event the British army of occupation issued a sterling currency (whether the regular sterling currency or a restricted one) and the American army of occupation issued a dollar currency (whether the regular dollar or a restricted one) there would be a risk of the value of sterling currency in terms of dollar currency falling below the present official controlled rate. This risk would be great if the British resorted to a restricted sterling currency while we used the regular dollar currency. I tried to outline certain arrangements between the British and American Governments whereby, if it was desired, this disparity could be avoided or controlled.

(2) The analysis contained in the Treasury memorandum contemplates payment in currencies. I pointed out the fact that after a stage where occupation became regular and established, it was highly likely that the largest transactions involving payment as between the occupying army and the local population and government would be arranged by representatives of the two governments. I suggested that probably these could be handled most satisfactorily by some type of system of "reciprocal accounts" rather than by the use of currency. Such a system of reciprocal accounts could take various forms and be based on any one of a great number of agreements between governments as to the share each should take in the expenses involved.

The Secretary of War understands that you have not read the Treasury memorandum and that I have had no opportunity to check my ideas with you. I informed him that I would immediately make a memorandum of our conversation and send him a copy.

EA:HF:LWW

OFFICE OF THE HIGH COMMISSIONER  
FOR THE UNITED KINGDOM  
KANSCLIPPE, OTTAWA

July 26th, 1942

Dear Mr. Aboesami--

I have thought over the revised text of the Preamble and Article I of the Draft Agreement which you were kind enough to give me on July 24th and I should like to put before you briefly the two main considerations which trouble me.

In the first place it would seem to me that the revised draft of the Preamble and of Article I, paragraph 2, will have the effect of restricting too narrowly the field in which the Relief Administration can take effective action. The revised text provides that the Relief Administration shall plan, co-ordinate, administer or arrange for the administration of relief for the victims of war; but in regard to the co-ordination of purchasing and other procurement activities and in regard to the restoration of agricultural and economic production and other essential services or any further matters entrusted to it, the Administration is limited to making plans and formulating measures for action by the United Nations. I am not sure what is meant by the words "for action by the United Nations"; but it seems clearly to imply that the Relief Administration will not be entitled to take action either in regard to the co-ordination of purchasing or in regard to the restoration of agricultural and economic production without some further decision by the United Nations. It would seem to follow that the relief action which the Administration is empowered to take under paragraph 2 (a) must be construed limitatively as excluding any of the field covered by the following paragraphs.

If this is so it seems to me that the revised draft is not an improvement of the original text. I am convinced that the scope of the Relief Administration ought to cover not merely immediate assistance of food, etc., but also the transitional measures which will be needed before the occupied territories are set on their feet again. I fully agree with the view expressed in your Minute to Mr. Cordell Hull on this point and I fear that the Allied Governments and their peoples in the occupied territories will be grievously disappointed and discouraged if the proposals which we put forward provide for little action beyond the establishment of a planning Bureau. I understand that the revised draft was not intended to convey this meaning but it seems to me difficult to read it in any other sense and I much hope that it may be strengthened so as to make clear that

relief

- 2 -

relief action is not restricted to the supply of immediate necessities.

Secondly, the proposal to give the Relief Administration powers to plan in regard to the wider aspects of reconstruction, raises some difficult issues on which I think it is still too early to attempt to reach a final solution. Clearly some United Nations organisation may require to be set up to deal with economic problems and wider post-war financial problems, and it may be that eventually Relief and Reconstruction may be brought under the same political framework. But is it certain that the proposed Relief Council and Policy Committee will be the most appropriate form of organisation for this purpose? My Government evidently take the view that it would be premature to attempt to decide this question at present. I have no full information as to the reasons which led them to take this view but it may be that they are influenced by the thought that rather different personnel may be suitable for the Relief Council and Policy Committee than what may be required for a general Reconstruction Council. For my part, too, I fear that the combination of both functions in one body may lead to neglect of the more immediate relief problem while efforts are being made to solve the wider problems of long-term reconstruction both political and economic. These will have to be tackled but they are hardly ready for general political debate at the present time.

I admit that the problem of relief cannot be divorced completely from that of reconstruction and I would favour as broad as possible a conception of the effective functions of the Relief Administration. But I should be very reluctant to see the Relief Council given a planning function relating to the whole field of post-war reconstruction if this involved a delay in organising the Relief Administration or a contraction of its effective field of action. I should therefore prefer the original text both of the Preamble and of Article I, but if these texts are to be revised, I think that it should be made clear that the Relief Administration's scope covers "rehabilitation" in the sense of transitional measures for restarting industrial and agricultural activities and essential services, but does not extend to the long-term problems of economic and financial reconstruction unless and until some decision is reached to entrust supervision of these questions to the Relief Committee.

I hope to be back in Washington on Friday, 31st July, and to see you then.

Yours sincerely,  
F. W. LEITH-ROSS

The Honourable Dean G. Acheson,  
The Assistant Secretary of State,  
U.S. Department of State,  
Washington, D.C.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE July 28, 1942

TO Secretary Morgenthau  
FROM H. D. White

This is in answer to your request of July 27 concerning Merle Cochran.

We have had no word from Cochran directly or through the State Department, nor have we received any reports of any kind whatsoever.

The only intimation we have had pertaining to his presence in Argentina has been references in two cables of June 30 and July 8 which indicated that he was present at conferences between the Embassy and the Central Bank of Argentina on matters relating to our currency control program. (The conversations on currency with Argentina are not considered important in view of Argentina's lack of cooperation generally, nor are they considered too complicated for the Embassy to handle unaided.)

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE July 28, 1942

TO Secretary Morgenthau  
FROM H. D. White

This is in reply to your memorandum of July 27, in which you request a study of the newspaper report from Ecuador that the value of United States currency bills has dropped by 50 percent, and that the Axis is utilizing this as propaganda against the United States amongst the laboring classes, saying that the Ecuadorean workers returning from Panama are being cheated of their earnings.

The correct story is this:

1. Ecuador is cooperating with our currency program, attempting to prevent the Axis from obtaining benefit from looted U. S. currency.
2. The Central Bank of Ecuador has made arrangements to buy all the dollar currency at full value which Ecuadorean laborers are bringing from Panama.
3. The Axis is able to use this situation as propaganda only because the Central Bank has not given adequate publicity to their arrangements for buying United States currency legitimately acquired.
4. We had previously asked the president of the Central Bank, who is now in New York, to remedy the lack of publicity, and we have requested the State Department to send a similar message to our Mission in Ecuador asking the government to do the same.

## DOLLAR FALLS IN ECUADOR

Drop, Laid to Circulation Ban,  
Feeds Nazi Propaganda

Special Cable to THE NEW YORK TIMES.

GUAYAQUIL, Ecuador, July 26

The restriction on the circulation of United States dollars, which have been standard exchange here, has resulted in a drop in value of from 14 to 7 sucres in the open market, it was disclosed today.

The Central Bank has been prohibited from buying dollars and laborers returning from work on the Panama Canal are forced to sell them on the street for as little as 6 sucres.

Although the announced restriction of the circulation of American paper currency was for the purpose of preventing their use by the Axis agents, Nazi propagandists here say that the United States is repudiating its own dollars and will not honor foreign obligations.

They charge that laborers on the Canal are being defrauded of their just earnings. This propaganda, spreading rapidly among the working classes, will do much to harm the cause of the United States unless something is done to protect these workers, it is claimed.

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RR&amp;II

JUL 26 1942

My dear Mr. Secretary:

I have been informed that a shipment of 25 cases of gold shipped by the Government of the Union of Soviet Socialist Republics has arrived at Brooklyn, N. Y. Please arrange with the Federal Reserve Bank of New York to have the gold transported, uninsured, from Brooklyn to the United States Assay Office in New York where it is to be deposited for the account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics. The gold contained in this shipment is to be applied against the amount sold under the agreement of January 3, 1942. Please request the Federal Reserve Bank of New York to communicate with the State Bank of the U.S.S.R., Moscow, relative to any expenses which it may incur in connection with the transportation of this gold.

Sincerely yours,

The Honorable

The Secretary of the Treasury,

Washington, D. C.

FD:ls:7/27/42

Embassy of the  
 Union of Soviet Socialist Republics  
 Washington, D.C.  
 MONETARY RESEARCH  
 DIVISION OF  
 TREASURY DEPARTMENT

RECEIVED  
 EXCHANGE  
 STABILIZATION SECTION  
 JUL 29 1942

July 29, 1942

My dear Mr. Secretary

I have been informed that a shipment of 28 cases of gold shipped by the Government of the Union of Soviet Socialist Republics has arrived in Brooklyn, N.Y. Please arrange with the Federal Reserve Bank of New York to have the gold transported, uninsured, from Brooklyn to the United States Assay Office in New York where it is to be deposited for the account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics. The gold contained in this shipment is to be applied against the amount sold under the agreement of January 3, 1942. Please request the Federal Reserve Bank of New York to communicate with the State Bank of the U.S.S.R., Moscow relative to any expenses which it may incur in connection with the transportation of this gold.

Sincerely yours,

(Signed) Maxim Litvinoff

Ambassador

The Honorable

The Secretary of the Treasury,

Washington, D.C.

July 25, 1942

Mr. White

Mr. Dietrich

Today, Mr. Long of the Federal Reserve Bank of New York took delivery of 25 cases of Russian gold from Captain Moore of the USS PHILADELPHIA. Captain Moore read a letter to Mr. Long, which Mr. Long thought was from some Naval official aboard, stating that the gold was from the U.S.S.R., that it was for the United States Treasury and that it formed part of a larger shipment.

As we have already received about \$3,000,000 in gold at New York, it is possible that there are other shipments on the way to that city.

July 25, 1942

Mr. White

Mr. Dietrich

There is a second shipment of 25 cases of gold (\$1,500,000) from Russia which is arriving at the Brooklyn Navy Yard this morning. This gold will be delivered by the Federal Reserve Bank to the United States Assay Office in New York between 1:30 and 2:30 P.M. today.

Bureau 7-25-42

JUL 28 1942

**Superintendent,  
United States Assay Office at New York,  
New York, New York.**

**Sir:**

On July 27, 1942 the Federal Reserve Bank of New York deposited with you 25 cases of gold for the account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics.

You are hereby authorized and instructed to melt and determine the value of the above-mentioned gold. After determination of the value you are further authorized and instructed to purchase the gold at the first price of \$35 per fine troy ounce without subtracting the one fourth of 1 percent handling charge, to prepare the deposit certificate accordingly, to issue your check for the net value of the gold (less the usual mint charges) to the order of the Federal Reserve Bank of New York for credit of the "Secretary of the Treasury, Special Account", and to deliver the check to the Federal Reserve Bank of New York for the credit of the "Secretary of the Treasury, Special Account". Please prepare 10 copies of Mint Form 42-2 in the usual manner inserting in the prepared spaces at the foot of the report the total value of the gold, the melting charge, the handling charge, the total charges and the net value of the gold, with the handling and other charges deducted. These forms are to be forwarded to the Secretary of the Treasury, Attention Frank Dietrich, Room 213, Treasury Department, Washington, D. C. You will observe from the instructions in this letter that you are not to deduct the one fourth of 1 percent handling charge.

**Very truly yours,**

(Signed) D. W. BELL

**Acting Secretary of the Treasury.**

(Init.) FD SBF BB EMB EDB WNT

RECORDED 7-27-42

COPY

377

FEDERAL RESERVE BANK  
OF NEW YORK  
Fiscal Agent of the United States

July 28, 1942.

S i r :                    Attention: Mr. Frank Dietrich

Reference is made to the Treasury Department's telegram dated July 27, 1942, authorizing and directing the Federal Reserve Bank of New York, as fiscal agent of the United States, to accept delivery of 28 cases of gold at the point of arrival, and to transport the gold uninsured to the United States Assay Office in New York.

In accordance with the above-mentioned telegram we accepted delivery of the gold from the U.S.S. Washington at the Brooklyn Navy Yard and transported it to the United States Assay Office at New York on July 27, 1942. The gold was deposited by us, as fiscal agent of the United States, in the Assay Office for account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics.

For your information we wish to advise that we received a weight list from the Captain of the U.S.S. Washington, showing the 28 cases to contain 140 gold bars weighing 1,687.047,5 kilos gross containing 1,686.869,9 kilos fine which we calculate as follows:

<u>No. of Bars</u>	<u>Said to weigh Gross Ounces</u>	<u>Said to contain Fine Ounces</u>	<u>Value at \$35 per fine ounce</u>
140	54,239.82	54,234.119	\$1,898,194.16

Respectfully,

(Sgd.) H. L. Sanford  
H. L. Sanford,  
Manager, Foreign Department.

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

Copy:ime:7/29/42

July 25, 1942

Federal Reserve Bank of New York,  
New York, New York.

Gentlemen:

Attention: H. L. Sanford

with reference to the Treasury's telegram of July 27 relative to the transportation of 25 cases of gold from the point of arrival to the United States Assay Office in New York, the Soviet Ambassador has requested that the Federal Reserve Bank of New York communicate with the State Bank of the U.S.S.R., Moscow relative to the reimbursement of any expenses incurred in connection with the transportation of this gold.

Yours truly,

(Signed) D. W. BELL

Acting Secretary of the Treasury

FD-36-42

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YFEDERAL RESERVE BANK  
OF NEW YORK

Fiscal Agent of the United States

July 28, 1942.

S i r : Attention: Mr. Frank Dietrich

Reference is made to the Treasury Department's telegram dated July 28, 1942, authorizing and directing the Federal Reserve Bank of New York, as fiscal agent of the United States, to accept delivery of 28 cases of gold at the point of arrival, and to transport the gold uninsured to the United States Assay Office in New York.

In accordance with the above-mentioned telegram we accepted delivery of the gold from the U.S.S. Philadelphia at the Brooklyn Navy Yard and transported it to the United States Assay Office at New York on July 28, 1942. The gold was deposited by us, as fiscal agent of the United States, in the Assay Office for account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics.

Respectfully,

(Sgd.) H. L. Sanford  
H. L. Sanford,  
Manager, Foreign Department.

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

Copy:imc:7/29/42

## Stabilization Fund

July 25, 1942

Federal Reserve Bank of New York,  
New York, New York.

Attention: H. L. Sanford

Confirming telephonic conversation, you are authorized and directed, as fiscal agent of the United States, to accept delivery of 25 cases of gold at the point of arrival, to transport the gold uninsured to the United States Assay Office in New York and to deposit it there for account of the Secretary of the Treasury of the United States by order of the Government of the Union of Soviet Socialist Republics. Appropriate instructions will be given by the Treasury to the Assay Office regarding the disposition of the gold. You will be advised by letter as to reimbursement of your expenses.

(Signed) D. W. BELL

Acting Secretary of the Treasury.

FD: 1017/27/42

Initialed: FD HOS EB HOS VET

July 28, 1942

Memorandum

To: U. S. Department of Commerce,  
Division of Foreign Trade Statistics,  
Attention: Mr. Simpson

Will you kindly include in your Weekly Statement of Gold and Silver Exports and Imports for the week ending July 29, 1942 an import into New York of approximately 54,234.119 fine ounces of gold valued at \$1,692,194.16. This shipment came from Russia. It will not be covered by any other entry papers.

(SIGNED) D. W. BELL

D. W. Bell,  
Under Secretary of the Treasury.

Initialed: FD HCS VH WFT

FD:VW:7-28-42

July 25, 1942

Files

Mr. Dietrich

July 24, 1942

1:30 P.M. Mr. D. V. Bell told Mr. Dietrich that a Captain in the Army had just informed him of a shipment of Russian gold due to arrive at New York. The Captain did not know the date of arrival nor the value of the gold. Mr. Bell said that he would inform the Secretary and that Mr. Dietrich should not mention the shipment to the Federal Reserve Bank of New York until the Army notified Mr. Bell when the shipment was due.

4:05 P.M. Mr. Dietrich called Mr. Lynch at the Assay Office and inquired if the Assay Office would be open tomorrow (Saturday). Mr. Lynch said that as the vaults had already been closed and the time locks set for Monday morning that the Assay Office could not receive a deposit tomorrow.

7:40 P.M. Mr. Dietrich inquired of Mr. Bell if he knew when the ship was to get in. Mr. Bell said that Captain Strubel of the Navy had informed him that the ship carrying the gold was then in New York. Mr. Dietrich called Captain Strubel and told him that the Federal Reserve Bank of New York would get in touch with the Commandant of the Brooklyn Navy Yard tomorrow morning.

July 25, 1942

8:50 A.M. Mr. Dietrich called Mr. Long of the Federal Reserve Bank of New York and instructed him to get in touch with the Navy Yard and get all information possible about this shipment of gold and if it was necessary to take delivery today.

10:10 A.M. Mr. Knake called Mr. Dietrich and said that he had talked with Captain Heitwick at the Brooklyn Navy Yard who said that he did not know of the shipment. Captain Heitwick did say that if there was a gold shipment, it must be on the USS WASHINGTON, that she was in dry dock for a month, that the gold would be in a magazine heavily guarded, that the ship was changing captains today and he gave Mr. Knake the impression that the Navy would prefer not to move the gold today.

10:15 A.M. Mr. Dietrich called Captain Strubel at the Navy Department, Arlington 2612, and told him of Mr. Knake's conversation with Captain Heitwick. Captain Strubel said that he had sent a message to Captain Heitwick last night which he thought Captain Heitwick had not yet received. Captain Strubel said that he would call the Brooklyn Navy Yard to get some information about the shipment of gold.

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11:02 a.m. Captain Strubel called Mr. Dietrich and told him that the origin of the gold was believed to be Russia and that he would let Mr. Dietrich know later the number of cases and the consignee, if any. He said he thought the consignee was the United States.

12:29 a.m. Captain Strubel told Mr. Dietrich that he had talked to the Captain of the USS WASHINGTON who said that the shipment consisted of 28 cases, that it was said to be for the "United States", that the shipment was said to be from Russia, and that it was picked up by the arriving ship from another American ship which had taken it from a British cruiser which was thought to have come from Harmanek. Captain Strubel said that there were no papers with the ship. He also said that he had contacted Captain McKittrick at the Brooklyn Navy Yard and told him that Mr. Knucke would talk with Captain McKittrick on Monday morning about taking delivery of the shipment.

July 27, 1942

11:25 a.m. Mr. Lang told Mr. Dietrich that he and Mr. Sanford would take delivery of the gold at 1 p.m. today from Captain Davis of the USS WASHINGTON.

11:28 a.m. Mr. Dietrich called Commissioner Johnson of Customs and requested that inspector be at the Navy Yard at 1 p.m. to see that the shipment was taken off without interference.

3:45 p.m. Mr. Lang called Mr. Dietrich and said that he had received a weight list from Captain Davis which showed the shipment to be as follows:

28 cases containing 140 bars

Gross weight.... 54,239.83 troy ounces  
 Fine weight..... 54,234.119 troy ounces

Total Value.....\$ 1,698,194.16

July 26, 1942

Files

Mr. Dietrich

July 27, 1942

5:00 P.M. Mr. Lang of the Federal Reserve Bank of New York advised Mr. Dietrich that Captain Moore of the USS PHILADELPHIA called at the bank and informed Mr. Sanford that there was on board his ship 28 cases of gold believed to be of Russian origin. Captain Moore said that he would like to have the gold taken off tomorrow.

5:25 P.M. Mr. Dietrich called Captain Strubel at the Navy Department and informed him of the shipment mentioned above.

July 28, 1942

9:10 A.M. Mr. Dietrich notified Commissioner Johnson of Customs that the Federal would take delivery of the gold shipment at 1 p.m. at the Navy Yard and requested that Customs have a man there to see that the shipment was taken off without interference.

4:15 P.M. Mr. Dietrich called Mr. Gromyko at the Soviet Embassy and advised him of the arrival of this shipment.

BRITISH MOST SECRET  
U.S. SECRET

OPTEL No. 258

Information received up to 7 A.M., 28th July, 1942.

1. NAVAL

Early this morning two of H.M. Destroyers engaged two enemy trawlers off CHERBOURG, one of which was sunk and the other seriously damaged; enemy aircraft unsuccessfully attacked the destroyers while they were returning to Port. The French ship yesterday reported intercepted, has now been retaken under Vichy French Destroyer escort.

2. MILITARY

EGYPT. 26th. Our forward positions remained unchanged; our patrols were active. During night 26th/27th our offensive activity intensified and at first light we were attacking in the northern sector.

3. AIR OPERATIONS

WESTERN FRONT. 26th/27th. HAMBURG. About 680 tons of bombs including 164,000 incendiaries were dropped. The attack was very successful and concentrated and fires were numerous, large and widespread. Enemy night fighters, one of which was destroyed, were active. One additional bomber reported missing. Off the FRISIAN ISLANDS Coastal Command Aircraft hit two vessels of two thousand to three thousand tons and obtained a near miss on another 3,000 ton ship.

27th. 8 Wellingtons bombed EMDEN, BREMEN and other towns in North-West GERMANY, two of them are missing. One German bomber was shot down off South WALES.

27th/28th. About 70 enemy aircraft carried out scattered bombing with some concentration at BIRMINGHAM. Isolated aircraft flew over LONDON on their return journey. Night fighters destroyed four enemy bombers, probably destroyed four more and damaged five.

MALTA. Between 3 P.M. 26th and noon 27th, two raids totalling 16 bombers heavily escorted by fighters attacked LUQA and TAKALI aerodromes where one Spitfire was destroyed on the ground and six other aircraft were slightly damaged. Another raid was intercepted before reaching the Island and the bombers were forced to jettison their bombs in the sea. 13 enemy aircraft were destroyed, two probably destroyed and 8 damaged. We had no aircraft casualties.

EGYPT. 25th/26th. Medium and heavy bombers attacked TOBRUK and started a very large fire in the Harbour area. M.T. was bombed in the battle area.

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26th. Beaufighters attacked six barges off SIDI BARRANI and a JU 88 was shot down west of ALEXANDRIA.

4. HOME SECURITY

27th. Some bomb damage at Rolls Royce, DERBY, a factory on war work in ESSEX and at Royal Ordnance factory HEREFORD. About 63 persons reported killed throughout the country.

27th/28th. BIRMINGHAM. Incendiary bombs started over one hundred fires most of which are already under control, some damage caused at three factories and about fifty reported killed up to the present.