

DIARY

Book 584

November 13 - 16, 1942

11

Handwritten scribbles on the right edge of the page.



- A -

Book Page

Africa, French North  
See North Africa  
Africa, North  
See North Africa  
Airplanes  
See Lend-Lease

- B -

Bank of America  
Federal Reserve--Giannini correspondence concerning  
branches at Temple City and Alhambra, California -  
11/14/42..... 584 84  
a) Copies to Comptroller of Currency - 11/19/42:  
See Book 586, page 246  
\* Business Conditions  
Haas memorandum on situation, week ending November 14,  
1942 - 11/16/42..... 263

- C -

Clark, Lieutenant-General Mark  
HMJr's comment on "loss" of \$18,000 in gold in French  
North Africa - 11/16/42..... 255  
Compulsory Savings  
See Inflation  
Correspondence  
Mrs. Forbush's mail report - 11/13/42..... 49

- D -

Darlan, J.L.X.F. - Admiral  
See also North Africa  
"Who's Who" - 11/16/42..... 280  
Douglas, Melvyn  
See Stage Door Canteens

- E -

Eliot, Thomas (Congressman, Massachusetts)  
HMJr discusses as Assistant at 9:30 meeting - 11/16/42.. 140

- F -

Financing, Government  
November and December Financing (\$13 billion):  
Victory Fund Committees: HMJr wants telegrams sent to  
all chairmen that "F and G Bonds will be their  
responsibility beginning December 1"; no publicity -  
11/13/42..... 3  
Federal Reserve Bank presidents - message to -  
11/13/42..... 4,110

\* Bulgaria: Anti-Jewish law of August 29, 1942, transmitted by  
American Consulate General, 11/16/42; See Book 564, page 50-A  
Istanbul

- F - (Continued)

	Book	Page
<b>Financing, Government (Continued)</b>		
<b>November and December Financing (Continued):</b>		
<b>2 1/2% Coupon Bond (Tap issue):</b>		
C. S. Young asked to check on exact number of years it should run - 11/16/42.....	584	155
Chester Davis asked to check on exact number of years 2 1/2% coupon bond and 1-3/4% note should run - 11/16/42.....		161
HMJr suggests nothing below \$500 denomination - 11/16/42.....		212
Suggestions by presidents of Federal Reserve Banks in New York, Chicago, San Francisco, and St. Louis....		214
<b>December and January Financing:</b>		
Conference; present: HMJr, Bell, Haas, Burgess, Graves, and Buffington - 11/16/42.....		172
a) Bell memorandum on needs.....		183
Conference; present: HMJr, Bell, Bathrick, Grant, and Kuhn - 11/16/42.....		184
a) HMJr explains present financing should carry Treasury up to February 1 - December needs will particularly interest Grant and Bathrick: \$4.6 billion from the banks and \$4.7 from the non-banks		
Conference; present: HMJr, Bell, Gaston, Buffington, Kuhn, Graves, Gamble, and Tickton - 11/16/42.....		202
a) Grant-Bathrick conference described		
Government securities - Federal Reserve operations in - 11/14/42.....		82
<b>War Savings Bonds:</b>		
Payroll Savings Plan: Report on firms employing more than 500 - 11/13/42.....		6
<b>November and December Financing: Publicity through Callahan and his staff discussed by Treasury group - 11/13/42.....</b>		
a) HMJr, Bell, and Buffington later decide that Odegard is <u>not</u> to be Publicity Director for both organizations - 11/13/42.....		13
b) Promotional activities of War Savings Staff, November 15-January 1, transmitted to HMJr by Callahan - 11/16/42.....		222
Sales, November 1-14, 1942 - 11/16/42.....		251
<b>France</b>		
See North Africa		
<b>French North Africa</b>		
See North Africa		

- H -

<b>Hansen, Alvin</b>		
See Inflation		
<b>Hill, Mr (with Babson organization)</b>		
See Public Relations, Treasury		

- I -

<b>Inflation</b>		
Compulsory Savings: Alvin Hansen memorandum sent to Treasury by Byrnes - 11/16/42.....		218

- L -

	Book	Page
Lend-Lease		
Procurement asked to take over \$5 million worth of supplies originally purchased by Vichy Government - 11/16/42.....	584	278
United Kingdom:		
Federal Reserve Bank of New York statement showing dollar disbursements, week ending November 4, 1942 - 11/13/42.....		69
Aircraft despatched, week ending November 6, 1942 - British Air Commission report - 11/14/42.....		106

- M -

McKeough, Raymond S. (Congressman, Illinois)		
HMJr discusses as Assistant at 9:30 meeting - 11/16/42..		139
Military Reports		
British operations - 11/13/42, etc.....		77,110, 120,283
Office of War Information report - 11/13/42.....		79
Murphy, Robert (State Department)		
See also North Africa		
Patterson and HMJr discuss - 11/16/42.....		170-A
Murrow, Edward R.		
See also North Africa		
Broadcast on the Sunday when church-bells were heard for the first time in 29 months - 11/15/42.....		111

- N -

Navy Department		
See Secret Service		
North Africa		
Admiral Darlan as High Commissioner: See Murrow (Edward R.) broadcast.....		116
a) Discussion by 9:30 group - 11/16/42.....		133
Darlan and Murphy (Robert) discussed by		
HMJr and Patterson - 11/16/42.....		170-B
HMJr and Welles - 11/16/42.....		170-E

- O -

Odegard, Peter H.		
See Financing, Government: War Savings Bonds (November and December Financing)		

- P -

Public Relations, Treasury		
Schwarz again criticised - this time for Saturday Evening Post article on silver - 11/16/42.....		144
Hill (with Babson organization) suggested to HMJr by White - 11/16/42.....		171

- R -

	Book	Page
Roosevelt Family		
Derogatory letter from Kansas City, Missouri - 11/16/42..	584	262

- S -

San Francisco, California		
See Stage Door Canteen		
Schwarz, Charles		
See Public Relations, Treasury		
Secret Service		
Protection of the President discussed in Navy memorandum -		
11/13/42.....		34,37
a) Wilson memorandum.....		40
b) Supervising Agent Reilly's memorandum to Wilson..		43
Stage Door Canteens		
San Francisco, California: Treasury space - availability		
of discussed in HMJr-Douglas (Melvyn) correspondence -		
11/13/42.....		47
a) Treasury agrees to readjustment of space and asks		
Stimson for his cooperation also - 11/25/42:		
See Book <u>589</u> , page 95		

- T -

Transamerica		
See Bank of America		

- V -

Victory Fund Committees		
See Financing, Government		

- W -

War Savings Bonds		
See Financing, Government		

November 13, 1942  
8:50 a.m.

Present: Mr. D. W. Bell

The Secretary told Mr. Bell that he felt General Carter had blocked the plan to give Bernstein a half a dozen assistants which were to be chosen from the Treasury people, and that if Carter didn't move by Monday, HM Jr would like to tell the whole story to General Marshall. The Secretary asked whether Mr. Bell would object to this procedure, and Mr. Bell replied that he would not, but that perhaps the War Department felt that the Treasury was trying to build up an organization within the War Department.

HM Jr told Mr. Bell that both General Eisenhower and General Smith were very much pleased with the way in which he and White had straightened matters out by placing Bernstein in charge. Mr. Bell also said that General Carter had told him the War Department had tried to choose men for that work from amongst the international bankers - men familiar with finance in both the United States and Europe. The Secretary's answer to this was that all of these men take the English viewpoint and we need some men over there who will look after our interests and see things the way we do.

The meeting adjourned with Mr. Bell agreeing to call General Carter immediately and asking him what, if anything, he plans to do about this matter. Mr. Bell will then inform the Secretary, and if General Carter has not acted by Monday, the Secretary said he would contact General Marshall.

\*\*\*\*\*

November 13, 1942  
9:00 a.m.

Present: Mr. Bell  
Mr. Buffington

The Secretary told Mr. Bell that he would like to have him give him a statement on just what the financing is to be on Monday so that he can turn it over to the publicity crowd to start working on. Bell said that they would have it in pretty good shape by Monday and certainly by Tuesday the Secretary would have the whole setup.

The Secretary then said that he would like to have Mr. Buffington and Mr. Bell, if they approved, draft a telegram to be sent to the 12 Victory Fund Committees asking them to appoint a publicity man at once in each of these cities, and to suggest additional cities where a publicity man might be employed to good advantage. Both Bell and Buffington said this was a very good idea. In some cases this publicity man would work for both the Victory Fund Committees and War Savings, but in all cases he is to be in charge of all publicity in connection with the financing program in his particular district.

Mr. Morgenthau then said that last night he saw the material prepared by Vincent Callahan for "Women at War", and that he was very much impressed by it. The Secretary said he felt that since Mr. Callahan has done such an outstanding job in connection with the publicity for "Women at War" that he and his staff should be utilized in connection with the publicity for the new financing program instead of building up a separate organization. Mr. Bell and Mr. Buffington agreed that this would be an excellent idea. Mr. Morgenthau said that, if necessary, Callahan could take on additional help to take care of the extra work.

Mr. Buffington, at the close of the meeting, made the suggestion that perhaps it would be better not to place any emphasis on the F & G Bonds in the future as they would sell themselves, and to try to bring to the fore the new 2-1/2s which will be offered. Bell agreed with this view, but said that we ought to have a small booklet describing all the bonds and that the Fs and Gs should be included in that booklet.

\*\*\*\*\*

Daniel Bell  
George Buffington

November 13, 1942

Secretary Morgenthau

I want a telegram to go out Sunday night to the chairmen of the Victory Fund Committees informing them that F and G Bonds will be their responsibility beginning with December 1. You had better take a look at the telegram that Graves sent out last night. Please present the draft of this telegram to me before lunch today, and I'll okay it. My idea is to put it on the wire Sunday night so they will get it the first thing Monday morning. I would like to stress in this telegram that I don't want any publicity. I want the whole thing done as quietly as possible.

(see Nov 15)

Esp. Loans

11/15/42 -

To Presidents, Federal Reserve Banks:

Boston, Mass.  
New York, N. Y.  
Philadelphia, Pa.  
Cleveland, Ohio  
Richmond, Va.  
Atlanta, Ga.

Chicago, Ill.  
St. Louis, Mo.  
Minneapolis, Minn.  
Kansas City, Mo.  
Dallas, Texas  
San Francisco, Calif.

I feel that it is absolutely essential that you appoint a publicity man immediately for this forthcoming drive to sell Government securities. It may be necessary also to have additional publicity men in the key cities in your district. In selecting these men I hope you will get the best qualified that you can find. After talking the matter over with your executive managers please wire Ruffington not later than Monday noon your view on matter and the number of additional men you will need outside of the Federal Reserve City. As soon as the key men are named I should like to have them come to Washington for a day's conference in order that they might get the background of the whole contemplated program. I consider this extremely important and ask that you give it your immediate attention.

*L. Lusk*  
*Wiji -*

H. MORGENTHAU, JR.

UNB:ew

TREASURY DEPARTMENT

5

INTER OFFICE COMMUNICATION

DATE Nov. 13

TO The Secretary  
FROM Mr. Gamble

Re: Meeting with Commander Roane  
Waring, American Legion

Mr. Waring advised that in view of your interest in expanding the campaign taking place in Georgia, that he had invited Mr. Edgar Dunlap, Department Chairman of the State of Georgia, to Indianapolis this coming week to meet with the Legion's executive committee.

Following this meeting in Indianapolis, Mr. Waring will have Mr. Frank Belgrano come to Washington to meet with us for the purpose of capitalizing on Senator George's suggestion of putting on similar campaigns in the other states.

For your further information, I am advised by our people in Georgia that their sales for the first week in November are one-half million dollars ahead of the same period in October, and they feel confident that this is indicative of the work the American Legion is doing there.

In order to see how well they have organized themselves in Georgia to do this job, I am attaching a blue-print of their setup. (blue print ret'd to Mr. Gamble.)

I will advise you further with reference to this program after our meeting with the Legion officials.

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

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Apr. 18	Oct. 31	Nov. 7		Apr. 18	Oct. 31	Nov. 7
Alabama.....	41	66	67	68	60	97	99
Arizona.....	9	14	14	14	64	100	100
Arkansas.....	16	18	18*	18	89	100	100
Northern California.....	122	132	133	134	91	99	99
Southern California.....	121	149	151	155	78	96	97
Colorado.....	25	31	31	31	81	100	100
Connecticut.....	114	152	152	167	68	91	91
Delaware.....	15	18	23	23	65	78	100
District of Columbia.....	32	45	49	51	65	88	96
Florida.....	28	43	43	47	60	91	91
Georgia.....	86	123	125	125	69	98	100
Idaho.....	11	11	11	11	100	100	100
Illinois.....	391	487	487	497	79	98	98
Indiana.....	88	142	143	165	53	86	87
Iowa.....	22	24	25	37	59	65	68
Kansas.....	23	25	25*	25	92	100	100
Kentucky.....	38	49	49*	49	78	100	100
Louisiana.....	29	51	51	51	57	100	100
Maine.....	48	54	54	54	89	100	100
Maryland.....	84	109	111	111	76	98	100
Massachusetts.....	237	315	316	327	72	96	97
Michigan.....	265	284	285	285	95	99	100
Minnesota.....	79	81	81	81	98	100	100
Mississippi.....	26	33	34	34	76	97	100
Missouri.....	103	131	132	134	77	98	99
Montana.....	3	4	4	4	75	100	100
Nebraska.....	23	27	27	27	85	100	100
Nevada.....	4	4	4	4	100	100	100
New Hampshire.....	29	32	32	32	91	100	100
New Jersey.....	142	191	193	194	73	98	99
New Mexico.....	5	5	5	5	100	100	100
New York.....	759	898	901	929	82	97	97
North Carolina.....	103	136	136	139	74	98	98
North Dakota.....	0	0	0	0	-	-	-
Ohio.....	412	484	484	504	82	96	96
Oklahoma.....	31	51	51	51	61	100	100
Oregon.....	48	55	55	55	87	100	100
Pennsylvania.....	551	614	617	644	84	94	94
Rhode Island.....	61	77	77	86	71	90	90
South Carolina.....	84	98	98	100	84	98	98
South Dakota.....	5	5	5	5	100	100	100
Tennessee.....	50	86	86	92	54	93	93
Texas.....	63	117	117	118	53	99	99
Utah.....	8	10	10	10	80	100	100
Vermont.....	12	12	12	12	100	100	100
Virginia.....	93	102	102	102	91	100	100
Washington.....	49	73	73	73	67	100	100
West Virginia.....	36	75	77	77	47	97	100
Wisconsin.....	127	150	154	154	82	97	100
Wyoming.....	1	4	4	4	25	100	100
Alaska.....	3	3	3*	3	100	100	100
Railroads.....	109	109	109	115	95	95	95
Total.....	4,864	6,009	6,046	6,243	78	96	97

Treasury Department

November 13, 1942

\* Data are for October 31, inasmuch as no November 7 report was received.

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

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Apr. 18	Oct. 31	Nov. 7		Apr. 18	Oct. 31	Nov. 7
Alabama.....	149	253	256	285	52	89	90
Arizona.....	43	70	71	71	61	99	100
Arkansas.....	44	48	48*	109	40	44	44
Northern California.....	512	707	713	713	72	99	100
Southern California.....	756	1,040	1,043	1,178	64	88	89
Colorado.....	113	136	136	141	80	96	96
Connecticut.....	277	544	546	712	39	76	77
Delaware.....	21	58	58	64	33	91	91
District of Columbia.....	52	152	153	200	26	76	77
Florida.....	147	214	214	214	69	100	100
Georgia.....	133	391	391	418	32	94	94
Idaho.....	31	33	33	33	94	100	100
Illinois.....	1,300	2,022	2,020	2,253	58	90	90
Indiana.....	415	663	675	675	61	98	100
Iowa.....	160	163	163	261	61	62	63
Kansas.....	276	287	287*	290	95	99	99
Kentucky.....	136	210	210*	288	47	73	73
Louisiana.....	179	277	278	324	55	85	86
Maine.....	60	154	154	170	35	91	91
Maryland.....	177	339	342	405	44	84	84
Massachusetts.....	639	1,117	1,120	1,532	42	73	73
Michigan.....	689	991	1,000	1,030	67	96	97
Minnesota.....	376	440	440	441	85	99	99
Mississippi.....	59	88	90	106	56	83	85
Missouri.....	472	680	682	682	69	99	100
Montana.....	40	49	49	49	82	100	100
Nebraska.....	103	131	131	139	74	94	94
Nevada.....	14	20	20	28	50	71	71
New Hampshire.....	89	142	142	145	61	98	98
New Jersey.....	463	966	972	972	48	99	100
New Mexico.....	33	41	41	42	79	98	98
New York.....	2,060	3,823	3,856	4,257	48	90	91
North Carolina.....	282	474	477	563	50	84	85
North Dakota.....	14	20	20	20	70	100	100
Ohio.....	1,126	1,731	1,735	2,197	51	79	79
Oklahoma.....	166	299	301	349	48	86	86
Oregon.....	211	293	294	294	72	99	100
Pennsylvania.....	1,682	2,242	2,252	2,252	75	99	100
Rhode Island.....	154	270	275	343	45	79	80
South Carolina.....	71	195	156	170	42	91	92
South Dakota.....	21	25	26	26	81	96	100
Tennessee.....	199	405	406	524	38	77	77
Texas.....	326	674	686	1,378	24	49	50
Utah.....	36	44	44	44	82	100	100
Vermont.....	59	67	68	74	80	91	92
Virginia.....	281	355	355	383	73	93	93
Washington.....	234	356	357	357	66	99	100
West Virginia.....	134	215	217	311	43	69	70
Wisconsin.....	278	475	477	680	41	70	70
Wyoming.....	17	23	23	23	74	100	100
Alaska.....	2	2	2*	2	100	100	100
Railroads.....	49	49	49	52	94	94	94
Total.....	15,360	24,423	24,562	28,269	54	86	87

Treasury Department

November 13, 1942

\* Data are for October 31, inasmuch as no November 7 report was received.

Regraded Unclassified

Analysis of Exposure to Payroll Savings Plans  
November 7, 1942

	Number exposed to payroll savings plans	Total number in the country (estimated)	Percent of total exposed
<b>Part A - Summary by Number of Organizations Exposed</b>			
<b>I. Business organizations</b>			
(1) Firms with 5,000 employees or more.....	469	472	99
(2) Firms with 500 to 4,999 employees.....	5,577	5,771	97
(3) Firms with 100 to 499 employees.....	<u>24,562</u>	<u>28,269</u>	<u>87</u>
(4) Subtotal - large firms.....	30,608	34,512	89
(5) Firms with less than 100 employees.....	<u>125,356</u>	*	*
(6) Total business organizations.....	155,964	*	*
<b>II. Governmental organizations.....</b>	*	*	*
<b>III. Grand total.....</b>	<u>155,964</u>	<u>*</u>	<u>*</u>

**Part B - Summary by Number of Employees Exposed**

<b>I. Business organizations</b>			
(1) Firms with 5,000 employees or more.....	8,639,444	*	*
(2) Firms with 500 to 4,999 employees.....	7,344,391	*	*
(3) Firms with 100 to 499 employees.....	<u>5,586,919</u>	*	*
(4) Subtotal - large firms.....	21,570,754	*	*
(5) Firms with less than 100 employees.....	<u>3,092,327</u>	*	*
(6) Total business organizations.....	24,663,081	32,800,000 <sup>1/</sup>	75
<b>II. Governmental organizations</b>			
(1) Federal Government.....	2,181,131	2,700,000 <sup>1/</sup>	81
(2) State and local governments.....	<u>1,395,423</u>	<u>2,800,000</u>	<u>50</u>
(3) Total governmental organizations.....	<u>3,576,554</u>	<u>5,500,000</u>	<u>65</u>
<b>III. Grand total.....</b>	<u>28,239,635</u>	<u>38,300,000 <sup>1/</sup></u>	<u>74</u>

Treasury Department

November 13, 1942

<sup>1/</sup> Excludes agricultural employees, military personnel, employees on WPA or NYA or GOC projects, proprietors, firm members, self-employed, casual workers and persons in domestic service.

\* Data not available.

November 13, 1942  
9:40 a.m.

Present: Mr. Gamble  
Mr. Buffington  
Mr. Bell  
Mr. Callahan  
Prof. Odegard  
Mr. Kuhn

The Secretary said he had asked them all to come in so that he could tell them about his idea of utilizing Callahan and his staff in connection with the publicity for the new financing program. The entire group agreed that this was a very good way of handling the matter, and that it would be most unwise to set up two different organizations within the Treasury who would be contacting the newspapers, etc. The Secretary told Mr. Callahan that he was very much impressed with the work which he had done for the "Women at War" program, and asked him if he would like to have this new program clear through him with HM Jr acting as the final focal point. Callahan replied that he would like this arrangement very much, and thanked the Secretary for thinking of him.

Some discussion ensued as to whether or not it was a good idea to use the "direct by mail" method in connection with this new program. Mr. Kuhn said he had not yet been able to contact Mr. Scherman, and the matter of whether or not to use this method was left open for further discussion.

The Secretary then asked that Mr. Callahan take him around the poster room and explain the various programs which the War Savings Staff has in process of completion at the present time. Mr. Callahan said he would be glad to do that, but that the posters and advertisements in the poster room represent only part of the plans and campaigns which they are working on for use between now and the first of the year. Mr. Callahan said that he would furnish the Secretary by Monday a complete production schedule for the next two months.

Mr. Morgenthau then told the group about the telegram which he had asked Buffington and Bell to prepare and send out, and asked whether they thought this was a good thing. They all agreed that it was a very good thought to do this because it will be necessary to have at least one good publicity man in each of

- 2 -

the 12 districts to see that all the plans, etc., sent out by Washington receive the proper distribution and get into the right papers.

HM Jr made the suggestion that perhaps it would be well to get a man to work for the Victory Fund Committees here in Washington in the same capacity as Odegard works for War Bonds, but this idea was vetoed because the men thought it would be impractical and unwise for Callahan to have to report to two different men. It was finally decided that for the time being Callahan will discuss various angles of the publicity with Professor Odegard and Mr. Buffington but the Secretary will make all final decisions. Mr. Morgenthau made it clear, however, that in the future he will be unable to spend as much time on this work as he has been giving to it, and that some plan will have to be worked out whereby a great deal of the material will not have to come across his desk.

\*\*\*\*\*

November 13, 1942  
12:59 p.m.

Operator: Operator.

HMJr: Mr. White, please.

Operator: Right. Hello?

HMJr: I said to have him ready.

Operator: I know. I thought he was ready, and they sent him into another office. Just a second. Just a minute, he'll be right on.

HMJr: Hello.

Operator: Mr. White.

Harry White: Hello.

HMJr: Harry.

W: Yes, sir.

HMJr: Two things - young Pritchard is secretary of Jimmy Byrnes' committee. He says....

W: Yes, I know.

HMJr: ....he knows you. And I told him if anything happens to keep you informed, see?

W: All right, sir.

HMJr: That you were handling it for me.

W: All right.

HMJr: That's number one. He - wasn't he Frankfurter's secretary?

W: I - I think he was one of the justice's. I don't remember whom. He's a very nice chap, very liberal, very able....

HMJr: Yes.

- 2 -

W: ....very good-natured.

HMJr: The other thing is this, I thought you'd be interested. I told Bell that he could tell General - the finance officer....

W: Carter?

HMJr: Carter - that I'd give him from now until Monday to comply with the requests that came from Bernstein, and that if he didn't comply with those requests for additional help, I would take it up directly with General Marshall.

W: Hmm. Uh huh. What did - (laughs) what did Dan say?

HMJr: Well, he was - he was flabbergasted. He said, "Well, they just want to set up a Treasury unit." I said, "We don't want to set up any Treasury unit. What we want to do is - is to make the thing work."

W: Yeah.

HMJr: "Well, they're sending over a lot of vice presidents of the banks," and I said, "Sure, and all they do is just to see the English viewpoint," and I said, "What they want is some people that will think of U.S.A. first. Now General Carter has got from now until Monday, and if he doesn't comply with requests, I'm taking it up with General Marshall."

W: Well, all right. I'm going in to see Bell now....

HMJr: Yes.

W: ....about those other things.

HMJr: Now that memo that you and Bob Patterson were to give me, what happened with that?

W: I have it right here. I didn't know you were going away so early, but if you can sign it now, we could....

- 3 -

HMJr: No, I'll have to read it, so give it to Stephens and tell him to give it to me right after lunch.

W: You're going to take it up to the country with you?

HMJr: No, I'll sign it before....

W: Oh.

HMJr: ....I go.

W: Okay.

HMJr: Thank - thank you.

November 13, 1942  
2:46 p.m.

HMJr: Hello.

Operator: General George won't be in until about four o'clock.

HMJr: Oh.

Operator: General Smith is there.

HMJr: I'll talk to him.

Operator: All right.

HMJr: Hello. Hello. Hello.

Operator: I'll have him in just a moment.

HMJr: Hello. Hello.

Operator: They're transferring me to another extension. I'll have to call back.

2:47 p.m.

HMJr: Hello.

Operator: General Smith.

HMJr: Hello. General Smith?

General  
C.R. Smith: Yes, sir.

HMJr: This is Mr. Morgenthau speaking.

S: Yes, sir.

HMJr: I was calling up to give two messages to General George. Could you do that for me?

S: Yes, sir.

HMJr: This is Air Transport, isn't it?

- 2 -

S: That's right, sir.

HMJr: Number one, I wanted to thank him for having taken me over.

S: Well, it's a pleasure to have you go with us.

HMJr: That was number one. They took excellent care of me, and number two, when I stopped at Fishman's Lake, you had an officer there in charge by the name of Lieutenant Walker - hello?

S: W-a-l-t-e-r?

HMJr: Walker - W-a-l-k-e-r.

S: Yes, sir.

HMJr: I can't give you his initials.

S: Yes, sir.

HMJr: But he was the senior officer there, and he's doing an outstanding job, and I'd like to recommend that the man be promoted.

S: All right, sir, we'll take a look at it.

HMJr: Because....

S: I'm sure he deserves it.

HMJr: ....he's got this whole thing there, and he's got the rank of first lieutenant with that whole thing on his shoulders, and I met lots of colonels on my trips around who aren't doing half as important a job.

S: Well, we appreciate it, sir.

HMJr: He - he's a good boy, and I - I think he deserves some recognition.

S: All right, sir, I'll - I'll take it up with General George this afternoon.

HMJr: I never met him before. I'm purely interested in - in what he was doing for the Government.

- 3 -

S: I know General George will appreciate it,  
Mr. Morgenthau.

HMJr: Thank you. Goodbye.

November 13, 1942  
3:00 p.m.

FINANCING

Present: Mr. Bell  
Mr. Buffington

H.M.JR: How did you get along this morning with that crowd on explaining to them about our financing?

MR. BELL: I got along all right when I got to talking. They rehashed a good deal of Peter's views on it, and so forth, but it didn't take very long. Vince got it and he said it was something he could think about. I told him I would give him a draft of a proposed statement either early this afternoon or tomorrow morning.

H.M.JR: Who?

MR. BELL: Vince Callahan.

H.M.JR: I just want to say that never in my wildest imagination do I want Peter Odegard to be director of publicity for both organizations.

MR. BELL: That wasn't--

H.M.JR: That is what Gamble stayed behind to tell me.

MR. BELL: I didn't get that.

H.M.JR: Didn't you? I did.

MR. BELL: I guess, for coordination purposes - I thought that was all the suggestion was made for.

H.M.JR: No, because Peter has not been here this week when things were so hot. He was only here a couple

- 2 -

of days. - I do not think he is here but about three or four days a week. We cannot have a man - we have got to do things fast, you know.

MR. BELL: No, but he sat in there talking. He said that this thing was getting to the point where selling two and a half percent tap bonds in a coupon form, and probably in low denominations, would come right into the field, eventually, where the War Savings Staff is - where Series E bonds are being sold. I said I thought it would be a long time before they would get down to that level, but he said he thought, in view of this, that this whole thing ought to head up under one man, and then there ought to be, on the one side, the Victory Fund Committee, and on the other the War Savings Staff.

H.M.JR: It does now.

MR. BELL: Now it is under the Secretary. He said the Secretary hadn't time to look at all the details. His suggestion was that Harold Graves be that man.

H.M.JR: No, definitely not.

MR. BELL: He does not know the other side.

H.M.JR: No, I think they have got notions, now, that they are going to swallow up the Victory Fund Committee.

MR. BUFFINGTON: No, there is just one thought where I do think Ted Gamble is right, if I may express it, and that is this; we do not want to have any more conflict anywhere, if we can avoid it, and I thought if they had an opportunity to see the path that we are going, that would eliminate some of that overlap. That was my thought.

H.M.JR: No, I just want to tell you - I mean, they had an idea that Odegard would be sort of - that Callahan would clear it all through Odegard. Hell, if it is

- 3 -

going to be - I mean, I am going to try it, but if there is any fussing, I will just build a separate organization, or something. I am not going to fuss any more.

MR. BELL: I didn't get that - that that was what they were driving at. I didn't get that.

H.M.JR: I don't see why - after all, I am the boss of both of them. If I want to use Vincent Callahan, I can use him. I cannot be fussing. Peter Odegard cannot attend to what he has got now, and doesn't.

MR. BUFFINGTON: May I take two minutes?

H.M.JR: Didn't you think that was the way they were moving? Don't repeat--

MR. BELL: No, I didn't.

H.M.JR: Don't repeat this. I may be wrong, but we will see how it works.

MR. BUFFINGTON: Can I just take two minutes? I am convinced that the securities boys, for the first time, have a coupon bond, which is what they have been wanting to sell because they understand how to sell it. I do not believe that you are going to limit, even in this drive, if we have the steam that I think we are going to have behind this thing - I do not believe you can limit this sale to three or four hundred thousand people. I think you are going to sell millions of people these two and a half percent tap issue bonds. I just wanted to be sure, because Peter and Ferdie and others have been expressing the narrowness of that market. I just wanted you to know that the Victory Fund Committee, as set up, is going to try a job much broader than this three or four thousand people.

H.M.JR: The broader, the better.

MR. BUFFINGTON: You cannot hold them back if they are salesmen.

- 4 -

H.M.JR: What did you do with that chart?

MR. BUFFINGTON: I took it right back in again. He has a marvelous one in there on the Federal Reserve, tax savings notes. I do not think you noticed it. It is worth looking at.

November 13, 1942  
3:20 p.m.

FOREIGN FUNDS

Present: Mr. Gaston  
Mr. Kuhn  
Mr. Pehle  
Mr. Schwarz  
Mr. Shaeffer  
Mrs. Klotz

H.M.JR: I have read this most unusual document (Memorandum dated November 12 from Mr. Paul to the Secretary, copy attached) about Alfred Cook, a lawyer for the New York Times, and the lawyer for Frank Altschul, trying to get information about one of our people. What I thought I would do - was it Cook who asked for this? Who asked for this information?

MR. SHAEFFER: John MacCormac of the New York Times:

H.M.JR: What did he ask for?

MR. SHAEFFER: He said he had an unusual request from his New York office, simply asking him if he could get some background on Mr. Gewirtz - he used the German pronunciation. I said, "I don't know."

H.M.JR: Well, this is what I thought I would do, unless you people thought - I have grown up with Arthur Sulzberger, and this does not mean that he knows about it. I thought I would call him up on the phone and say, "Look, Arthur, this is a highly irregular matter, and I am calling you up unofficially, and I think that you had better step on this thing personally. I think that some way or other it should be indicated to the Treasury Department that this did not meet with your approval."

- 2 -

MR. GASTON: We click. I just got through saying to Ferdie I thought that was the thing that ought to be done because this is just too far out of line to overlook. This is--

H.M.JR: It is highly irregular.

MR. SCHWARZ: It does not sound like the New York Times. Sissy Patterson might try that.

H.M.JR: What do you think?

MR. PEHLE: I agree. I would like to say that when this matter came up the young lady I had working for me, who is very competent, immediately said when the New York Times inquired that that must be Mr. Cook, who is counsel for both newspapers, who is inquiring. I said, "Maybe, but we will check." But she recognized right away that those are the sort of tactics he would use.

H.M.JR: MacCormac?

MR. KUHN: Mac got the request from his managing editor - from James.

MR. SCHWARZ: That is right. I don't know if it is from the managing editor.

H.M.JR: The New York office?

MR. SHAEFFER: It came in here and MacCormac called me up about it.

MR. SCHWARZ: Ordinarily they would give him more background - tell him a little more what he wanted.

H.M.JR: What was it he asked?

MR. SHAEFFER: He asked for some background on this Paul Gewirtz. He asked for some background about where he was born, when, and where, and so forth.

- 3 -

H.M.JR: Don't you agree that this is the way to do it?

MR. GASTON: Absolutely.

MR. PEHLE: There is one point that was not brought out. As I understand it, Cook is supposed to have told the New York Times that this man was a witness in the case which he had.

MR. KUHN: That is what they said to me.

H.M.JR: You did a little checking?

MR. KUHN: Yes.

H.M.JR: I had better not know; all I want to know is that MacCormac called you.

MR. SHAEFFER: Yes, sir.

H.M.JR: And simply said they wanted the background on this man Gewirtz.

MR. SHAEFFER: Yes, sir.

H.M.JR: My own feeling is - I would like to think Arthur Sulzberger would do the same thing for me. I cannot see what harm there would be if I did it, but there is no reason to believe that he knew about it.

MR. KUHN: Except that Mac was a wholly innocent party in this; it was the New York people.

H.M.JR: I know, but I have got to give him the names.

MR. SHAEFFER: I will wager Sulzberger does not know anything about it.

H.M.JR: No, I do not think so. How much can I tell Sulzberger about Lazard Freres?

- 4 -

MR. PEHLE: The Lazard Freres know that we have a supervisor on the premises. They were down here yesterday.

H.M.JR: I have got to tell him.

MR. PEHLE: I think all that is necessary is that they have some dealings with the Foreign Funds.

H.M.JR: That is it, that they have a case pending.

MR. PEHLE: A matter pending.

H.M.JR: And Altschul was down to see you yesterday?

MR. PEHLE: Yes, sir. Mr. Gewirtz had something to do with it, and they found that out.

H.M.JR: I have had a lot of things happen to me since I have been here, but I have never had a newspaper do that before.

MR. KUHN: Herbert used a different word than you used.

H.M.JR: What was that?

MR. KUHN: You said it was irregular; Herbert, before you came in, said it was outrageous.

H.M.JR: You said it was outrageous?

MR. GASTON: Yes. I said the only way to handle a thing like this was for you to call Arthur Sulzberger and tell him what has happened.

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

November 13, 1942  
3:27 p.m.

HMJr: Hello.

Operator: Here he is.

HMJr: Arthur?

Arthur Sulzberger: Yes, Henry.

HMJr: I'm calling you up on a highly irregular matter which I think if the situation was reversed, you would call me.

S: Yeah.

HMJr: Mr. MacCormac of your office....

S: Yeah.

HMJr: ....called up one of my press men by the name of Shaeffer....

S: Yes.

HMJr: ....to find out what he could about a man by the name of Gewirtz - G-e-w-i-r-t-z.

S: G-e-w...

HMJr: ....i-r-t-z. He wanted his - his personnel file.

S: Uh huh.

HMJr: Now Gewirtz is working on a case of Lazard Freres.

S: Yeah.

HMJr: Ah - what's his name, the lawyer - Alfred Cook....

S: Yes.

HMJr: ....of course, is the lawyer for Lazard Freres, who have a very - who have a case now before Frozen Funds.

- 2 -

S: Yes.

HMJr: And, in fact, Frank Altschul was down yesterday on it.

S: Yeah.

HMJr: And he also is the lawyer for the New York Times.

S: Yeah.

HMJr: And then they have - they would call up - and Gewirtz is in Foreign Funds, you see?

S: He's in what?

HMJr: He is....

S: He's - he's the - he's the fellow in the Treasury that deals with this case?

HMJr: In - in part....

S: I see.

HMJr: ....and....

S: And they're apparently trying to get - get the lowdown on him.

HMJr: That's right.

S: Well, that's very improper.

HMJr: Highly.

S: Right.

HMJr: And I - I was sure that you didn't know about it. It's the....

S: Of course not.

HMJr: ....first time anything like that's happened since I've been here.

S: Yeah.

- 3 -

HMJr: And I'll....

S: And I'll find out what it is....

HMJr: And....

S: ....most decidedly.

HMJr: And when you do, I think in order that the Treasury people who all know about it could be straightened out, I think you ought to take some official recognition of it.

S: Right.

HMJr: Because they're all quite shocked at it.

S: Right.

HMJr: But I wanted to deal with you personally on it.

S: Thank you very much indeed, and I'll find out what I can about the whole thing.

HMJr: And, as I say - you know - is there anything else you want to ask about it?

S: I don't know a thing about the whole thing.

HMJr: No, I mean - in - in order to get the background.

S: Well, I don't know enough now. I'd better find out what they - what....

HMJr: Well, I'm....

S: ....basis there is for it.

HMJr: Well, I - I'm telling you....

S: As I understand it, MacCormac, who's of our staff....

HMJr: Yes.

S: ....called up a fellow named Shaeffer in - in the Department....

HMJr: Yes.

- 4 -

S: ....and asked him for the lowdown on a man named Gewirtz....

HMJr: Who - who....

S: ....and Gewirtz - deals on this question of tied-up funds and is dealing - handling the case of Lazard Freres....

HMJr: That's right.

S: ....and Lazard Freres is represented by Alfred Cook, who also happens to be the attorney for the Times.

HMJr: That's right.

S: And it looks as though a request has been made by a Times attorney to a Times reporter.

HMJr: Ah - that's right.

S: You didn't say that. I said that.

HMJr: And MacCormac got - said he got the inquiry from the New York office.

S: Right.

HMJr: Yeah.

S: Okay.

HMJr: And say, when you get into it - as I say, the people around here who know....

S: I will see that my skirts are as clean as I would - as you keep yours.

HMJr: (Laughs) Good.

S: (Laughs)

HMJr: Well, I - I - I knew....

S: Well, I appreciate it very much, and I - I value very much your calling me and I'm going to go after it immediately.

- 5 -

HMJr: I thank you.  
S: Right.  
HMJr: Goodbye.  
S: Goodbye, sir.

- 5 -

MR. GASTON: Fine. That is fine. You did not incriminate anybody unnecessarily. You know what Jimmie James' secretary told Ferdie?

H.M.JR: No, I do not.

MR. KUHN: They put in a call for James, the managing editor, who presumably sent the inquiry. He was out and his secretary said, "That was something Mr. Cook asked us to do for him. We have nothing to do with the Times. We weren't going to publish it - it wasn't a story at all." (Laughter)

H.M.JR: Well, I did not want to know what you knew because that would bring you into the picture, which would be bad. But that was what she said?

MR. KUHN: She was a little more voluble than her boss would have been.

MR. GASTON: It brings Jimmie James definitely into the picture.

H.M.JR: Don't worry, this is something that Arthur will run down. I don't want to magnify the thing, but it is a nasty piece of business and I am glad you brought it up. I think this is the way to handle it, don't you?

MR. KUHN: He would be displeased with this thing.

MR. GASTON: It is the only way to handle it.

H.M.JR: I said that if the thing was the reverse I liked to think he would do the same.

MR. KUHN: I do not think they usually do that for Alfred Cook.

H.M.JR: Well, since I have been here the New York Times has never done anything to help me, but anyway, I am built that way.

November 12, 1942

Secretary Morgenthau

Randolph Paul

Some time ago we reported that Frank Altschul has a very small participation in the profits of Lazard Freres, New York, although he is the senior partner. In a discussion Pehle had with Lazard Freres representatives today he learned that Altschul has contributed all the American capital in the firm, which amounts to about one-third of the total capital, but that his guaranteed share in the profits amounts to only one percent. We understand that arrangements of this type are common in the investment banking field.

You may also be interested in knowing about the following event which just occurred in connection with the Lazard Freres matter. Mr. Alfred Cook of the firm of Cook, Nathan, Lehman and Greenman, who is counsel for Lazard Freres, acts also as counsel for the New York Times. Last week a member of Cook's firm discussed several Lazard Freres problems with Paul Gewirtz, one of our junior men in Foreign Funds Control who has been working on the Lazard Freres problem. Yesterday Shaeffer of Chick Schwarz' office asked our administrative section for Gewirtz' personnel file, indicating that the New York Times had asked for the record of Gewirtz. Ferdie Kuhn, at our request, made discreet inquiries of the New York Times as to why they wanted this information and learned that the Times was going to turn it over to Mr. Cook who had asked that they obtain it for them.

In other words, the New York Times requested personnel information from the Treasury, not for itself but for a lawyer in connection with a case which the lawyer was handling before the Treasury.

(Initialed) R.E.P.

JWPehle:OASchmidt:mjm 11/12/42

The New York Times  
Times Square

ARTHUR HAYS SULZBERGER  
PUBLISHER

November 13th, 1942.

Dear Henry:

I appreciate your calling me today to tell me of the inquiry that was made in your organization by one of our staff concerning Mr. Gewirtz. Enclosed is a memorandum from Mr. Louis M. Loeb which, when you know of his connection, is self-explanatory. Mr. Loeb is a partner of Mr. Cook's, both being of the firm of Cook, Nathan, Lehman and Greenman. Our arrangements with our attorney provide that Mr. Loeb spend every afternoon at The New York Times where his duties are to keep us out of trouble rather than to get us into it. The inquiry that he made seems to me to have been perfectly normal but the trouble was that in the transmission of it to you an impression of another sort arose. I deeply regret it.

It has been a source of the utmost satisfaction to me that, despite the friendship that has existed between us these many years, neither side has ever sought to take any undue advantage of that fact. We have each recognized the other's responsibilities and gone on from there. I therefore particularly deplore the impression you gained from the inquiry made by Mr. MacCormac who, however, is not to be blamed, and I am taking pains to see that every care is taken to prevent a repetition. Needless to add, I had no knowledge of the matter but would appreciate your showing this letter to any of your associates who may have been disturbed by the inquiry.

As always,



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

Enclosure  
E

MEMORANDUM for Mr. Sulzberger

I was extremely embarrassed this afternoon when you told me of the disturbance caused by an inquiry which, in behalf of Mr. Cook, I asked Mr. James to pass along to the Washington Bureau.

The other morning, Mr. Cook, on the telephone, asked me if the Washington Bureau of The Times could obtain information as to the history of one Paul Gewirtz, who, I understood, was connected with the Foreign Funds Control of the Treasury Department. I passed along to Mr. James Mr. Cook's inquiry, and, incidentally, I am sure that Mr. Cook will be just as embarrassed as I am because I need hardly assure you that we never take advantage of our relationship with this organization and we were not in this instance inquiring for anything confidential or beyond a normal inquiry as to where a man came from, what type of work he had been engaged in and what his educational background was before being employed by the Treasury Department. I think you know that the personal equation is often important, and when one deals with someone whom one doesn't know, it is only normal to try and find out something about him. It was never desired or expected that anyone from the Washington Bureau should ask for anything that was not public knowledge or readily accessible to anyone who might inquire. Neither Mr. Cook nor I wanted anything beyond this.

I trust that with this explanation any misunderstanding will be cleared away, but if a statement to a similar effect should be desired from Mr. Cook, I shall be glad to request it.

*Louis M. Loeb*

LML:JF  
November 13, 1942

**CONFIDENTIAL** ✓

34

**November 18, 1942**

**Dear Frank:**

I beg to acknowledge receipt of your letter of October 20th which I turned over to Chief Wilson.

I would like to suggest that Commander Paul F. Foster get in touch with me, and I will arrange to have him go over the White House grounds with General Lewis and Chief Wilson to see if there are any suggestions that he can make in connection with the safety of the President. I am under the impression that all necessary precautions have been taken, and I am always glad to receive constructive suggestions.

Thanking you for bringing this matter to my attention,

Sincerely yours,

(Signed) Henry

Honorable Frank Knox,  
Secretary of the Navy,  
Washington, D.C.

By messenger, Brown,  
11/13/42 - 3:55

October 27, 1942.

MEMORANDUM

TO: Secretary Morgenthau  
FROM: Mr. Gaston

There is attached hereto a secret and confidential letter to you dated October 20 from Secretary Knox, together with a copy of my acknowledgment. I discussed the matter with Chief Wilson and am attaching a memorandum from him to me and one from Supervising Agent Reilly to Chief Wilson.

Chief Wilson and Supervising Agent Reilly have brought up to date a complete series of studies on White House protection and we will be prepared to go over the matter with you at any time in preparation for your discussion of it with Secretary Knox or for any cabinet discussion if that should result.

Mike Reilly tells me that about half the older men on the White House detail are at present seeking commissions in the armed forces. I am inclined to agree with Chief Wilson that we should take a stiffer attitude both as to deferments and commissions of members of the White House detail and the White House Police.

In general I think the situation with respect to the protection of the President while he is in the White House is good. It goes considerably beyond what the President has formally authorized and it seems to me that there is something in the suggestion of Chief Wilson that attempts to go farther might merely result in orders to cancel some of the protective measures that have already been installed. Reilly tells me that about thirty test alarms have been sounded since Pearl Harbor and that the response has been highly satisfactory.

*W.S.*

THE SECRETARY OF THE NAVY.  
WASHINGTON.

October 20, 1942

**SECRET**

**SECRET**  
(C)L9-2/RE1  
(46500A)

My dear Henry:

I think you once told me that the Secretary of the Treasury was responsible for the safety of the President. In the light of this, I am taking the liberty of sending you herewith some comment that came to me from one of the very capable officers of the Navy, who has just come from some inspection trips abroad and, therefore, was susceptible to quick impressions of the situation here with respect to security. I am not at all sure that all the measures he suggests should be undertaken but I think some of them might well be. In any event, it is a darn sight better to be safe than sorry.

No one could estimate the catastrophic results if a successful attempt should be made upon the life of the President. It might very well disrupt the efforts of the United Nations and make success for the Axis possible. After you have had a chance to read this over carefully, I should like to talk it over with you.

Sincerely yours,

*Frank Knox*

Honorable Henry Morgenthau, Jr.

Secretary of the Treasury

Enclosure

In reply refer to Initials  
and No.

NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON

October 19, 1942.

**SECRET**

Memorandum to: The Vice Chief of Naval Operations.

Subject: Security of the White House.

1. The death of President Roosevelt would be the greatest military disaster that could happen to the United States during this war. Also, this calamity would destroy our moral and political leadership of the United Nations and would lead to confusion and probably defeat of our plans at the council tables after the war when the peace must be won. These facts must be crystal clear to our enemies. The utterly cruel abnormal mentalities that rule Germany, Italy, and Japan would not hesitate to "liquidate" the principal barrier to their world dominion by whatever means possible. On the contrary, to them the assassination of President Roosevelt would be the source of the deepest gratification and sadistic pleasure; no other single brutal achievement would so maximize the Nazi-Fascist ego as an assault on the person of the world leader of the despised democracies.

2. We are spending many millions of dollars and using many thousands of men day and night to safe-guard against sabotage inanimate military assets such as munition factories, bridges, power plants, canals, and ship-yards. But are we giving the fullest possible protection to our citadel of freedom - The White House - and the most valuable military asset we possess - our President?

3. In my opinion the White House and the person of the President of the United States are not adequately guarded against the possibility of destruction by a "suicide mission" of enemy agents. I assume that reasonable security obtains within the White House, but I have studied the external security measures and I believe them far less than sufficient to reduce risks to the minimum needed.

4. As is well known, the front or north side of the White House is guarded by an iron fence with two entrance gates on Pennsylvania Avenue. A very few guards - usually four - are stationed at each gate, and a few single sentries patrol the fence between the gates. These guards and sentries, totalling maybe twelve, are the only men protecting the Pennsylvania Avenue side of the White House grounds between the Treasury

# SECRET

4. continued -

Department and Department of State Building. (There are a few more guards under the portico of the White House and there are others inside). Opposite this north side of the White House grounds is Lafayette Park where dozens of men and women are found every day and night; I have counted as many as two hundred adults in the park on a summer evening. Thus it is possible for as many as twenty or thirty enemy agents to rendezvous there within a few yards of the White House fence and gates, and, at a pre-arranged signal, to assault the front of the White House with excellent chances that most of them would get over or through the fence and up to the front door with hand grenades, revolvers, or "Tommy" guns. (A careful, thorough plan would eliminate the sentries and guards by the surprise of the attack).

5. An even greater danger exists in the possibility that enemy agents could drive at high speed an auto or a truck (or several cars) carrying demolition bombs with time fuses thru the gates without stopping and then right on up to and through the front door of the White House. What could the inner guards in the White House do if an armored truck carrying 2,000 pound bombs with fuses set for two minutes should crash into the front door at full power? The driver and crew would be killed - but the truck would be jammed so that it could not be gotten out, and the bombs would be too heavy to move by hand.

6. This sounds fanciful, but I seriously believe that some such desperate venture could result in the complete demolition of the entire White House and the probable death of all those in it at the time. Today, October 1942, there is no excuse for underestimating the daring ingenuity, the initiative, or the strength of the enemy. Granting that such a gruesome possibility is only a possibility the fact remains that we dare not run the risk of such a catastrophe.

7. To minimize the possibilities of success of any conceivable assault on the White House, I suggest the following steps be taken by those having cognizance:

(a) Close Pennsylvania Avenue to all traffic between the Treasury Department (15th Street) and the State Department Building (17th Street).

(b) Construct sturdy inner gates and fences so that each car entering the White House Grounds must pass through a lock where it must come to a complete stop and await the opening of a second guarded gate. A tank also might be stationed at each gate.

# SECRET

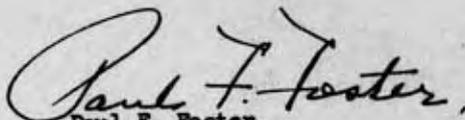
7. continued -

(c) Increase the Army sentries all around the White House grounds by using squads where single sentries are now posted.

(d) Station an entire platoon of soldiers on the lawn near the North Portico and another platoon between the South Porch and the fence on that side of the building.

(e) Station at least a squad of soldiers (preferably a platoon) in the driveway at the eastern entrance to the White House (New Executive Offices) and similarly at the western entrance.

8. While the technical and legal responsibility for the safety of the President has been placed by Congress in the hands of the Secret Service, the American public looks to the Cabinet itself for the handling of such a vital problem as this one that involves the welfare of all of us. Certainly the War and Navy Departments in time of war have a profound moral responsibility for the physical security of our Commander-in-Chief that transcends legalistic boundaries.



Paul F. Foster,  
Commander, U. S. N. R.



OFFICE OF THE CHIEF  
U. S. SECRET SERVICE

## TREASURY DEPARTMENT

WASHINGTON, D. C.

October 26, 1942

Memorandum for Assistant Secretary Gaston

From: Chief, U. S. Secret Service

I am returning herewith letter from Secretary Knox to Secretary Morgenthau dated October 20, 1942, together with memorandum of Commander Foster, which was attached.

The deep concern expressed by Secretary Knox and Commander Foster in connection with the protection of the President is noted, and their recommendations in connection with additional protective measures are appreciated. It is a source of satisfaction to know that officials of the Navy Department recognize the necessity of extending the greatest degree of protection that is possible and are so interested that constructive explicit suggestions are advanced for the consideration of this office.

The memorandum submitted states "To minimize the possibilities of success of any conceivable assault on the White House, I suggest the following steps be taken by those having cognizance:

- (a) Close Pennsylvania Avenue to all traffic between the Treasury Department (15th Street) and the State Department Building (17th Street)."

I concur in the suggestion that closing this block would eliminate certain hazards. In extending protection to the President it is necessary to consider many factors before taking action. The reaction of the general public, the practicability of interfering with that portion of the public using the street, the attitude of the Chief Executive, and whether similar results may be obtained through some other methods are some of the factors that must be seriously considered in connection with this suggestion. The step was considered some time ago, and it was not deemed advisable to carry it out.

- (b) "Construct sturdy inner gates so that each car entering the White House grounds must pass through a lock where it must come to a complete stop and await the opening of a second guarded gate. A tank also might be stationed at each gate."

FOR DEFENSE



At each gate to the White House grounds we have an arrangement or inner guard comparable to the inner gate suggested. It consists of three heavy cables stretched between heavy posts embedded in concrete. Expert advice was secured from the Navy Department before constructing same, and the installation was made for us by the Navy Department. When a car approaches the outer gate, the occupants are identified by the policeman on the gate before the outer gate is opened, and the cables on the inner guard are not released until the policeman at the outer gate is certain that the auto should be admitted. It is not believed advisable to have a tank stationed at each gate, but an armored Army truck is stationed at the Southeast Gate, and one is stationed on West Executive Avenue, about 125 feet from the Northwest Gate.

(c) "Increase the Army sentries all around the White House grounds by using squads where single sentries are now posted."

Although this action would eliminate hazards, it has not been deemed advisable to put same in effect because of factors which must be taken into consideration, some of which were discussed under (a) above.

(d) "Station an entire platoon of soldiers on the lawn near the North Portico and another platoon between the South Porch and the fence on that side of the building."

The increased man power would intensify the protection, but it has not been deemed advisable to use such extensive protection measures.

(e) "Station at least a squad of soldiers (preferably a platoon) in the driveway at the eastern entrance to the White House (New Executive Office) and similarly at the western entrance."

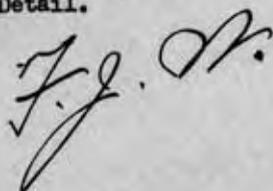
This increased force would increase protection, but at this time it is not considered advisable to do so.

I have informed you that the Military Police on duty around the White House are used in larger details and in more strategic positions than was anticipated by interested persons when the Detail was established. The changes from the original plans in relation to the use of the Military Detail have increased the degree of protection, and I fear that further changes from the original plans might meet with criticism and might even require us to revert to the use of the Detail in accordance with the first plan for the use of soldiers.

I am attaching for your consideration the following folders relating to plans for the protection being extended to the President and relating to mechanical and other protection measures which have been placed in effect during the last several months:

- (a) Personnel, equipment, etc.
- (b) Emergency and air raid defense plans
- (c) Photographs of equipment
- (d) White House Police emergency plans
- (e) Metropolitan Police Department emergency plans
- (f) U. S. Park Police emergency plans
- (g) Military Police emergency plans  
(703rd Military Police Battalion)
- (h) Engineer Division emergency plans  
(374th Engineer Battalion)

It will be noted that these folders cover plans for emergency action at the White House in connection with the protection of the President. The human element is the most important factor in the successful execution of such plans. I am confident that the Supervising Agent and Agents now comprising the White House Detail are well qualified to execute the plans. They are comparatively young men in good physical condition, well trained in the use of firearms, they appreciate the serious responsibility resting on their shoulders, and they appreciate the honor attached to their assignment. Changes in the present personnel will decrease the degree of protection extended to the President as it requires an extended period to train Agents to efficiently function on this dangerous and very important assignment. The Detail has during the past few months lost a considerable number of men who have entered the Armed Services. It is strongly recommended that deferment be requested for the Agents presently engaged on this Detail.



Enclosures



## TREASURY DEPARTMENT

WASHINGTON, D. C.

October 27, 1942.

OFFICE OF THE CHIEF  
U. S. SECRET SERVICE

White House Detail

Mr. Frank J. Wilson,  
Chief, U. S. Secret Service,  
Treasury Department,  
Washington, D. C.

Sir:

Reference is made to communication dated October 19, 1942, addressed by Paul F. Foster, Commander, U.S.N.R., to the Vice Chief of Naval Operations relative to the security of the White House.

It is obvious that the writer of the communication was sincere in his suggestions for the improvement of the protection of the President, and it is also obvious that he bases his deductions on the external security visible to him on the occasion of his reconnaissance of the White House grounds.

Paragraph 1 of the communication deals with the generality with which we all agree that the President of the United States would be assassinated by the Axis powers, if the opportunity presented itself.

Paragraph 2 of the communication questions whether or not "the fullest possible protection" is being given the President of the United States. Every precautionary measure has been taken to insure the protection of the President at the White House and no percentage of increasing this protection is overlooked. It is the opinion of the undersigned that the reports submitted to you on the protection of the President will bear out my conclusion that the President is receiving the fullest possible protection.

In paragraph 3 the Commander states he is of the opinion that "the White House and the person of the President of the United States are not adequately guarded against the possibility of destruction by a 'suicide mission' of enemy agents."

Serious consideration has been given by the undersigned to the possibility of an attempt to assassinate the President of the United States by Nazi agents using a technique similar to that used by them to assassinate the Prime Minister of Austria, Chancellor Engelbert Dollfuss on July 25, 1934.

FOR DEFENSE

BUY  
UNITED  
STATES  
SAVINGS  
BONDS  
AND STAMPS

To preclude the success of such an attempt in addition to the White House Police and Secret Service Agents who are placed at strategic points within the Executive Mansion and the White House grounds, sentries from the 703rd Military Police Battalion, capable of operating and equipped with a .30 caliber machine gun, command the Southwest, Southwest, the Northeast, the Northwest, and all other points within the efficiency of their weapon to prevent the entry of any such group referred to in paragraph 3 of Commander Foster's communication. In addition, all vehicular traffic is prohibited from entering East and West Executive Avenues excepting such vehicles as carry appointments to officials having offices in the East Wing of the White House. In addition, scout cars, each of which is equipped with a .50 caliber machine gun capable of penetrating over 1/2" of armor plate, which thickness is much beyond that of armored money express cars, are stationed at the Southeast Gate of the White House and on West Executive Avenue near Pennsylvania Avenue. The entrances at the Southwest and Southeast Gates are also commanded by sentries in the machine gun pits which were dug in the Southwest knoll and the Southeast knoll. With respect to that part of paragraph 4 of Commander Foster's communication concerning approximately 20 or 30 enemy agents who might be in Lafayette Park and who upon a prearranged signal would assault the front of the White House is within the realm of probability, but it is difficult for me to conceive that trained assassins or saboteurs would assemble at a point so close to the White House. We have ever been cognizant of the possibility of a large number of assassins who might have a definite pre-arranged plan to approach the White House and other domiciles of the President from any point or points. However, the Commander was undoubtedly unaware of the fact that Lafayette Park is continuously patrolled by agents and Metropolitan Police who observe all persons entering the park area and who would unquestionably detect any indication of the intent of as many as 20 or 30 people, either dispersed throughout the park or collected in a group.

In paragraph 5 of his communication, Commander Foster sets forth hypothetical cases of autos and trucks with several cars carrying demolition bombs through the gates of the White House and specifically "an armored truck carrying 2,000 pound bombs with fuses set for two minutes should crash into the front door at full power." Again, although the Commander's theories are within the realm of possibility, the Secret Service also provided protection to the President to combat and prevent such instances. The Bureau of Yards and Docks of the U. S. Navy was requested to design and draw up specifications for barricades for the White House gates which would withstand the impact of a seven-ton truck proceeding at 40 miles per hour. The U. S. Navy built cable barricades at the Northwest Gate, the Northeast Gate, the Southwest Gate and the Southeast Gate at the White House. The barricades on all of the gates, with the exception of the Northwest Gate are in place at all times. All persons having appointments with the President enter the White House by the Northwest Gate and as it takes considerable time to remove the barricades, the barricades are let down during business hours and again fixed at the close of business for the day. A scout car equipped with .50 caliber machine and .30 caliber machine gun, hand grenades, and other ordnance is stationed at West Executive Avenue and Pennsylvania Avenue. The scout car is in complete command of any possibility of assault upon the President through the Northwest Gate.

-3-

Paragraph 6 of Commander Foster's communication is a generality based on his deduction set forth in paragraphs preceding number 6. Sub-section (a) of paragraph 7 of Commander Foster's communication in which he suggests the placing of all traffic between 15th Street and 17th Street on Pennsylvania Avenue, would add a percentage to the protection of the President. However, this would necessitate a re-routing of street car traffic, the closing of the entrance to the Treasury Department on Pennsylvania Avenue, and would seriously add to an almost desperate traffic situation in the District of Columbia. Pedestrian traffic is prohibited on the South side of Pennsylvania Avenue from East Executive Avenue and West Executive Avenue and no parking is permitted along Pennsylvania Avenue in front of the White House, and/or on the North side of Pennsylvania Avenue opposite the White House. The percentage of protection which would be accomplished by closing Pennsylvania Avenue to all traffic between 15th Street and 17th Street would be counteracted by the congestion of traffic in the vicinity of the White House in the event that it was deemed advisable to remove the President from the White House and on all occasions of the President's rides and formal rides.

We have never discontinued our efforts to close Treasury Place, South Executive Avenue and State Place to all traffic.

Section (b) of paragraph 7 of Commander Foster's communication in which he suggests the construction of sturdy inner gates and fences, was accomplished a few days after the attack on Pearl Harbor through the installation of the aforementioned cable barricades. No reply is made to the suggestion that a tank be stationed at each gate as the aforementioned scout cars serve the same purpose.

Section (c) of paragraph 7. Commander Foster suggests that additional Army sentries be placed around the White House grounds. Naturally the more men that are assigned the more protection an individual receives, but there is a point at which the numbers assigned must stop. It is true that a Division could be stationed about the White House and thereby remove from the United States fighting forces all men in the Division, whereas two Companies may have accomplished adequate protection. Commander Foster is undoubtedly unaware that in addition to the sentries he saw on duty about the White House that a Company of Military Police on the reserve alert was standing by at the Military Police Barracks located within 50 feet from the White House grounds, and one other Company is in reserve at Fort Meyer.

Section (d) and (e) of paragraph 7. The fixed stationing of an entire Platoon of soldiers on the lawn near the North Portico and between the South Perch and the fence would increase our protection

-4-

but again the Commander is unaware of the fact that the President has not permitted military personnel to be on duty for his protection within the White House grounds.

Paragraph 8. We of the Secret Service feel we are carrying out to the maximum degree the "profound moral responsibility for the physical security of our Commander-in-Chief" to which Commander Foster refers.

In conclusion, the writer is always appreciative of receiving any suggestions for improvement of the protection of the President.

Very truly yours,

*Michael F. Reilly*  
Michael F. Reilly,  
Supervising Agent.

NOV 13 1942

Dear Mr. Douglas:

This will acknowledge receipt of your letter of November 10, 1942, requesting the use of a portion of the Empire Hotel Building in San Francisco, for the establishment of a Stage Door Canteen at that point.

A representative of the Treasury Department in San Francisco is investigating the possibility of releasing the requested space, and as soon as the pertinent facts are developed, I shall be glad to communicate with you further.

With assurance of my wish to cooperate with you in this splendid undertaking, I am

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Melvyn Douglas,  
Office of Civilian Defense,  
Washington, D. C.

MBC:MLD  
11-12-42

Orig. File to Thompson  
Copies of corres. in Diary

November 10, 1942.

Mr. Henry Morgenthau,  
Secretary of the Treasury  
United States Treasury Department  
Washington, D. C.

Dear Secretary Morgenthau:

It is needless for me to tell you of the extraordinary success of the Stage Door Canteen. Their activities and the attendance of the Servicemen speak for themselves.

Here I am again, however, with another request. This time for San Francisco, in which city I understand that the Treasury Department has a building which is peculiarly well-suited for the same purpose. It is the auditorium of a church in the Empire Hotel Building there. I believe that Mr. Milton Shubert has consulted some of your people as to the use of this building and has been told that it is available, so that this request is somewhat in the nature of a formality.

I can assure you from first-hand observation that a Stage Door Canteen in San Francisco would be a boon to the men of the various Services who now come and go in that city and that Mr. Shubert and the American Theatre Wing will again be profoundly grateful for your blessing.

Thank you again for your past kindness, and with best personal regards, I am

Sincerely yours,

(signed) Melvyn Douglas

Melvyn Douglas.

C O P Y

1149

MEMORANDUM FOR THE SECRETARY.

November 13, 1942.

Mail Report

Taxation in theory is less frequently mentioned in the mail, but taxation in practice is increasingly interesting the taxpayers. Only a small number of letters speak of the withholding tax, the Ruml Plan, or the Sales Tax, although those that do, endorse these plans rather than oppose them. There are, however, many inquiries from individuals who submit schedules of income and expenditures and ask definite information as to how much tax will be owed in 1943.

The subject of Bonds dominated the mail this past week. Hundreds of replies came from newspapers that had been requested by form letter to become issuing agents. Almost without exception these replies were cordial and cooperative. However, those that did refuse to give this service usually did so because of unnecessary duplication. There were many small town weeklies which protested the need of their cooperation because of efficient work on the part of the local Post Office and banks.

Many letters suggested special Christmas efforts, and others reported individuals who are failing to purchase Bonds. Complaints about delays in delivering, issuing or redeeming Bonds have averaged about 6 a day. There are increasing reports of 60-day redemption; of rumors that the Bonds are unsound; and that bank accounts will be taken over by the Government. There are continued requests that the Treasury issue negotiable coupon Bonds of small denominations; that the funds of aliens or missing persons be turned into Bonds; that the soldiers be given greater opportunities to invest; and that Treasury authorities intervene with Gas Rationing Boards on behalf of their local workers.

A great deal of the mail concerned Economic Stabilization. Some writers merely asked for copies of regulations.

- 2 -

Memorandum for the Secretary.

November 13, 1942.

Most of the correspondence submitted definite information and queries based on their own circumstances, and a number asked for jobs in the new setup.

There are increasing protests over local bank charges for cashing Government checks.

The Secretary's statement comparing tax rates in the United States and Britain elicited 10 unfavorable comments. There was only 1 general objection to the trip.

*J. S. Forbush*

General Comments.

Bill Rudd, Jr., San Diego, Calif. About the \$25,000 per year income ceiling. Am heartily in favor of it and so are all of my friends and associates. Believe that such a move would greatly increase democratic feeling and thereby raise general morale -- that is important! Stick to your guns. You are showing real statesmanship. We are enthusiastically behind you.

Mr. and Mrs. Eugene Byers, St. Louis, Mo. We have listened with great interest to your pleas to buy War Bonds, etc., to win our War. Yet you and Mrs. Roosevelt take up our supplies and men to make trips to England. Why? ? ? We have Ambassadors in England to keep us posted on our affairs there, and there isn't any reason for you or any one else to spend our gas, oil, planes, men and money. These eyes of American people are on all you fellows in Washington whom advocate our rationing, yet it seems a few are exempted!

S. D. MacLaren, Assistant Treasurer, Heywood-Wakefield Co., Gardner, Mass. \* \* \* We wish to protest the penalty imposed by the Procurement Division for delay in making delivery of furniture within the time required and respectfully call your attention to the Priorities Regulation quoted below, which is to the effect that no person shall be held liable for any default on the contract where an order of the Director of Industry Operations prohibits or restricts deliveries or use of any materials. (Quotes order and summarizes correspondence relating to contract.) \* \* \* Foreseeing difficulties in connection with procuring the balance of stainless tubing, we did not have on hand, we asked the Treasury, April 7, for priority assistance, and in their failure to reply, I made a personal visit to urge such assistance, and was advised they were unable to comply. \* \* \* The greater portion and balance of the stainless steel was not delivered to us before June 25. However, there was a distinct hold-up in the earlier stages of the production, namely, instruction by the Treasury April 16 to hold up deliveries

- 2 -

on account of the delayed condition of the building program. \* \* \* We cited numerous other instances of even more urgent defense orders from Government Departments in which conditions entirely beyond our control precluded expected deliveries, and the courteous cooperation we received from other Government sources in consequence of such difficulties. We put the flat question: Just what vital damage did delayed delivery of this furniture occasion? If it was an urgently essential matter, and being a Government contract, why was it not consistently supported by a priority preference? Why is this granite-hard, ironclad legal contract clause being imposed upon us on a civilian nonessential operation? Practice of this nature on the part of a Government Department is definitely inimical to industrial morale and particularly at a time when the Government must rely upon private business assistance if our entire scheme of defense is to succeed. \* \* \*

Senator Harry Flood Byrd sends a letter he has received from Robert C. de Rosset, Vice President, Seaboard Citizens National Bank, Norfolk, Virginia, which reads as follows: " \* \* \* Our Bank has already received several requests from the next of kin of persons reported "missing", asking that we send to them the balances outstanding to the credit of the missing husband or son. We have in Virginia a statute which allows us to pay out to the next of kin sums not exceeding \$300.00 to the credit of a decedent, but nothing that would take care of a situation involving the funds of one reported "missing". Therefore, it has been necessary in each case for us to tell the interested parties that it would be impossible for us to pay out anything until a period of seven years has elapsed and the Courts found our depositor legally dead. Located as we are in a city which has always been rather close to the Armed Forces, we carry many personal accounts of officers and enlisted men. Therefore, we are perhaps closer to this problem than many other Banks, but almost without exception, every man who goes overseas will have an account with a Bank in the U. S., and as the tempo of the war increases, and as casualties increase, the problem of disposition of funds belonging to the "missing" or deceased soldiers and sailors is going to become more acute and national in its scope. \* \* \* Many of those who will

- 3 -

become casualties are from families which might be in real need of funds should the soldier or sailor be reported "missing" in action. \* \* \* Perhaps the process of administering the funds of dead or "missing" soldiers and sailors might be simplified by some national legislation which would enable National Banks to deliver to the next of kin as indicated by the records of the Government, or perhaps to some Governmental Agency, say the Veterans' Administration, such money as may be on deposit to the credit of such "missing" or dead persons. \* \* \* Such a law might also indicate that notice of the fact that soldiers or sailors are "missing" by the War Department or the Navy Department would constitute due and proper notice. \* \* \* "

Don L. Tobin, Executive Secretary, Ohio Savings and Loan League, Columbus, Ohio. Many of the 700 Savings and Loan Associations in Ohio are having withdrawals from savings accounts, with the money immediately being placed in safety deposit boxes. In almost every instance the saver expresses a fear that the Government is going to "freeze" savings. It is very likely that many people are confusing the phrase "forced saving" with "freezing of savings". A statement from the Treasury Department distinguishing between forced saving and freezing of savings would be very helpful in preventing the withdrawal of funds from our institutions. This slow drain, if permitted to continue, may develop into a flood stream which may be impossible to stop.

G. C. Raven, Vice President, The State Bank of Cairo, Cairo, Neb. \* \* \* A year or more ago you are quoted as answering a resolution of the Bankers Association (re PCA loans in farm communities) by saying that it was not the intent nor the desire of the Government to engage in this sort of competition except when private banks could not or would not finance these loans. Now, we have three loans which we have lost to the P.C.A. during the past three months, each of which we had been financing, would have been glad to continue to finance, and in neither case were we ever consulted by anyone about whether we would

- 4 -

continue to finance these men, or whether the P.C.A. would have to do so. \* \* \* In fact, each of these boys has been nursed through a series of droughts by this bank, during which time it would have been hard for them to have gone to the F.S.A. for a rehabilitation loan. Now, with good crops and good prices, they have improved to such an extent that the P.C.A. is glad to gobble them up. I don't think this is right. \* \* \* If you really meant those words you spoke relative to Government financing of this class of loans, then it would appear to me that your Department will at least place such restrictions on the loans of the P.C.A. so that they would consult a man's local bank and inquire why the Government is being asked to finance this applicant instead of his local bank. \* \* \* We, and hundreds of other smaller banks are gladly doing everything we can to aid our country. We are selling War Savings Bonds to our customers and buying them for ourselves and our banks. \* \* \* We are paying our taxes, usually the heaviest in our community, without complaint, including the various Government taxes. \* \* \* All these things and many more we are glad to do but we would like the Government that asks us to do all these things to not be our worst and most unfair competitor. \* \* \*

Edwin I. Marks, Vice President, R. H. Macy & Company, NYC. I wish to protest vehemently against the \$25,000 salary ceiling recommended by the President to Economic Stabilization Director Byrnes, after Congress had refused to include this measure in the tax bill. I am not complaining of the severity of the salary limitation, nor do I object to any wartime limitation of income imposed on all taxpayers. I believe all fair-minded citizens see the injustice of this limitation on the salaried class, when stock traders, coupon cutters and the wealthy investors in tax-exempt securities are immune. I am among the 3,000 individuals singled out for discriminatory limitation. I have earned a large salary in a highly competitive trade without the benefit of large stock interest or inherited prerogative. As a professional business executive I fail to see the justice of discrimination against my class in favor of the doctor, lawyer, architect or entrepreneur specialist. I should appreciate your consideration of this point of view which unfortunately concerns a numerically unimportant minority of no political importance.

- 5 -

J. A. Shafer, Poland, Ohio. I was much interested in your brochure, "Our Good Earth", and read every word of it as it was addressed to the American Farmer, of which I pride myself of being one. Since you addressed your letter from one American Farmer to another farmer, I am glad to write to you as an American Farmer, forgetting for the time being your official title, as we farmers are plain spoken and usually call a spade a spade. I believe the American Farmer is doing his full share toward winning this war, as much as any class in the national effort and will continue doing so if not too many restrictions are put on him. \* \* \* In rationing fuel for tractors, several of the "Experts" from Washington were sent out here to tell us how to apply for our fuel; from the information they gave out they are no more qualified to say how much fuel the farmer needs to run his farm than the average 10-year old farm boy. This kind of rationing, if enforced, will cause untold hardship and will completely upset the present method of living on the farm. For example, in a nearby village farmers organized a creamery many years ago, and by square dealing and thrift have developed a company that is turning out products equal to any found in this country, and have made an outlet for the farmers for miles around. In the past year they have erected a modern building with all the latest improved equipment. They have a fleet of trucks carrying their products and if this law is enforced their trucks will be put off the road, the drivers will be out of employment, the creamery will lose their market with the result that the farmers, not being able to sell their milk, will sell off their cows for beef, as is being done in some parts of the state now for the lack of help. Our "Experts" making this law no doubt will spit in their hands with glee at this, as it will relieve the meat shortage. How about the dairy supplies which we need so badly, if this is permitted to happen? This is only one example and there are thousands of cases like this throughout the country. \* \* \*

Favorable Comments on Bonds

Fred W. Rust, President, Rust Craft Publishers, Boston, Mass. All of us who are in the greeting card business are grateful to you and all others connected with the Treasury Department for the cooperation given the greeting card publishers in connection with the War Stamp Cards for Christmas and Everyday use. \* \* \* We feel certain that all patriotic retailers of greeting cards will make special displays of these cards during the week beginning December 6, and we believe this effort on the part of our customers will substantially increase the sale of War Savings Stamps. \* \* \* Again thanking you, Mr. Morgenthau, and all those connected with the Treasury Department for the splendid cooperation we received in connection with the production of these cards, and with sincere appreciation, we are, Respectfully yours -- Rust Craft Publishers, Inc.

Joseph F. Heil, Executive Vice President, The Heil Co., Milwaukee, Wis. (Telegram) Retel September 9 you requested the Heil Company to arrange for distribution of employee purchased War Bonds within five days after payday. Pleased to advise that we have set up system whereby employee purchased War Bonds are distributed same day as pay check. This eliminates all delay and has had noticeable stimulating effect on Bond sales.

John S. Harris, Editor, The Tri-County News, Americus, Georgia. I have received a form letter requesting that I act as an official issuing agent for War Bonds, through this newspaper. It is only a small request to ask of the newspapers of this country, and I trust that every single one of them, from the smallest to the largest, will take over this job for our beloved country. Send that information on! I cannot get started quick enough. I am 3-A in the Selective Service, but I am right on the front line on the Home Front. That isn't bragging. I am ready,

- 7 -

willing and able to take up my share of the burden. If everyone else would be willing to get up and "git" we'd soon whip hell out of Hitler, the Wops and Japs, in short order. This newspaper, among the many, accepts the challenge. We'll do anything our country wants done, or right quick find some reason why.

Lester Conklin, Sr., Peekskill, N.Y. Sometime ago I received a letter from you thanking me personally for buying Bonds. At that time I had only 3 Bonds. I have a family of my wife and 6 children. They all have Bonds of their own, even the 5-year old girl. Between us all, we have to date, 30 Bonds. My wife has save 16 lbs. of grease; I have given 50 lbs. of aluminum, 300 lbs. of scrap iron, 60 lbs. of rubber. Of course I am a working man and cannot afford to buy the big Bonds, but I will continue to buy the \$25 and \$50 ones. I know you are a very busy man, but I had to write you as I am keeping your letter as I feel honored to receive such a letter from the U. S. Secretary of the Treasury, so pardon me for taking up your time reading my letter. I also have a son somewhere in England, and another waiting for call.

Unfavorable Comments on Bonds

John Doe, Box 308, Oak Creek, Colo. Would you have time during the pressure of your war duties to give the following matter your personal attention? I am a veteran of the last World War, and am now shoveling coal in the Victor-American Mine here. Work in an out-moded coal mine is hard, as well as dangerous. Also the wages are not among the high brackets. \* \* \* Ten percent of our pay check has been deducted every two weeks for Defense Bonds, yet we never see the Bonds, nor can we get any information as to why we do not receive them. The Superintendent says, "I can do nothing about it, although I have taken it up with the company in Denver". \* \* \* What procedure is necessary to secure the Bonds we have paid for, and worked long, dirty, cold hours for? \* \* \* We have no money to hire lawyers. Won't you please advise us? \* \* \*

Thomas D. Neal, Secretary, Virginia Bankers Association, Richmond, Va. It looks like a little home work is necessary in Washington, for in an article coming from Washington, under date of November 2, and purporting to be a list that was made up by the Treasury, many of the Washington bureaus and agencies are falling down on your 10% payroll deduction plan. While the list shows the Treasury Department is putting an average of 10.5% of their pay in War Bonds, the Board of Economic Warfare is shown as 6.3%, and the White House, the residence of our Commander-in-Chief, as 6.1%. The Office of Price Administration is shown at 5.6%, and this is the bureau which has been formed for the sole purpose of holding prices down so as to fight inflation. Why don't you show these figures to President Roosevelt and tell him that he is not backing you up?

Charles C. Lancaster, Assistant Postmaster, Rock Point, Maryland. Rumors against the integrity of U. S. Savings Bonds have been drifting about among employees at Indian Head Naval Powder Factory, Md., and at Solomons, Md., Naval Project. "Someone said that these Bonds won't be any good", said Mr. M. J. Farrell, of Rock Point, Md. "I'm cashing mine soon as they come due", etc. \* \* \* The

same line of propaganda is being spread around at Solomons, Md., according to Joe Hill, colored, of this village, who also cashed his Bonds. The Postmaster and I tried to persuade these men that the Bonds were the soundest investment on earth, and that they should hold them, especially as they did not particularly need the money. Both men have good defense jobs at good pay. Other employees at Indian Head and Solomons hint that "we don't do much work - just so we pay our Union dues". Tremendous wages through Unions have stripped the lovely, fertile farms of Southern Maryland of all labor. It is worse than the carpet-bagger days of "Gone With the Wind". And now these ungrateful laborers "don't trust" our United States Government Bonds. Please investigate and advise.

Edwin A. Goodwin, Publisher, Michigan State Digest, Lansing, Mich. Certainly we will be an issuing agent for the sale of War Savings Bonds, in accordance with your circular inquiry of November 5. Your inquiry is belated. Apparently the high-tide of public interest in War Savings has passed. Daily newspapers, solicited by your Department, have exploited their agency to the limit in taking credit publicly for their part in the drive. \* \* \* I demanded EQUALITY OR OPPORTUNITY with the dailies to exercise patriotism in helping to publicize the Nation's needs. This neglect of the weekly press amounting to direct affront has created resentment towards the Administration where previously there had been only favor. The weekly press, for the greater part, is rural. The chagrin of rural publishers is reflected in the nationwide elections of this week. \* \* \* There is immediate need for reappraisal of the smart politics which has been attributed to the Administration in Washington. Indeed, that which will best and quickest serve the Nation's war needs is, after all, fairly good politics; and will also help war-winning. Send on the War Bond agency commission and paraphernalia. If it arrives before the war ends, we will do our best as a patriotic American unit -- even though we will derive only the chicken's neck in the distribution of recognition. Yours for the early slaughter of Hitler.

Sidney Rigelhaupt, Attorney-at-Law, Youngstown, Ohio. On August 14, I forwarded to the Federal Reserve Bank of Cleveland, Ohio, for payment on behalf of Veronica Gerbery, Administratrix of the Estate of Andrew Gerbery, a Defense Savings Bond in the amount of \$50.00, issued in the name of Andrew Gerbery, 521 Dixon Street, Youngstown, Ohio. On August 25, I received a letter from the Federal Reserve Bank requesting further information relative to the appointment of the administratrix, all of which I furnished to the Federal Reserve Bank on September 4. On September 17 the administratrix received a form letter from the Federal Reserve Bank of Cleveland, advising her that the Bond had been sent to the Treasury Department for approval of the request, before payment could be made. Since that time we have heard nothing. I call this to your attention not because there is any great hardship being put on this estate by the Government's dilatory method in handling the matter, but because of the effect that this is having. This widow has inherited about \$1,500 and I, from the beginning, have been urging her to invest the money in Defense Bonds. She now feels that if it takes such a lot of time to obtain payment of a Bond, that she should not invest her money in War Bonds. Further, her children, who are working and who have been buying Bonds, are wondering whether or not they should continue to do this if the foregoing is a sample of the method in which the Government is handling this matter. It would seem that every activity that the Government is engaged in eventually gets bogged down by a tremendous amount of red tape. \* \* \* It is not with a purpose of finding fault that I call this to your attention, but I do feel that it is matters of this kind that are bringing about public disgust with the management of the war and the agencies that have grown out of the war.

E. F. Neblung, Laporte, Ind. \* \* \* I had to cash several Bonds in order to meet my local taxes here at Laporte. The local Post Office here refused to pay the \$18.75, stating that I had to mail these Bonds to the Federal Reserve Bank of New York City in order to get my money. This cost me a registering fee of 65¢ to mail my Bond, and a charge of 50¢ for cashing same. My understanding

when I bought these Bonds was that I could cash same here, either at the Post Office or any Bank. Will you kindly advise me in connection with the above? If I have to mail all these Bonds to New York, I would like to know, as I feel that I cannot afford to pay a registering fee of this nature.

George P. Brett, Jr., President, The Macmillan Company, NYC. On or about August 26 a man by the name of Maxwell Raddock made representations to me in connection with the Trade Union Courier. He stated that we had in the past always taken an ad in the Union yearbook, that taking an ad in the Trade Union Courier this year would take the place of the ad in the yearbook. I agreed. Subsequently, I received a letter indicating that the Trade Union Courier had nothing to do with the Union whatever, that it was a private enterprise. A copy of the letter is attached. (Report by National Clearing Association.) This morning I received a card dated October 17, and bearing your signature reading as follows: "In appreciation to Macmillan Company for patriotic cooperation with the Nation's War Bond program through the advertising columns of Trade Union Courier." \* \* \* I thought that inasmuch as I received your card as a result of our ad, possibly the Government would be interested in ascertaining the facts.

Mrs. E. Blains Stanley, Vancouver, Washington. I am a welder, working at Kaisers Company, Inc., yards here, buying Bonds, doing all I can to help win the victory that must be ours, to have peace again and bring my own son and all other mothers' sons home again from Australia and elsewhere. Yesterday in our locker room a group of women were talking. Said one, "The auditor of my husband's books in our shop says that in ten years when these War Bonds are due and payable, they will deduct income tax and the Bonds will be worth face value of \$37.50 - maybe less". Surprising indeed were the comments. I argued that she is definitely all wrong, and even if such is a fact, each should buy all they possibly can. Just a rumor, but spreads, and fast, in a large place such as our yards. Can you help me "spike" it?

Albert S. Bard, Attorney & Counsellor at Law, NYC. When in Washington on November 3, I was disgusted to find the Treasury Department advertising the General Outdoor Advertising Co. on a large billboard near the front of the Treasury, on 15th Street, opposite the turn in Pennsylvania Avenue. \* \* \* It is no answer to say that the General Outdoor Advertising Co. furnished the billboard to the Government. There are plenty of business concerns and persons that furnish far greater service to the Government in its conduct of the war than the General Outdoor Advertising Co. does, and they receive no advertisement on the conspicuous billboard on the grounds of the U. S. Treasury. \* \* \* It is no answer to say that the General Outdoor Advertising Co. is furnishing the board gratis to the Government (if it is). The board costs perhaps \$100 or \$125 to erect. There are plenty of them unused at the moment, but retaining their metal facings, useless to them, but which would be useful to the Government. As against that, what is the value of an advertisement on one of the most prominent spots in Washington, D. C., for the duration? Our Government, which is spending untold millions each day of the war, is hardly so poor as to need to sacrifice its dignity merely to save so paltry a sum. It is selling its birthright for a mess of pottage. \* \* \* The outdoor advertising industry, after the war is over, will cite this and other commercial boards used by the Government for War Bonds as proof of its "patriotism" and as a justification for its whole business of abuse of the American landscape and highways throughout the country. It has done so in the past and will do so again. \* \* \*

Mrs. Esther Abbott, Lucky Acres Farm, Tucson, Arizona. I have notified my nearest Treasury Department Branch at Dallas, Texas, to cancel my monthly Bond purchase of \$37.50, which I have been purchasing for the last two years. \* \* \* As you may or may not know, Tucson, Arizona, is the center of several large defense industries, and my farm is seven miles from Tucson. High wages and lack of manpower controls have siphoned off almost all labor from farms around here. Where we used to pay \$2.00 per day for labor, we must now meet the \$6.00 per day paid by the war plants. We can't have savings and thereby buy War Bonds

when we have to pay out in wages for six days' work that was formerly one month's savings. For this reason the money that I formerly put into War Bonds is now going to labor costs -- for such labor as we can obtain; either this or crops rotting in the fields. \* \* \* Here, the smallest support to the War effort is being made by groups earning the highest incomes and most able to give their support, so we, along with many of our neighbors, find little impetus to patriotism on this basis. Until there are sales taxes taxing those now doing the most buying, or some form of payroll taxes collected at the source, we are not going to be whole-hearted in supporting the Bond program, and until we are able to get labor on the farm at reasonable wages, we are not going to be ABLE to support the Bond program. \* \* \* Yours for a democracy in which labor does not take all and give nothing; a democracy in which ALL, no groups excluded as they are now, pull together. Until then, patriotism is a word in our minds but not a feeling in our hearts.

John B. Holliday, Jr., Vice President, The Annapolis Banking & Trust Company, Annapolis, Md. Under the date of September 21, 1942, exactly seven weeks ago today, we forwarded to the Treasury Department one \$25 Defense Savings Bond. \* \* \* We explained that Mrs. Nellie Linton and Mrs. Nellie W. Linton was one and the same person and that said Bond had been given her as a gift, but she preferred that it be reissued to read as listed above. To date we have heard nothing whatsoever from the Treasury Department regarding this Bond. Our customer has made several trips to the bank and written us on two occasions as to why she cannot receive her Bond. We again wrote the Treasury on October 8 and October 19, but still no reply or results. Our customer is most anxious about this and in our previous letter (dated October 19) we made the request (at the customer's wish) that if the Bond could not be issued without further delay, that they kindly return to Mrs. Linton the original Bond without making the desired change. We are now writing you in hopes that we can obtain some action on this item, as it seems eight weeks certainly should be ample time for such a transaction.

E. R. Holderby, Editor-Publisher, Tribune of Shelby, Shelby, Mont. \* \* \* Due to the fact that there are only 24 hours in a day, and we are unable to work over that time, we are sorry to state that we cannot be an agent of yours in this territory. In the past year they have taken two of our best men, and are about ready to take a third one for the war. \* \* \* It is necessary for the writer to spend most of his time with the printers to keep things going. From all appearances, it may be that we will have to close our office as the writer cannot handle the paper alone. We are doing all we can through the newspaper to keep up the spirit of buying Bonds.

Addison U. Moore, Editor & Owner, The New Egypt Press, New Egypt, N. J. I may be wrong but I think this method is all wrong. The Press has and is still doing a good job, giving FREE publicity to the Government and will continue to do their part, provided we are able to stay in business. \* \* \* Since we entered the War, a freight car would not hold the material which has been sent us asking for FREE publicity, many of them repeated two or three times -- in other words, the same stuff from different departments. We are located within two miles of Fort Dix, and to date, we have never received one penny's worth of work from the Fort. One Captain had 500 letterheads printed and never paid for them nor came after them. There has been a lot of talk about small business, but if you ask me, it looks like big business is getting bigger and small business is going out of business. I have been publishing The Press since 1899 and never voted anything but a Democratic ticket, but if something is not done and done at once, the Weekly newspaper will be forced out of business by the big Dailies and the advertising agencies who control the works with their expert and highpressure salesmanship. No, the banks and Post Offices are all selling Bonds, and they are the ones to do the job.

Eugene Dillon, NYC. I would like to draw your attention to a man who claims to be a good American, but who refuses to buy a War Bond, for he claims the Government will repudiate them. \* \* \* Now this man has just completed a Government contract. His son also works on a Housing

Project for the Government at Great Neck, Long Island, N. Y. He is receiving a salary of \$5,000 a year, and like father like son. As I am the Porter in this office, and if it is found out I wrote this letter, I will be fired, I will have to look for another job, and the chances are not so good for a man going on 75 years. But this is war, and these slackers should be exposed, so I hope you will not mention my name if possible.

Fred W. Kennedy, Clydeland Stock Farm, Manchester, Mich. In book sent out by the U. S. Treasury just recently, as a farmer I would like to call your attention to the picture on the front cover, "Long May It Wave", by John Steuart Curry - a fine picture. May I ask you as a plain American farmer why our Government, through the AAA program, burned 100 acres of volunteer wheat on July 27, 1942, on the Charles Jesse Farm at Broadus, Montana, if (?) they want it to Wave?

Favorable Comments on Taxation

William Price, Brooklyn, N.Y. You may be assured of my support of the tax bill which you have proposed to Congress, but which they have not seen fit to accept. \* \*

Emerson E. Rossmore, Certified Public Accountant, NYC. In the past I have not hesitated to condemn various Revenue Acts that have been passed by the Congress from time to time. Under the circumstances, I feel it is right for me to go out of my way to say that no Act since the Revenue Act of 1913 has been so carefully and equitably worked out (aside from rates) as the Revenue Act recently passed. I hope that the equity provisions applicable to the income and excess profits taxes will be fairly administered so that the intent of the law will not be defeated by improper interpretation and application of the relief provisions contained therein.

W. L. Bouler, Darlove, Miss. I want to express my appreciation to you for knowing what kind of legislation the average man wants. \* \* \* I am a small farmer and know what they want; 90% of them in the 48 states want to be covered by the Social Security laws. I mean to pay the tax in some way, so they can be covered by the insurance. Like industry, the newspapers, and the political demagogues are trying to make you believe you and the President are wrong about it. But don't let them fool you. There are 90% of the people who want to pay it. \* \* \* I know what was the matter with the people on November 3. Congress has been dragging on the President, was the main trouble. If you get the President to make the farmers a fireside chat, and tell them the facts about the Social Security laws, the old boys would not contrary him so much. \* \* \*

H. I. Kiefer, Chief Editorial Writer, Avalanche-Journal Newspapers, Lubbock, Tex. This suggestion is offered with the feeling that you are one of the most poorly qualified of individuals to recognize any merit it contains. Apparently you have not seen fit to avail yourself of the

fact that very small sums may represent very difficult problems to large numbers of people. Yet this fact is proved by the existence of thousands of loan-shark agencies which are the only recourse for millions of small wage earners in sudden needs of small sums of money -- sums not infrequently as small as \$5 or \$10, and seldom more than \$25 or \$50. Has it occurred to you that these agencies are going to be in a position to reap a tremendous harvest next year? Have you investigated the current reports that they are preparing to make the most of that opportunity? My suggestion is one intended to ease the problem of the little fellow in trying to prepare to pay his taxes. The idea is no more nor less than the issuance of Tax Anticipation Stamps in denominations, say, of \$2.50, \$5 and \$10, to be applied on Federal Taxes. This would enable the little fellow who seldom collects enough to buy \$25 notes to put his occasional \$5 or \$10 into something he could not spend. \* \* \* Personally, I wish I had the opportunity to store occasional \$5 or \$10 in stamps against the \$300 or \$400 income tax I must pay next year.

Unfavorable Comments on Taxation

Angela D. Walsh encloses copy of letter to the New York Collector of Internal Revenue. "I am sorry to have made a mistake in computations of my 1941 income tax. Because my Government is in need of every cent it can get, I paid my 1941 income tax at one time, rather than in installments. Therefore, I am at a loss to understand why I should be penalized - charged interest of \$2.55 when, for those who are paying quarterly, their last payment has not yet been made - is not due! \* \* \* An industrial loan company charging such interest under similar circumstances would be speedily put out of business. I propose to pay the amount you inform me I owe the Government (\$66.40) in installments of \$5.00 a month until the total of sixty-six dollars and forty cents is paid. \* \* \* Waxey Gordon, a notorious character who, owing the Government a total of over a million dollars is allowed to pay six dollars a week! His recent part in the black market in sugar, according to all newspapers I have seen, in no way changed his method of paying his income tax. He is supposed to receive only fifty dollars a week. \* \* \* As a reputable citizen who had no intention of defrauding the Government of income taxes, surely have equal rights with those of a convicted criminal."

TREASURY DEPARTMENT  
OFFICE OF THE SECRETARY

November 13, 1942

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended November 4, 1942, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

(init.) C. M. B.

inc:11/23/42

C  
O  
P  
YFEDERAL RESERVE BANK  
OF NEW YORK

November 12, 1942

CONFIDENTIALDear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended November 4, 1942, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ L. W. Knoke

L. W. Knoke,  
Vice President.

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

Enclosure

Copy:imc:11/23/42

(Millions of dollars)

BANK OF ENGLAND (BRITISH GOVERNMENT)

BANK

PERIOD	DEBITS			CREDITS			Net Incr. (+) or Decr. (-) in \$ Funds (d)	DEBITS			CREDITS			Net Incr. (+) or Decr. (-) in \$ Funds (d)	
	Total Debits	Gov't Expenditures (a)	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)		Other Credits (c)	Total Debits	Gov't Expenditures (-)	Other Debits	Total Credits	Proceeds of Gold Sales		Other Credits
First year of war	1,795.2	655.6	1,137.6	1,828.2	1,356.1	52.0	420.1	+ 35.0	866.3	416.6	449.7	1,095.3	900.2	195.1	+229.0
1st period through December, 1940	0,792.3	1,425.6	1,356.7	2,793.1	2,109.5	108.0	575.6	+ 10.8	878.3	421.4	456.9	1,598.4	900.2	198.2	+225.1
Second year of war	2,203.0	1,792.2	410.8	2,189.8	1,193.7	274.0	722.1	- 13.2	38.9	4.8	34.1	8.8	-	8.8	- 30.1
Third year of war	1,335.6	904.2	431.4	1,361.5	21.8	5.5	1,334.2	+125.9	18.5	-	18.5	4.4	-	4.4	- 14.1
1942															
Sept. 1 - Sept. 30	56.1	37.1	19.0	51.6	-	0.5	81.1	+ 35.5	10.1	-	10.1	0.4	-	0.4	- 9.7
Oct. 1 - Oct. 31															
Nov. 1 - Nov. 30															
Dec. 1 - Dec. 31															

Average Weekly Expenditures Since Outbreak of War

France (through June 30, 1941) \$1.7 million  
 England (through June 30, 1941) 2.0 million  
 England (since June 30, 1941) 1.1 million

Transfers from British Purchasing Commission to Bank of Canada for French Account

Week ended  
 Cumulation from July 6, 1940

million  
 million

\*For monthly breakdown see attached sheet prior to April 27, 1941.  
 \*\*For monthly breakdown see attached sheet prior to October 2, 1941.  
 \*\*\*For monthly breakdown see attached sheet prior to October 14, 1942.  
 (See attached sheet for other footnotes)

- (a) Includes payments for accounts of British Purchasing Commission, British Air Ministry, British Supply Commission, British Supply Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$25 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the liquidation of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent the acquisition of proceeds of exports from the sterling area and other currently accruing dollar receipts.
- (d) Reflects charges in all dollar holdings payable on demand or maturing in one year.
- (e) Includes payments for account of French Air Commission and French Purchasing Commission.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.

PERIOD	BANK OF CANADA (and Canadian Government)								COMMERCIAL BANKS OF CANADA							
	DEBITS				CREDITS				DEBITS				CREDITS			
	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in 3 Funds	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits
First year of war*	323.0	16.6	306.4	504.7	412.7	20.9	38.7	22.4	+ 181.7	31.2	3.9	27.3	36.1	20.0	6.1	+ 4.9
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
Second year of war**	460.4	-	460.4	462.0	246.2	3.7	121.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 5.7
Third year of war***	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
1942																
Sept. 3 - Sept. 30	46.3	-	46.3	53.6	13.2	-	-	40.4	+ 7.3	28.0	20.5	7.5	18.1	-	18.1	- 9.9
Oct. 1 - Oct. 28																+ 0.2
Oct. 29 - Dec. 3																
Dec. 4 - Dec. 30																
WEEK ENDED;																
																+ 12.0
																+ 1.1
																- 2.7

Weekly Average of Total Debits Since Outbreak of War  
Through million

\*For monthly breakdown see tabulations prior to April 23, 1941.

\*\*For monthly breakdown see tabulations prior to October 8, 1941.

\*\*\*For monthly breakdown see tabulations prior to October 14, 1942.

(a) Reflects changes in all dollar holdings payable on demand or maturing in one year.

(b) Includes all dollar deposits held in Canadian banks.

(c) Includes \$ 11.4 million proceeds of U. S. government checks deposited on Oct. 21, 1941, Ltd.

(d) Includes transfers to official American accounts in New York banks.

CITIES, Imperial and Free, of Germany.--

"The territorial disintegration of Germany (see Germany: 13th Century) had introduced a new and beneficial element into the national life, by allowing the rise and growth of the free cities. These were of two classes: those which stood in immediate connection with the Empire, and were practically independent republics; and those which, while owning some dependence upon spiritual or temporal princes, had yet conquered for themselves a large measure of self-government. The local distribution of the former, which is curiously unequal, depended upon the circumstances which attended the dissolution of the old tribal dukedoms. Wherever some powerful house was able to seize upon the inheritance, free cities were few; wherever the contrary was the case, they sprang up in abundance. In Swabia and on the Rhine there were more than a hundred; Franconia on the contrary counted only Nurnberg and five smaller cities: Westphalia, Dortmund and Herford; while in Bavaria, Regensburg stood alone. . . . The Imperial free cities . . . were self-governed, under constitutions in which the aristocratic and the democratic elements mingled in various proportions: they provided for their own defence: they were republics in the midst of States where the personal will of the ruler counted for more and more. . . . In these cities the refined and luxurious civilization, to which the princes were indifferent, and on which the knights waged predatory war, found expression in the pursuit of letters and the cultivation of the arts of life. There, too, the Imperial feeling, which was elsewhere slowly dying out of the land, retained much of its force. The cities held, so to speak, much of its force. The cities held, so to speak, directly of the Empire, to which they looked for protection against powerful and lawless neighbours, and they felt that their liberties and privileges were bound up with the maintenance of the general order. . . . In them, too, as we might naturally expect, religious life put on a freer aspect." -- O. Beard, Martin Luther and the Reformation, p. 16. -- "Prior to the peace of Luneville (1801), Germany possessed 133 free cities, called Reichstatte. A Reichstadt ('civitas imperii') was a town under the immediate authority of the Emperor, who was represented by an imperial official called a Vogt or Schultheiss. The first mention of the term 'civitas imperii' (imperial city) occurs in an edict of the emperor Frederick II. (1214-1250), in which Lubeck was declared a 'civitas imperii' in perpetuity. In a later edict, of the year 1287, we find that King Rudolf termed the following places 'civitates regni' (royal cities), viz., Frankfort, Friedberg, Wetzlar, Oppenheim, Wesel, and Boppard. All these royal cities subsequently became imperial cities in consequence of the Kings of Germany being again raised to the dignity of Emperors. During the reign of Louis the Bavarian (1314-1347) Latin ceased to be the official language, and the imperial towns were designated in the vernacular 'Reichstat.' In course of time the imperial towns acquired, either by purchase or conquest, their independence. Besides the Reichstatte, there were Freistatde, or free towns, the principal being Cologne, Basle, Mayence, Ratisbon, Spire, and Worms. The free towns appear to have enjoyed the following immunities: -- 1. They were exempt from the

oath of allegiance to the Emperor. 2. They were not bound to furnish a contingent for any expedition beyond the Alps. 3. They were free from all imperial taxes and duties. 4. They could not be pledged. 5. They were distinguished from the imperial towns by not having the imperial eagle emblazoned on the municipal escutcheon." Subsequently "the free towns were placed on the same footing as the Reichstadt, and the term 'Freistadt,' or free town, was disused. The government of the imperial towns was in the hands of a military and civil governor. . . . On the imperial towns becoming independent, the administration of the town was entrusted to a college of from four to twenty-four persons, according to the population, and the members of this kind of town council were called either Rathsmann, Rathsfreund, or Rathsherr, which means councilman or adviser. The town councillors appear to have selected one or more of their number as presidents, with the title of Rathmeister, Burgermeister, or Stadtmeister. . . . Many of the imperial towns gained their autonomy either by purchase or force of arms. In like manner we find that others either lost their privileges or voluntarily became subjects of some burgrave or ecclesiastical prince, e.g., Cologne, Worms, and Spire placed themselves under the jurisdiction of their respective archbishops, whereas Altenburg, Chemnitz and Zwickau were seized by Frederick the Quarrelsome in his war with the Emperor; whilst others, like Hagenau, Colmar, Landau, and Strasburg, were annexed or torn from the German Empire. As the Imperial towns increased in wealth and power they extended the circle of their authority over the surrounding districts, and, in order to obtain a voice in the affairs of the empire, at length demanded that the country under their jurisdiction should be represented at the Reichstag (Imperial Diet). To accomplish this, they formed themselves into Bunds or confederations to assert their claims, and succeeded in forcing the Emperor and the princes to allow their representatives to take part in the deliberations of the Diet. The principal confederations brought into existence by the struggles going on in Germany were the Rhenish and Suabian Bunds, and the Hansa (see Hansa Towns). . . . At the Diet held at Augsburg in 1474, it appears that almost all the imperial towns were represented, and in 1648, on the peace of Westphalia, when their presence in the Diet was formally recognized, they were formed into a separate college. . . . By the peace of Luneville four of the imperial towns, viz., Aix-la-Chapelle, Cologne, Spire, and Worms, were ceded to France. In 1803, all the imperial towns lost their autonomy with the exception of the following six:--Augsburg, Nuremberg, Frankfort, Lubeck, Hamburg, and Bremen; and in 1806 the first three, and in 1810 the others, shared the same fate, but in 1815, on the fall of Napoleon, Bremen, Hamburg, Lubeck, and Frankfort, recovered their freedom, and were admitted as members of the German Bund, which they continued to be up to the year 1866."--W.J. Wyatt, Hist. of Prussia, v. 2, pp. 427-432.-- "According to the German historians the period of the greatest splendour of these towns was during the 14th and 15th centuries. . . . In the 16th century they still enjoyed the same prosperity, but the period of their decay was come. The Thirty-Years War hastened their fall, and scarcely one of them escaped destruction and ruin during that period. Nevertheless, the treaty of Westphalia mentions

them positively, and asserts their position as immediate states, that is to say, states which depended immediately upon the Emperor; but the neighbouring Sovereigns, on the one hand, and on the other the Emperor himself, the exercise of whose power, since the Thirty-Years War, was limited to the lesser vassals of the empire, restricted their sovereignty within narrower and narrower limits. In the 18th century, 51 of them were still in existence, they filled two benches at the diet, and had an independent vote there; but, in fact, they no longer exercised any influence upon the direction of general affairs. At home they were all heavily burthened with debts, partly because they continued to be charged for the Imperial taxes at a rate suited to their former splendour, and partly because their own administration was extremely bad. It is very remarkable that this bad administration seemed to be the result of some secret disease which was common to them all, whatever might be the form of their constitution. . . . Their population decreased, and distress prevailed in them. They were no longer the abodes of German civilization; the arts left them, and went to shine in the new towns created by the Sovereigns, and representing modern society. Trade forsook them--their ancient energy and patriotic vigour disappeared. Hamburg almost alone still remained a great centre of wealth and intelligence, but this was owing to causes quite peculiar to herself."--A. de Tocqueville, State of Society in France before 1789, note C.--See, also, Hansa Towns.--Of the 48 Free Cities of the Empire remaining in 1803, 42 were then robbed of their franchises, under the exigencies of the Treaty of Luneville (see Germany: A. D. 1801-1803). After the Peace of Pressburg only three survived, namely, Hamburg, Lubeck and Bremen (see Germany: A. D. 1805-1806). These were annexed to France by Napoleon in 1810.--See France: A. D. 1810 (February-December). The Congress of Vienna, in 1815, restored freedom to them, and to Frankfort, likewise, and they became members of the Germanic Confederation then formed.--See Vienna, The Congress of,--Lubeck gave up its privileges as a free city in 1866, joining the Prussian Customs Union. Hamburg and Bremen did the same in 1888, being absorbed in the Empire.--This extinguished the last of the "free cities."

COPY NO. 13

NOT TO BE RE-TRANSMITTED.

BRITISH MOST SECRET  
U.S. SECRET

OPTEL NO. 396.

LIBYA. 11th November. Forward elements of seventh armoured division and second New Zealand division made contact with enemy on frontier and former proceeded without opposition to Capuzzo. Many prisoners were taken by latter. Halfaya Pass found clear but Sollum pass blocked by large crater at foot. Both divisions subsequently reached area Bardia-Sidiazeiz-Sollum. Armoured cars operated all day in area Gubbi-Sidi Rezegh-Gambut.

OPTEL No. 397.

Information received up to seven A.M. 13th November 1942.

1. FRENCH NORTH AFRICA. An Armistice has now been signed in North Africa.

Tunis. Tenth. Corrected German air force casualties El Aouina 19 set on fire 19 damaged. 10th/11th. Two Wellingtons bombed El Aouina airfield. Operations were curtailed by bad weather. 12th. Beaufighters from Malta intercepted six Italian aircraft carrying German troops south-east of Pantellaria and shot them down into the Sea.

Bizerta. Six enemy E-boats present.

Bone. A small force of British troops was landed early 12th without opposition.

Bougie. 12th. The anchorage was heavily attacked in the morning by thirty aircraft. An infantry landing ship was hit and set on fire, one of H.M. A.A. ships was sunk probably by mine and one of H.M. destroyers damaged by air attacks.

Algiers. One of H.M. Sloops was torpedoed but has reached harbour.

Oran. Berths are now available for eight ships one block ship having been towed clear.

Casablanca. The harbour is seriously congested with sunk and damaged ships. "JEAN BART" is sunk, a cruiser and two destroyers beached and seven merchant ships sunk. Landing craft are disembarking stores from slips off the coast to Port Lyautey. Three U.S. ships were torpedoed yesterday.

Gibraltar. One of His Majesty's ships has now sunk and another of His Majesty's ships has arrived safely at Gibraltar. One of His Majesty's ships is proceeding to Casablanca with 380 survivors from the ship sunk in Gibraltar. Aircraft from Gibraltar made several attacks on U-Boats in the Western Mediterranean.

2. NAVAL. Three Italian Battleships and eleven destroyers were reported by aircraft north of the Strait of Messina at 2.45 P.M. 12th apparently steering for Naples.

3. MILITARY. Egypt. 11th. Increased enemy movement was reported North of Sidi Rezegh Landing Ground and air reports showed large concentrations of M.T. along the roads Bardia-Tobruk and Tobruk-Gazala-Tmimi. Thirtieth and thirteenth Corps continued clearing the battlefield and Coastal Area. Commander and all Staff of Italian Tenth Corps reported captured.

4. AIR OPERATIONS. Libya. 11th. Fighter bombers successfully attacked Gambut Landing Grounds which the enemy evacuated after mid-day. They also made very successful bombing and machine gun attacks on closely packed M.T. Columns between Bardia and Tobruk. Six Transport Aircraft and eleven dive bombers were shot down. Total enemy casualties 24. 4, nil, ours 7. nil. nil. U.S. Heavy Bombers claimed four hits and many near misses on a southbound 5000 ton ship North of Benghazi. At night enemy M.T. was bombed between Tobruk and El Gazala.

ISSIA. Russian. Russian Black Sea Naval Aircraft attacked a German Aerodrome. Parachutists were then dropped and thirteen aircraft were destroyed and ten severely damaged. The parachute detachment made their way back to the Russian lines.

11-13-42

# INTELLIGENCE REPORT 49

**CONFIDENTIAL**

This document contains information relating to the national defense of the United States within the meaning of the Espionage Act, as amended, U. S. Code 50, Sections 31 and 32. Its transmission or communication in any manner to any unauthorized person is prohibited by law.

OFFICE OF  
WAR INFORMATION  
BUREAU OF  
INTELLIGENCE

COPY No. 7

Henry Morgenthau, Jr.

## CONTENTS

EDITORIAL ATTITUDES .....	1
Celebration .....	1
Elections .....	3
Armistice Day, 1942 .....	4
POPULAR REACTIONS .....	5
Shackling .....	5
Income Regulation .....	6
"Drag" .....	10
Women in Uniform .....	11
Rating on Effort .....	11
ENEMY PROPAGANDA .....	13
American Offensive .....	13
Rommel's Retreat .....	14
United States Elections .....	15



## EDITORIAL ATTITUDES

### CELEBRATION

Press and radio are counting their eggs, if not their chickens. Even the most restrained comments on the American landings in Africa convey a sense of triumph. All of the news interpreters agree that the tide of war has definitely turned.

Some trumpets had begun to flourish even at the beginning of the week over the British victory in Egypt, but in many, if not most, comments there was an underlying note of fear that Rommel would once more get away. The Boston Post, on November 6, for example, remarked that "There was hesitance on the part of the public yesterday to believe that the miracle had come to pass."

With Sunday's news, however, the miracle was almost unquestioningly believed to be consummated. Commentators, of course, warned their readers that the conquest of Africa could constitute no more than a beginning of the great United Nations offensive. They pointed out that a long road must be traveled before the sources of Axis power can be crushed. But they left no doubt that the offensive is at last fully under way and that the allies have their armored battalions on the highroad toward final victory.

It is commonly taken for granted that the conquest of North Africa will be a prelude to allied invasion of Europe somewhere along its Mediterranean coast. In general, this is accepted as a satisfactory, if not a superior, substitute for the long desired second front on Europe's Atlantic coastline.

Analysts emphasized the great advantages to be gained by control of the Mediterranean — shortening of supply lines, easing the strain on allied shipping, bases from which to blast the Italians by air, exposure of Hitler's soft southern flank. While there was general acknowledgment that this might please Russia less than an invasion from the West, there was also a prevailing belief that Hitler could counter the allied blow in Africa only by withdrawing troops and planes from his eastern front.

The commentators were lavish in their praise for the planning and execution of the attack. Many of them pointed out that it had required painstaking coordination of military, naval, aviation and diplomatic endeavors. Compliments were showered on American leadership and, above all, on the President himself. A number of commentators emphasized the United Nations character of the invasion by giving credit generously to the British for their share in it.

Secretary Hull's justification of the State Department's policy in regard to the Vichy Government was accepted by most commentators, though rather dubiously by a few. The prevailing feeling was one of delight that relations with Vichy have, at last, been severed; commentators seemed content to forget the old policy debate. They were particularly pleased by the adroitness and eloquence of the President's appeal to the French people and are hopeful of French cooperation.

General MacArthur's successful campaign against the Japanese in New Guinea was overshadowed by the events in Africa but served to bolster the general jubilation. There was rejoicing also over the repulse of the Japanese

on Guadalcanal. Nevertheless, there were numerous reminders, similar to that in the Des Moines Register that "though things look slightly less anxious in the Southwest Pacific just now, the Japs must not be considered to have given up the effort to drive us out of the Solomons." All in all, press and radio have written it down as a magnificent week for our side.

#### ELECTIONS

Most editorial writers interpreted the election results as a rebuke to the Administration. The Detroit News called them "a protest against stumbling and fumbling." The Scripps-Howard papers said, "The people at the polls were protesting inefficient, ankle-deep conduct of the war." The Christian Science Monitor more temperately saw a reflection of "manifest public impatience with some of the muddling in the conduct of the war" and noted that "rebukes seemed directed as much toward Congress as the President."

The great conservative majority of the press, unsympathetic to the whole domestic program of the New Deal, naturally rejoiced over the Republican gains and justified their rejoicing by calling it a return to the two-party system. They were, nevertheless, somewhat uneasy about the consequences of their victory. They insisted rather self-consciously that

---

\* The Gallup Poll, at the very end of October, asked: "Do you approve or disapprove of the way Roosevelt is handling his job as President today?" The following results, as yet unpublished, are reported with Dr. Gallup's permission:

Approve	70%
Disapprove	19
Don't know	11

Dr. Goebbels could get no comfort from this shift in congressional power and that it presaged only a more vigorous and efficient prosecution of the war.

That they are somewhat worried lest it mean something else is attested by an editorial in the New York Herald Tribune, which warned against any sudden overthrow of the Administration's social program. It cautioned against social and economic reforms while we are at war, declaring that "If the Republicans would fulfill their pledge to concentrate, as the loyal opposition, in speeding up the winning of the war, they will keep this admonition in mind." The Providence Journal said: "As long as the war lasts, the minority members would be well advised to fight Roosevelt less and Hitler more."

#### ARMISTICE DAY, 1942

The prevailing emphasis in Armistice Day editorials was on the need for winning the peace, as well as the war, by the establishment of an international community. A number of commentators placed stress on the importance of keeping America armed and prepared for future conflict in the post-war world. But, for the most part, they placed their reliance for the future on international collaboration and were hopeful that, through it, some happier organization and integration of the world could be achieved.

In contrast, that portion of the press which has been consistently "isolationist" saw little hope ahead. The Washington Times-Herald and New York Daily News, for example, expressed the conviction that "War is

as natural to human life as is peace" and that "This is not going to be the last big war." They have nothing to suggest for the preservation of peace save reliance on the weapons of war.



## POPULAR REACTIONS

### SHACKLING

Despite considerable press and radio excitement over the issue, the American public seemed little stirred about the controversy which raged for a time over the chaining of British and German prisoners. Interviewing conducted by the Bureau of Intelligence with a small sample on November 9 indicated that half the people in this country were unaware that the Germans had put British prisoners in irons. Three-quarters of the public did not know that the British had retaliated by shackling German prisoners in Canada.

The Bureau asked the following question: "From what you have read or heard, has Germany put any war prisoners in chains — that is, shackled them during the war?"

48%	said "Yes"
24%	said "No"
28%	didn't know

In response to the same question about England:

24%	said "Yes"
45%	said "No"
31%	didn't know

Those who knew about the shackling of prisoners were much more prone to

condone it on England's part than on Germany's. The Bureau asked, in regard to each, "Do you think she was justified?" The 48 per cent who knew that the Germans had put British prisoners in irons were split up as follows:

Justified	3%
Unjustified	43%
Don't know	2%

The 24 per cent who had knowledge of the British reprisal divided:

Justified	13%
Unjustified	8%
Don't know	3%

#### INCOME REGULATION

Most Americans are in agreement that wages and salaries should be limited in some way for the duration of the war. But there is considerable disagreement among them as to the kind of limitation that ought to be enforced.

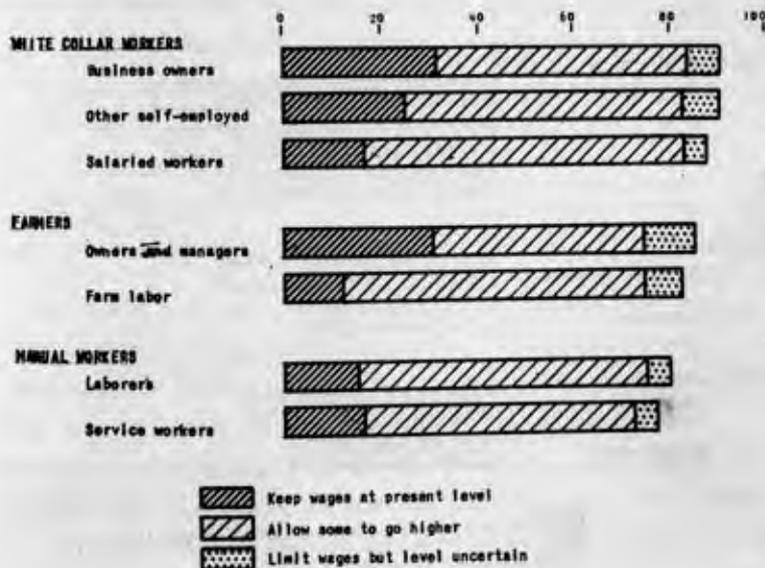
Early in October, on the eve of the sweeping controls instituted under Economic Director Byrnes, the Bureau of Intelligence asked a national sample: "Do you think there should be any limit on how high wages and salaries should go during the war?" An overwhelming majority of the population — 85 per cent — answered "Yes."

But only a minority was thinking in terms of rigid wage freezing at present levels. The Bureau asked all those who favored wage limitation, "Do you think all wages and salaries should be kept where they are now, or do you think some should be allowed to go higher?"

22%	wanted wages and salaries kept where they are now
56%	would allow some wages and salaries to go higher
7%	did not know at which level wages and salaries should be kept

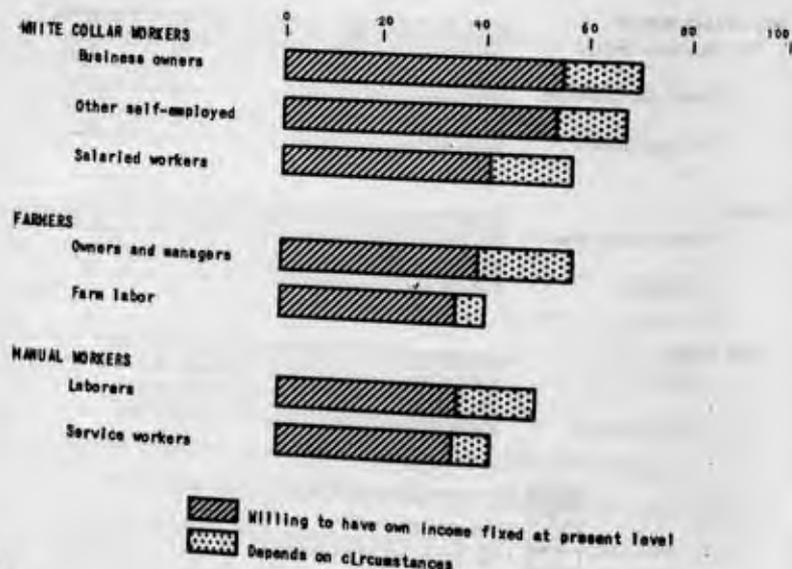
As might be expected, persons whose income came from wages and salaries — whether they were white collar, manual or farm workers — were most inclined toward a form of stabilization which would allow some wages to go higher. As the following chart indicates, most of those in favor of freezing salaries at present levels were business and farm owners; but even in these categories, less than a third favored such drastic curbs.

KINDS OF WAGE LIMITATION FAVORED



People in all occupational groups were considerably more willing to have their own earnings frozen at current levels than to advocate a general freezing of wages and salaries. The Bureau asked: "Would you be willing to have your own income fixed where it is now as long as the war lasts, or do you think it should be allowed to go a little higher?" The first alternative was chosen by 41 per cent of the sample — nearly twice the number of persons who favored general wage freezing. An additional 15 per cent said, "It depends"; the factor which made most of them uncertain was a fear of increased living costs.

#### WILLINGNESS TO HAVE OWN INCOME FIXED



Attitudes toward income limitation might be expected to be related to economic level. But more important than this is the comparison of present income with previous income. The more money people were making in comparison with previous incomes, the more willing they were to accept their present incomes for the duration of the war:

- 46% of those who had more money coming in than before the war,
- 42% of those who had the same income as formerly, and
- 34% of those who were making less money — were willing to have their incomes fixed at present levels for as long as the war lasts.

There is evidence, also, that people recognize the need to limit income other than wages or salaries. Eighty-five per cent favored profit regulations; 79 per cent believed that farm prices should be limited. Such direct forms of limitation were more popular than the tightening of indirect forms, as indicated by the fact that 44 per cent of the total population favored higher taxes for next year and 49 per cent believed that there should be compulsory bond buying.

These findings point to the need for qualifying the oversimplified generalizations which have appeared in some published polling results to the effect that the country is overwhelmingly in favor of wage fixing. The term "wage fixing" plainly has a wide range of meaning. Most of those who approve it do not think of it in terms of wage-freezing at current levels.

### "DRAG"

A substantial minority of the American public believes that Army and Navy commissions are frequently awarded on the basis of "pull" rather than merit. As reported in Intelligence Report #44, as many as 23 per cent of a sample interviewed in September thought that a man needs inside influence to become an officer in the Army.

October reports of OWI field representatives indicate that this belief is still widespread. It is tending to diminish as a result of corrective measures taken by the War and Navy Departments, but many people still say that a man's chances of getting a commission depend on which side of the tracks he lives on.

The people who voice these complaints tend to look down on men who receive commissions upon enlistment. They distinguish sharply between the officers who have been awarded what they call "cellophane commissions" and those who have earned their bars through the Officer Candidate Schools.

Some people also grumble that the average citizen is handicapped in getting a commission by lack of information. They claim that it is impossible for a man to find out how to apply for a commission unless he has personal contact with some interested Army or Navy official. There is also some belief that too many commissions are being granted.

Such notions impair confidence in the armed forces. Continued informational efforts are indicated to familiarize the public both with the procedures for seeking commissions and with the standards applied in awarding them.

### WOMEN IN UNIFORM

Reports from OWI field offices indicate that the human interest treatment given the WAACS and the WAVES has seriously back-fired. The emphasis on pulchritude and panties has given people an idea that these women's auxiliary corps aren't doing anything very important. Many people have gotten the impression that they are playthings for the Junior League set. The belief is widespread that it is the wealthy society girls, able to buy the nice uniforms, who get in and dominate both organizations.

Except in a few places where woman suffrage is not completely accepted, it is generally agreed that there are many situations in the Army and the Navy where capable women could replace able-bodied men, thus releasing them for active duty. But it is not recognized that the WAACS and the WAVES are being trained to "take over" in this way. They are associated, rather, with frills. Many service men, according to the field reporters, resent their presence in the armed forces.

Informational efforts seem needed to acquaint people with the fact that both organizations select their personnel democratically on the basis of competence and character and to promote awareness of the essential nature of their functions. Emphasis on the frilly side of their activities might well be discouraged.

### RATING ON EFFORT

From time to time the Bureau of Intelligence has asked a question designed to obtain popular appraisals as to the relative war efforts of each of the United Nations: "Considering what each of these countries could do,

which one do you think is trying hardest to win the war?" The results obviously are on a comparative basis and afford little indication of absolute estimates respecting the contributions of our allies. They reveal, however, a significant trend toward recognition of the supreme effort being made by the Soviet Union.

As the following table shows, Americans, during the early spring, were patriotically inclined to give top ranking to their own country. Later, as the Russians took the full brunt of the Nazi assault on the eastern front, appreciation of the Red army's heroic resistance exceeded even that given to our own forces in the Pacific. By the first week in November when the question was most recently posed, the Russian war effort clearly rated first place in the minds of the American public.

"CONSIDERING WHAT EACH OF THESE COUNTRIES COULD DO, WHICH ONE DO YOU THINK IS TRYING HARDEST TO WIN THE WAR?"

	<u>May</u>	<u>July</u>	<u>November</u>
England	8%	7%	6%
Russia	22	34	44
China	9	13	9
U.S.A.	40	33	28
Don't know	21	13	13

Such estimates are, of course, largely conditioned by events. No doubt, appreciation of the British and American efforts will be heightened by the North African campaign. These opinions suggest, however, that Americans have a growing awareness of the all-out nature of Russia's contribution to the United Nations cause. The awareness may have implications for future Soviet-American relations.



## ENEMY PROPAGANDA

### AMERICAN OFFENSIVE

Enemy radios reacted to America's invasion of North Africa with self-righteous indignation. They protested that the

Axis never dreamt of occupying France's African colonies and charged America with "international immorality." On the night of November 9, Radio Berlin employed a battery of its ace commentators to persuade the American people that the African offensive faced insurmountable difficulties and to prove that it represented a breakdown of American moral principles. Tokyo sadly informed the world that all neutral countries now face the danger of invasion.

Enemy radios represented Secretary Hull's explanation of his Vichy policy as a "significant admission ... that the principal activity of American consular and diplomatic position in France was that of espionage and the gathering of information, as well as anti-German propaganda ..."

Before Hitler marched into occupied France, Axis propagandists asserted that the French were united and ready to defend themselves against "aggression." The effectiveness of French resistance in Africa was emphasized, frequently with material from French sources.

French radios, under Nazi domination, presented America's African stroke as a betrayal on the part of an ungrateful former friend. They insisted that the French would defend themselves and emphasized the bravery of the colonies' initial resistance. Radio Paris announced Doriot's demands for a declaration of war against the United Nations.

### ROMMEL'S RETREAT

Different versions of the British Eighth Army's decisive victory over Rommel were beamed to the various audiences of Axis radios.

In propaganda to the United Nations and neutral countries, Radio Berlin attempted to exploit Rommel's high reputation as a military strategist. The Marshal was pictured as being in complete mastery of the situation, withdrawing to prepared positions while inflicting heavy losses on the British. Reminders of his previous comebacks and British warnings against over-optimism formed the basis for arguments that the outcome of the campaign was still in doubt. The Germans, it was insisted, would ultimately be victorious.

Axis satellite radios were used, as in the past, to bolster confidence in Axis strength, without endangering the reputation of official German military information. They gave occupied Europe a highly optimistic interpretation of the events in North Africa. Radio Rome, however, described the situation in cautious terms.

Germany told its own people very little about the North African campaign. Vague reports were released of violent fighting, heavy British losses, and a "strategic withdrawal" by Marshal Rommel. Finally, on November 9, the Germans were told guardedly of British successes in a talk by a military commentator. But emphasis was placed on Rommel's ability as a commander and the improvement in his supply situation as a result of the westward movement of his armies.

The Italian people were given a much more accurate account of the North African military situation. The significance of the American invasion and

the continued advance of the British Eighth Army was not minimized. Italy finally conceded in its domestic broadcasts that the ultimate aim of the United Nations' offensive was to secure bases for attacks on Southern Europe. The turn of affairs was described as admittedly grave for Italy. The people were exhorted to remain calm and to "fight again and resist, as in the past."

### UNITED STATES ELECTIONS

Axis propagandists agreed that the election results revealed widespread dissatisfaction in the United States. This dissatisfaction was variously attributed to the "bungling" of the war effort by the Administration, an uninterrupted series of "military defeats," resentment over "violation of peace pledges" and "Roosevelt's insatiable demands for personal power." Each country stressed the particular types of dissatisfaction which suited its own propaganda objectives.

There were a few references to the victories of isolationists. But Axis transmitters definitely discouraged the expectation of any change in America's attitude toward the war as a result of the elections.

Axis propagandists disagreed as to the effectiveness of the opposition from the new Congress. Berlin predicted that the President's power will be unaffected, repeating its argument that he is going totalitarian. Vichy and, to a lesser extent, Tokyo contended that New Deal legislation will be imperiled.

OFFICIAL

HONORABLE FIORELLA H. LA GUARDIA  
MAYOR OF NEW YORK  
CITY HALL  
NEW YORK N.Y.

NOVEMBER 14, 1942

SECRETARY MORGENTHAU WILL BE VERY GLAD TO SEE YOU TUESDAY MORNING  
NOVEMBER SEVENTEENTH AT ELEVEN THIRTY

H S KLOTZ  
PRIVATE SECRETARY

81

W30 17 PMYR

NEWYORK NY NOV 13 423P

HON HENRY MORGENTHAU

SECRETARY OF TREASURY (WASHINGTON DC)

WILL BE IN WASHINGTON TUESDAY NOVEMBER SEVENTEENTH WOULD LIKE TO  
SEE YOU SOME TIME DURING THE MORNING.

FIORELLO

656P

T  
R  
E  
A  
S  
U  
R  
Y  
T  
E  
L  
E  
G  
R  
A  
P  
H  
T  
R  
E  
A  
S  
U  
R  
Y





BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Washington

November 14, 1942

Honorable Preston Delano,  
Comptroller of the Currency,  
Treasury Department,  
Washington, D. C.

Dear Mr. Delano:

For your information, in accordance with conversations on the subject, you will find enclosed a copy of a letter dated November 13 addressed by Chairman Eccles to Mr. A. P. Giannini, Chairman of the Board, Transamerica Corporation, San Francisco, California, in response to a letter of August 17, 1942, from Mr. Giannini, a copy of which is also enclosed.

Very truly yours,

/s/ Chester Morrill

Chester Morrill,  
Secretary

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
Washington

85

November 13, 1942

Dear A. P. :

This is in reply to your letter of August 17, 1942, with reference to the action of the Board of Governors in denying the application for the establishment of branches at Temple City and Alhambra by the First Trust and Savings Bank of Pasadena, which is controlled by Transamerica Corporation through the ownership of a majority of the capital stock. Your letter was acknowledged by Mr. Clayton under date of August 21, 1942, immediately after I had left Washington for a few weeks' trip to the West.

Since returning to Washington, a great many pressing matters, including war financing, have taken up my entire time. Consequently, I have only recently had an opportunity to consider with Governor McKee, to whom you referred in your letter, and the other Members of the Board and some of the staff certain statements and charges contained in your letter, with which we cannot possibly agree.

For some time prior to January, 1942, the Comptroller of the Currency had repeatedly refused to approve expansion in the number of branches of important national banks in the Transamerica Corporation group. Shortly before that date, Transamerica Corporation obtained control of the First Trust and Savings Bank of Pasadena. In January, 1942, that bank wrote a letter to the Federal Reserve Bank of San Francisco, stating, among other things, that it had "under consideration the establishment of several branch banks," Temple City and Alhambra being mentioned specifically.

In view of previous discussions and understandings, the Board was surprised to learn of these plans for expansion. On February 14, 1942, it requested of the Federal Reserve Bank that the First Trust and Savings Bank of Pasadena be advised, before it took any further steps to consummate its plans, that the Board had given careful consideration to the information submitted and to other pertinent information in its files and had reached the conclusion that it should

-2-

not approve the establishment of the proposed branches on the basis of the information before it. The Board also considered it desirable to inform Transamerica Corporation directly of the action on the Pasadena application and to express again to its management the Board's views in the matter of expansion. Accordingly, on the same date it addressed a letter to the Corporation in which it was stated:

"Should your Corporation have any plans for the further expansion of its interests in banks, either directly or indirectly, through the mechanism of extending loans to others for the purpose of acquiring bank stock, or in any other manner, you are requested to advise the Board through the Federal Reserve Bank of San Francisco before any such plans are consummated.

"The Board's position in this matter is in accord with the policy, upon which there is unanimous agreement by the Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, that the Federal bank supervisory agencies should, under existing circumstances, decline permission for the acquisition directly or indirectly of any additional banking offices or any substantial interest therein by Transamerica Corporation, Bank of America N. T. & S. A., or any other unit of the Transamerica group.

"Please see that all persons in the Transamerica group who may be concerned with this policy are advised accordingly."

Nevertheless, the First Trust and Savings Bank of Pasadena thereafter continued its plans and on February 28, 1942, entered into a contract to assume deposits and take over assets of the Temple City National Bank, with a view to operating a branch at that location. On June 10, 1942, the bank filed a formal application for the establishment of branches at Temple City and Alhambra. On July 10, 1942, the Board declined this application and requested that the bank and Transamerica Corporation be advised accordingly.

It is our understanding that the position of the Comptroller of the Currency in this matter, referred to above, remains the same. We are advised that the Federal Deposit Insurance Corporation has

indicated its unwillingness under existing circumstances to insure any newly organized State nonmember bank in which Transamerica Corporation has a substantial interest or any bank in the group which may withdraw from the Federal Reserve System. As for the Board's position, until it is satisfied that the financial policies pursued by Transamerica Corporation and its affiliated institutions are consistent with the public interest, it will consider as unsound their efforts to continue an expansion program by whatever means, including the organization of new State banks, the acquisition of control of existing State banks, or the conversion of national banks to State Banks, and the establishment of branches thereof. In addition, where the change or conversion from one jurisdiction to another is for the purpose of avoiding proper restrictions or requirements of other Governmental agencies, the Board does not propose to be used as a means of avoiding such restrictions or requirements, considered by the Board to be justified under existing circumstances.

The foregoing will indicate some of the more important considerations underlying the Board's position in this matter. In view of our previous discussions with representatives of your organizations, it is felt unnecessary to go into further detail. However, as you well know, whenever you or any of your associates feel that you have a just grievance to take up with the Board, or that you have some additional information to assist the Board in its deliberations, you are always welcome to call in person for a more complete and frank discussion than is practicable through correspondence.

Sincerely yours,

(Signed) M. S. ECCLES

M. S. Eccles,  
Chairman

Mr. A. P. Giannini,  
Chairman of the Board,  
Transamerica Corporation,  
San Francisco, California.

BANK OF AMERICA  
NATIONAL TRUST AND SAVINGS ASSOCIATION

Los Angeles  
California

August 17, 1942

Honorable Marriner Eccles, Chairman,  
Board of Governors,  
Federal Reserve System,  
Washington, D. C.

Dear Marriner:

I have been thinking over the communications that we have received from the Federal Reserve System during recent months and I find it difficult to reconcile the position taken by you and your associates with the assurances given to us when we had occasion to discuss the possibility of converting the Bank of America from the national to the state system. Both you and John McKee properly stated that our interests could count upon receiving the same fair and impartial treatment from the Federal Reserve Board as is accorded to any other institutions. This conflicts sharply with the views expressed in the Board's letter of February 14, 1942, addressed to Transamerica Corporation, in which the Board takes the position that, regardless of its merits, an application from any institution in the Transamerica group, or in any way connected with it, would receive an adverse ruling from the Board, this decision as to procedure having been reached in collaboration with the Comptroller and the Federal Deposit Insurance Corporation. In a subsequent letter to the Corporation from the Federal Reserve Bank, dated July 13, this arbitrary position of the Board is confirmed by the rejection of the applications of the First Trust and Savings Bank of Pasadena without any apparent reason even though the Superintendent of Banks of California had granted unconditional permits for the branches after finding that public convenience and advantage would be promoted thereby.

It must be obvious to you that such a position is not only discriminatory, but also injurious to Transamerica Corporation, and causes an adverse reflection on it, and it is also injurious to the minority stockholders in banks in which Transamerica Corporation holds an interest, as well as to the banks themselves.

We do not know of any legal justification for such action, and you failed in your letter to indicate what information, if any, you have in your files that would warrant it.

-2-

Practically all the members of the Board know me well enough, I think, to realize that when I have anything on my mind I do not hesitate to speak it out as frankly and directly as I can, and I feel it is only reasonable to expect the Board to adopt the same attitude toward me and tell me frankly what is the basis for its discriminatory treatment of the interests with which I am so closely connected. I doubt if there is any bank of comparable size in the country that is any more liquid or in a more sound and healthy condition than Bank of America, and I think that a careful review of the last examination made of Transamerica Corporation by the Federal Reserve System will indicate that this Corporation also is in a sound condition, and the same applies to all of the banks in which it has an interest. At least, we did not note any serious criticism in reviewing the examination of Transamerica Corporation. Frankly, I should like to know what is the cause, imaginary or otherwise, of this discrimination; whether it be the condition of our institutions, their managements, or any other circumstances.

In the past ten years during which I have been responsible for the direction of the affairs of the Bank of America, on the national bank examiner's basis, exclusive of the preferred stock issue, it has added more than \$57,500,000 to its net sound capital structure over and above dividends paid in that period which aggregated \$74,214,042.14, and which were fully justified.

While the growth of the bank has been rapid, other banks have grown rapidly, too, some, in fact, more rapidly than our bank; and yet there is no apparent attempt to discriminate against those other banks. It should be obvious that our position, if anything, is stronger than that of most of the other rapidly growing banks, due to the fact that to a large extent our business is made up of a great number of small accounts, over 2,500,000 and over-all average of less than \$765.00 per account, and deposits of more than \$900,000,000 are in the time category where they are not subject to withdrawal without notice in an emergency. I am sure you will recognize that this condition does not exist in the other large banks which have relatively few accounts, but which are subject to having practically all their deposits withdrawn over night. Most of these other large banks have few, if any, savings or time deposits, and, therefore, are more vulnerable. The greater portion of this bank's assets is represented by cash, investments in securities of the United States Government, and loans guaranteed by the Government, such as FHA and guaranteed defense loans. In all of our more than \$2,000,000,000 of assets, we have approximately only \$250,000,000 in commercial loans, a substantial portion of which is supported by government guaranties. Our real estate loans are relatively small loans averaging less than \$5,000 each, and virtually all of them are on an installment

basis. The total of our investments and loans which are obligations of the United States Government and political sub-divisions, or are guaranteed by them, amounts to approximately \$1,038,000,000, and we have in addition, cash and cash items approximating \$400,000,000. Practically all of our assets could be sold at a premium which is not true of the other great banks of the country.

The banking premises which we own and occupy are all well situated in the center of the business districts of their respective communities, and in the most valuable locations. The American Appraisal Company valued our premises toward the close of 1939, and arrived at a valuation figure greatly in excess of the carrying value of the properties on our books. We must not lose sight of the facts that our premises are not all located in one community; that they are in the most desirable locations spread over the most rapidly growing and prosperous State in the Union, which State has experienced extraordinary population growth since the last census in 1940.

It is obvious that with such growth as is taking place in California, and that will continue to take place, additional banking facilities are necessary. I cannot understand why there should be this discrimination against us and our attempt to extend our services where the need has been definitely established when other institutions have no difficulty in opening new branches when they desire to do so.

The Bank of America, since its organization in 1904, has weathered all sorts of economic storms; I have seen it through several depressions and a bitterly contested proxy fight. Our correspondent banks and large commercial clients will testify to the fact that their experience in doing business with us has demonstrated to them that we have the best banking organization in the country, and I defy anyone to point out a more sound bank or competent management anywhere. With the greatest portion of our assets in cash, or guaranteed by, or consisting of, obligations of the United States Government and political sub-divisions, and a proven earning power I challenge any of the bank supervisory agencies to point out a comparable situation.

Our other real estate owned amounts to the relatively insignificant figure of \$4,800,000. The land contracts of Capital Company have a present balance of \$16,670,530.74, and are the unconditional obligations of the company, which has a net capital structure of more than \$33,459,000. Through such contracts, real estate of more than \$55,000,000 has been liquidated, and most of this was acquired through loans made by institutions taken over by us, in many cases at the

request of banking authorities and to save the depositors from loss.

You are familiar with the fact that the Bank of America was compelled to take preferred stock when it did not need it, as we contended at the time, and our arguments in this respect have been overwhelmingly substantiated by subsequent events. Our institution took no advantage of charging off its assets at the time of the moratorium and offsetting such charge offs with preferred stock because we knew that such action was not necessary and that it imposed an unnecessary burden on the Government and an unjustifiable charge against the earnings of the bank. On the preferred stock that we were compelled to take, we have paid approximately \$2,000,000 in dividends and have derived no benefit in return. The bank would certainly have been much better off to have added that \$2,000,000 to the more than \$40,000,000 added to the net sound capital structure, on the examiner's basis, in the past three years.

The only reason that I can ascribe to the Board's continued refusal, outside the law, to permit the normal extension of our services to places where banking service is obviously needed, is because it does not like the management. In my opinion there is certainly no justification for this attitude. This management took over the bank after the bitter proxy fight I have mentioned, and all of the losses which during the time of the moratorium would have been charged off by other banks through the medium of preferred stock were subsequently charged off by us out of earnings. We have the extraordinary experience of surviving earthquakes, fire, panics, depressions, the moratorium, conspiracies, and a bitter proxy battle, and have stood up under constant harassment on the part of bank supervisory authorities, and other Federal Agencies, and yet here we are today with capital funds, exclusive of preferred stock, the greatest in the history of the bank, and our earning capacity unexcelled by any other bank. Only a sound and properly managed institution could have survived.

No bank in the country has cooperated more fully with the Government than the Bank of America, and in recognition of this fact the Treasury Department, despite the strenuous controversies of the past, has seen fit to award it the first citation to be issued to any bank in the United States for merit in promoting the war effort. We have sold more individual defense and war bonds than any other bank, at a continuing cost to this institution of more than \$30,000 a month. Enclosed is the most recent report showing daily sales of bonds. We have financed war industries before and after Regulation V became operative to an extent not exceeded by any other bank. In the FHA program, we led the field and showed the way for other banks to cooperate; and, today, we lead the Nation in the volume of all types of FHA loans made and in cooperating with this administration in its other programs;

and we are 100% behind the Government's program to win the war.

I do not think that any bank in the history of this country has been more persistently persecuted than the Bank of America. Can it be due to the fact that we do not represent the vested interests, and that throughout its history it has been a bank of the people, owned by many thousands of small stockholders? Or can it be that there is a more sinister motive? I hope for the sake of the future well-being of our country that this is not the case.

I must state to you frankly, Marriner, that I think the position of the supervisory agencies is not sound and in the long run cannot be sustained under our American system of free enterprise. Let us not expend our time and energies in contending over that fundamental of freedom-loving people of equality under the law. It seems inappropriate that governmental agencies should at this time be reaching out to usurp the legislative prerogatives, when there is so much need for the exercise of administrative functions to preserve the very existence of the Nation. If you do not like the existing laws, let us try to change them by constitutional means. We should not in these times resort to Nazi-Fascist methods of dictatorship.

This institution is certainly no instrument of evil, as the action of the Board toward it would seem to imply. Through the years, it has exercised consistently a beneficent and constructive influence on the welfare of the state and nation and the great number of Californians that it serves.

I think that in justice you should exert your influence to have the Federal Reserve Board subscribe to the spirit of fair and impartial treatment to which you have so frequently subscribed in the past. Won't you please let me know what you can do about it? If it is a matter of some technicality that is involved, can we not resolve that by agreeing to a friendly legal proceeding for a declaratory judgment defining the powers and authority of the Board, or for clarification of the statutes if they are ambiguous?

I should like to have your cooperation in seeking freedom from prejudice and discrimination and the attainment of the liberties which we as a nation are sacrificing and fighting to preserve for ourselves, and to secure for others.

With kindest personal regards to you.

Yours very sincerely,

(Signed) A. P. Giannini

Nov. 18, 1942

93

Secretary Hull withdrew this letter on  
November 18th, and they are going to  
let the matter drop. The letter was sent  
over to Dean Acheson by a Secret Service  
man.

THE SECRETARY OF STATE

WASHINGTON

November 14, 1942

My dear Mr. Secretary:

The Spanish Ambassador has brought informally to the attention of some of my associates in the Department the communication he received from you under date of November 9 of which a copy is enclosed and one item of which amounts to \$72,728.57 for litigation costs and counsel fees.

Mr. Cárdenas feels that this charge for counsel who represented the United States Government is hardly a legitimate item of expense to be charged against the Spanish Government. He has not presented the matter formally to the Department and has refrained from transmitting it to his Government in the hope that he may be able to adjust the matter locally.

There may be entire justification on the part of the Treasury Department for considering this item as properly chargeable to the Spanish Government as reasonable costs that might result from litigation regarding title to the silver. On the other hand, it has not been my understanding that the ordinary practice in the United States is to charge counsel fees to the unsuccessful litigant unless there is some specific agreement to that effect.

The present situation in Europe is very tense and particularly so in the Mediterranean area. As you know, the President in his letter to Prime Minister Franco made clear the position of the United States toward the Spanish Government. Under those circumstances, I am

forced

*ofu*  
*1942*  
*AWB*

The Honorable  
Henry Morgenthau, Jr.,  
Secretary of the Treasury.

forced to consider that the President's policy and that of the United States Government is to refrain from causing any unnecessary irritants, and it is my opinion that insistence upon payment by the Spanish Government of the item in question might be so considered. Consequently, I am suggesting that you eliminate that item unless it is very clear in the agreement that such charges were to be included.

Sincerely yours,

Cordell Hull

Enclosure:

Copy of letter dated  
November 9, 1942, from  
the Secretary of the  
Treasury to the  
Ambassador of Spain.

TREASURY DEPARTMENT

WASHINGTON

November 9, 1942

My dear Mr. Ambassador:

In connection with your recent inquiries concerning final settlement for the Spanish silver purchased by the United States in 1938, I beg to advise you that the melting and assaying of such silver have been completed and that the various charges have been determined as follows:

Cost value on assay		\$15,149,136.38
Less:		
Advance payments	\$13,990,800.00	
Assay Office charges	274,409.02	
Cartage charges	7,480.25	
Litigation costs and counsel fees	<u>72,728.57</u>	<u>14,345,417.84</u>
BALANCE		803,718.54

Very truly yours,

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

His Excellency  
Juan F. de Cardenas  
Ambassador of Spain.

97  
ent to Vice President Wallace on Nov. 14, 1942

Asst. Secretary Patterson.

MEMORANDUM FOR THE VICE PRESIDENT:

Re: Resolution on Swedish Trade

We are not in accord with the resolution on Swedish trade approved by the majority of the Board of Economic Warfare because in our judgment the action recommended therein constitutes aid to our enemy without adequate offsetting advantages.

As we understand the resolution, it contemplates large shipments of petroleum, in addition to other commodities, to Sweden. While the resolution recommends that an effort should be made to obtain concessions from Sweden, it is understood that quota shipments probably will be continued, even if the concessions obtained are not significant.

It seems to us unreasonable to permit vital supplies to go to a nation when that nation is forced to send nearly all her exports to the enemy and to obey Germany's command not to export to us, to permit trans-shipment across her territory of large numbers of enemy troops and large amounts of enemy war material, and to perform other types of action directly benefiting the enemy. To support the economy of a country so dominated by the enemy, by allowing trade to pass through the enemy's blockade, is nothing less than to strengthen the enemy. In permitting Sweden to obtain from the Western Hemisphere substantial quantities of those essential commodities which are in shortest supply in Europe, we are, in effect, supplying Germany.

In our opinion, we should permit Sweden to receive no supplies which we control unless she stops all unneutral action and unless it is assured that such supplies as she may receive will not significantly aid the enemy. It is also our view that trade should not continue during negotiations but that all shipments, including oil, should be held up until the negotiations have been concluded.

It is believed that the report of the "Essential Facts on Swedish Relations with the Enemy and with the Area outside the Blockade," prepared by the staff of the Board of Economic Warfare, copy of which is attached, fully supports our views. Also attached is a short memorandum summarizing the principal points upon which we rely.

(Sgd) H. MOROENTHAU, JR.

Secretary of the Treasury

(Sgd) Robert F. Patterson

Under Secretary of War

Attachments

SWEDEN'S CONTRIBUTION TO THE ENEMY'S WAR EFFORT

## I

The report prepared for the Board of Economic Warfare in connection with the proposed resolution on Swedish trade, reveals the following types of assistance being rendered by Sweden to our enemies:

1. About 90% of Sweden's current exports go to the enemy. This country receives none of Sweden's exports.
2. Exports to Germany of the commodities most urgently needed by the enemy far exceed normal pre-war shipments.
3. The principal economic contribution made by Sweden to the enemy is the export of 9.5 million tons of high-grade iron ore, enormous quantities of wood products, machinery, ball bearings, and other metal manufactures. Also Sweden has been exporting large quantities of food to Finland.
4. An excessive volume of exports of wool, oil seeds, hides, and skins - all militarily strategic commodities to the enemy - have been exported from the Western Hemisphere to Sweden.
5. Sweden imports goods from the Western Hemisphere which are components of manufactured goods exported to the enemy. In some cases these commodities are exported in their original form.
6. Sweden is granting substantial credits to Germany to enable Germany to import Swedish goods without giving up her own products. Sweden is extending credits to Finland to pay for Finland's purchases in Denmark.
7. Sweden permits the transit of large numbers of German troops and large amounts of enemy war materials across its territory. (Approximately 250,000 troops in 1941 and 250,000 tons of war material during the same period.)

- 2 -

8. Swedish territorial waters have been used for enemy military traffic in which Swedish naval vessels have acted as escorts.
9. Sweden is reported to be building a number of merchant ships for the enemy.
10. Sweden has acceded to the German demand that all her exports to the Western Hemisphere must be routed to Argentina and Chile. Thus, ships coming to the United States to take cargo back to Sweden, arrive here empty.

## II

Some alleged advantages in the policy recommended in the resolution are as follows:

1. It is stated that about 22% of the Swedish national income is devoted to supporting her army and navy. It is contended that if the amount of supplies obtained through the blockade were reduced, Sweden would cease these activities and, accordingly, the enemy would obtain even greater benefits from Sweden. We contend that there are strong reasons for believing that Sweden would attempt to maintain her armed forces at any cost and that failure to receive supplies from us would necessitate a real reduction in her aid to the enemy.
2. It is claimed that Sweden is a source of useful information for us. The War Department says that this information is of little value.
3. The British get by air high-grade ball bearings, some machine tools, and some replacements of parts for Swedish machinery. Very little is coming now (only about three tons a month).
4. It is pointed out that a good many Swedish ships are engaged in trade which benefits the United Nations, thus affording some relief to the Allied Shipping Shortage. It is contended that the discontinuance of supplies to Sweden would prejudice our use of these vessels. Against this it is our view that regardless of our trade with Sweden, these vessels will necessarily continue to operate in our interests. Actually, if any real effort is made to control the activities of these vessels, we have a number of effective controls at our disposition.

- 3 -

5. It is argued that there are important political advantages in our maintaining the Swedish economy because this enables Sweden to take a stronger position against Germany. In fact, Sweden cannot be considered a free agent, unless it is believed that she voluntarily extends vast credits on current account to the Axis, voluntarily accepts Germany's prohibition of exports to the United States, voluntarily permits German troops to pass through her territory, and willingly violates her engagements under the War Trade Agreement. To strengthen the economy of a country so dominated by the enemy by allowing trade to pass through the enemy's blockade, is nothing less than to strengthen the enemy.

TO:

Mr. White 102

102

Secretary has  
signed the  
short one



From: Lieut. Stephens

103

103

Treasury Department  
Division of Monetary Research

Date Nov. 13, 1949

To: Secretary Morgenthau

This is the alternative draft  
without the paragraph that Viner  
suggested.

H.D.W.

MR. WHITE  
Branch 2058 - Room 2141

MEMORANDUM FOR THE VICE PRESIDENT:

Re: Resolution on Swedish Trade

We are not in accord with the resolution on Swedish trade approved by the majority of the Board of Economic Warfare because in our judgment the action recommended therein constitutes aid to our enemy without adequate offsetting advantages.

As we understand the resolution, it contemplates large shipments of petroleum, in addition to other commodities, to Sweden. While the resolution recommends that an effort should be made to obtain concessions from Sweden, it is understood that quota shipments probably will be continued, even if the concessions obtained are not significant.

It seems to us unreasonable to permit vital supplies to go to a nation when that nation is forced to send nearly all her exports to the enemy and to obey Germany's command not to export to us, to permit trans-shipment across her territory of large numbers of enemy troops and large amounts of enemy war material, and to perform other types of action directly benefiting the enemy. To support the economy of a country so dominated by the enemy, by allowing trade to pass through the enemy's blockade, is nothing less than to strengthen the enemy. In permitting Sweden to obtain from the Western Hemisphere substantial quantities of those essential commodities which are in shortest supply in Europe, we are, in effect, supplying Germany.

The experience of the neutral European countries in the war of 1914-1918 indicates that the ability of a neutral to resist the demands of one belligerent can be increased by the extension of the demands of the other belligerent. Appropriate and additional demands by the United Nations will increase the ability of Sweden to resist German demands and enable Sweden to reduce the aid she is now rendering the enemy.

In our opinion, we should permit Sweden to receive no supplies which we control unless she stops all unneutral action and unless it is assured that such supplies as she may receive will not significantly aid the enemy. It is also our view that trade should not continue during negotiations but that all shipments, including oil, should be held up until the negotiations have been concluded.

- 2 -

It is believed that the report of the "Essential Facts on Swedish Relations with the Enemy and with the Area outside the Blockade," prepared by the staff of the Board of Economic Warfare, copy of which is attached, fully supports our views. Also attached is a short memorandum summarizing the principal points upon which we rely.



Secretary of the Treasury

Under Secretary of War

Attachments

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission  
who enclose Statement No. 59 - Aircraft Despatched  
- for week ended November 10, 1942.

The Honourable Henry Morgenthau, Jr.  
Secretary of the Treasury  
WASHINGTON, D. C.

November 14, 1942.

STATEMENT NO. 59

AIRCRAFT DESPATCHED FROM THE UNITED STATES  
WEEK ENDED NOVEMBER 10th, 1942

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DEL'D FOR USE IN CAN.</u>
<u>CONSOLIDATED</u> Catalina 1B	U.K.	Canada en route		8	
<u>BOEING</u> Fortress II	U.K.	Canada en route		1	
<u>DOUGLAS</u> Boston IIIA	U.K.	Canada en route		18	
<u>BAETSTER</u> Beranda	U.K.	U.K.	4		
<u>FAIRCHILD</u> Cornell PT 26	Canada	Canada			13
<u>LOCKHEED</u> Hudson VI	Canada	Canada			1
Hudson VI	Middle East	Middle East		1	
Hudson VI	West Africa	Freetown		20	
Godestar II	West Africa	West Africa		2	
Ventura	South Africa	South Africa		3	
<u>NORTH AMERICAN</u> Mitchell II	Canada	Canada			1
Mustang	U.K.	U.K.	13		
Warrior II	South Africa	South Africa	19		
	<u>TOTAL</u>		<u>36</u>	<u>53</u>	<u>15</u>

British Air Commission,  
14th November, 1942.

Please note Hudson VI referred to in Statement No. 57 week ended October 27 has arrived in U. Kingdom.

NOT TO BE RE-TRANSMITTEDU.S. SECRET  
BRITISH MOST SECRETCOPY NO. 13OPTEL NO. 398.

Information received up to 7 a.m. 14th November, 1942.

1. FRENCH NORTH AFRICA.ORAN. During initial attack on airfield 8th, Fleet Air Arm aircraft destroyed 47 French aircraft on the ground.BOUGIE. Disembarkation of assault force and discharge of store ships completed. A minesweeper was slightly damaged off the port in attack by 10 aircraft, 4 of which she claims shot down on 11/12 and 12 enemy aircraft bombed Bougie. R.A.F. maintained fighter patrols from Maison Blanche. Enemy casualties 11 - nil - 5. Ours 3 - nil - nil. 2 pilots safe. Djidjellih was occupied by a small column by road on 12th.BONE. 13th. During morning two of H.M. Destroyers were dive bombed at half hourly intervals apparently without effect. Many bombs fell in the town and parachute mines were dropped outside the harbour.TUNIS. 12th/13th. Wellingtons attacked El Aouina airfield twice. Photographs confirm severe damage to workshops and a hangar. Beauforts laid mines off La Goulette harbour.CASABLANCA. Many berths are blocked. Port Lyautey is ready to receive ships. A Dutch destroyer was sunk by U-boat North West of Algiers. A 6,500 ton British ship torpedoed North of Oran 13th.2. NAVAL.

The 3 Italian battleships and most of the destroyers reported at sea were sighted at Naples yesterday. A third ship, independently routed from North Russia, has arrived in Iceland.

3. MILITARY.LIBYA. 12th. Our light armoured forces reached the top of Halfaya Pass and moved Westward along Trigh Capuzzo, clearing Sidi Azeiz (?Grabut) and Sidi Rezegh landing grounds. Opposition met evening in El Adem area, where some enemy tanks reported second New Zealand Division occupied Sollum and Bardia, taking a number of Italian prisoners.13th. Tobruk occupied by our troops  
9.30 a.m.RUSSIA. A fresh German thrust in Stalingrad factory area has made progress. In Caucasus, Russian resistance continues effective West of Ordjonikidze.

4. AIR OPERATIONS.

WESTERN FRONT. 13th/14th. 93 aircraft despatched. GENOA 76 heavies, sea mining 17. All returned safely. Weather reported clear over Genoa and attack believed successful.

RUSSIA. Russian aircraft raided an airfield near Bryansk. 20 enemy aircraft were destroyed on the ground and several transport vehicles hit.

LIBYA. 12th. Long range fighters destroyed at least 30 enemy vehicles and damaged many others West of Tobruk.

MEDITERRANEAN. 13th. 8 Beaufighters intercepted 60 enemy transport and fighter aircraft flying North East towards West coast of Sicily. Enemy casualties 7 transport, 6 - nil. Ours 1 - nil - nil.

BURMA. 9th. United States Liberators bombed Rangoon.

10th. Blenheims attacked shipping at Akyab. From photographs it is estimated three ships destroyed and seven damaged.

Expenses of Loans A&amp;E

November 15<sup>15</sup>, 1942.

Chairmen, Victory Fund Committees,  
To ~~Reserve Banks~~ Federal Reserve Banks:

Boston, Mass.  
New York, N. Y.  
Philadelphia, Pa.  
Cleveland, Ohio  
Richmond, Va.  
Atlanta, Ga.

Chicago, Ill.  
St. Louis, Mo.  
Minneapolis, Minn.  
Kansas City, Mo.  
Dallas, Texas  
San Francisco, Calif.

Commencing December 1, 1942, the War Savings Staff will confine its activities entirely to the promotion and sale of Series E War Savings Bonds. Series F and G bonds, being a demand liability, the Treasury will no longer actively promote sale of these two series and effective December 1 they will no longer be identified as War Bonds, but will be offered by the Treasury through the Victory Fund Committee. I feel that public announcement concerning this shift of responsibility would be confusing and therefore urgently request that there be no publicity.

MORGENTHAU

*Installed**Hogg*

GB:dwb

101

Miss Chauncey 111

Broadcast from London  
at time indicated.

Secretary requested  
copies for the 9:30  
group. This copy  
was taken to the  
White House this date.  
We are holding other  
copies for the 9:30 group  
pending further word.

11/17/42

From: Lieut. Stephens



By Edward R. Murrow

Sunday, November 15, 6 to 6:15 PM

This is London. This morning I stood on a rooftop looking out over the miles of chimney pots and dull grey slate roofs. The air was filled with the sound of church bells, - the first time we heard them in 29 months.

The sound was pleasant, although some of the bell ringers were sadly out of practice. As the notes from the bells wandered up the crooked streets and were lost in the cavities where proud buildings once stood, one realized that this war has been going on for a long time. When the bells were silent, it was announced that they would speak again only to announce invasion.

For more than a year, the bell loops were in Hitler's hands, but the church bells of England remained silent. Today they sounded in tribute to the first clearcut victory over German arms in the sands of Egypt. Standing on that roof top, where I had spent so many nights during the blitz, I realized for the first time the comfort that comes from the holy sound of church bells on a Sunday morning. They seemed to jar the very building as it was often jarred by high explosives when the street below was filled with smoke and the clamor of bells from fire engines and ambulances.

- 2 -

This was, in a way, Thanksgiving day over here, a day set aside in tribute not only to the eighth army but to the civilian defenders of this country. The men who with fire hose and buckets of sand fought that terror that came out of the night skies, and in so doing, gained a new confidence and dignity. One almost expected to see the smoke-stained banners of Coventry, Plymouth, Hull and all the rest pass by in the street below. But the bells were really being rung to celebrate the victory in Egypt, where American supplies gave weight to Montgomery's hammer.

Just as the British Navy took the Americans through to North Africa on schedule, I came down from the roof and asked a man what he thought of the bells, and he replied, "Tempting providence, that's what it is."

The week has been crowded with excellent and astounding news, but the people of this island, like veteran troops, are not disposed to magnify the importance of the victories won. They realize that it's a long way from Bizerte to Berlin. The week's news gives reason for rejoicing, but no grounds for relaxing. The most optimistic forecast was that by General Smuts, when he said that this 30 years' war might end in 1944.

- 3 -

Brilliant as the achievements have been at both ends of the Mediterranean, it should be remembered that we went to North Africa because we didn't have the stuff to go directly off to the continent of Europe. As viewed from London tonight the position seems to be something like this - we control more than a thousand miles of the North African coastline. And advanced elements of American and British troops are across the frontier into Tunisia.

General Montgomery's men, coming from the other end of the Mediterranean, are pursuing the Germans east of Tobruk at the rate of about 35 miles a day. The German's next stand, if they make one, will be at El Aghiala, where they have fortified positions. The Axis has lost about 75,000 men since the beginning of the battle of El Alamein. If earlier estimates were right, that means that the total force in Tripoli will be considerably more than seven divisions. It's known that the enemy has landed substantial forces in Tunis, mainly from the air although some of them landed by sea. It seems inevitable that a strong bid will be made to hold the triangle - Sicily. Tripoli, Tunis - and that this area may witness the heaviest air fighting of the war. The Germans, according to Mr. Churchill, have been holding

- 4 -

about one third of their bomber force in France and the low countries, ready to repel an Anglo-American invasion. About half their fighter strength has been across the Channel and in the Middle East.

During recent days the Germans have been refusing battle over Northern France, except when they are forced to fight. And it's probable that a large part of the Luftwaffe is moving South. The opening of the North African front has given us new convoy lanes to protect and they have drawn the submarines like a magnet. Already we have destroyed 13 U-Boats but nothing is known of the losses we have suffered.

If the Germans lose control of the middle Mediterranean, they may be expected to commit another outrage - either against Spain or against Turkey.

In Russia, the Germans are standing on a line nearly twice as long as the one they held last winter, and they have nowhere south of Voronezh reached a suitable winter line. Most of their reserves are believed to be in Southern Russia and in the Balkans, almost ideally situated for an attack against Russia.

The North African campaign has but stressed Winston Churchill's political hold upon this country. It has improved relations with

- 5 -

Russia. And the fact that British paratroops have been spilling out of American planes, American rangers going ashore under the guns of British ships, has given body to the phrase "United Nations."

Not since the closing days of the Battle of Britain has a week brought such news. Most of it has been good news. But one item was astounding. That was the announcement that Admiral Darlan is to be in effect High Commissioner for French Africa.

Let's look at the man's record. On February last he became Vice President of the Council, Secretary of State for Foreign Affairs, the Interior and the Navy. One of his first acts was to turn over political refugees to the Germans.

He began at once to adopt Gestapo methods. His government was responsible for the sending of foreigners, mostly Spanish Republicans, from internment camps in France to slave gang labor on the Trans-Sahara Railway. He intensified the Anti-Semitic measures. His police force helped the Germans round up Alsatian refugees in unoccupied France by the Germans. In July, his government practically turned over Indo-China to the Japanese, thereby opening the back door to Singapore. In October, a certain Carl Holtz, a German officer, was assassinated in Nantes. Six days later, Admiral Darlan's government handed over thirty hostages to the Germans - Frenchmen. They were shot.

- 6 -

When the British went into Madagascar, Darlan gave the order to resist, saying, "Make the British pay as heavy a price as possible for their act of highway banditry." He asserted that the British had betrayed France in Flanders, tried to starve women and children in Djibuti, and that the day would come when England would pay. And now, this man is given political dominion over North Africa - with American support.

The British press and radio, acting under guidance, take the line that for the time being military considerations dominate. One can only wonder if this answer would impress the Fighting French who died trying to stop Rommel's advance at Bir Hacheim, and one wonders whether or not we may stand dishonored in the eyes of the conquered people on the continent who have been led to believe through Anglo-American propaganda that Darlan is one of the greatest living traitors. Are we at some future time to occupy Norway and turn it over to Quisling, or perhaps Italy for the House of Savoy, which sanctioned the bombing of Abyssinians and the intervention in Spain. Or shall we one day occupy Hungary for the profits and glory of the landlords, though the oppressed go to work with their hands?

It's the aim of the Allies to unite all Frenchmen in the fight against the Axis. Admiral Darlan said only last month,

France will survive only if all Frenchmen remain perfectly united. That was when he wanted to unite them in opposition to the Allies. Not very many people believe that now, a few weeks later, he can unite them in support of the Allies. People here are willing to rejoice over a repentant sinner, but there is no rejoicing over Laval's henchman, Darlan. I am not permitted to quote sources for the comments I have made, but I think I can quote one man who said that we shouldn't have done it. "We shouldn't have done it, not even if he brought his tuppenny navy with him."

This is a matter of high principle in which we carry a great moral burden, which we cannot escape. Wherever American forces go, they will carry with them the food and money and power. And the Quislings will rally to our side if we permit it.

This decision about Darlan was, I believe, a political decision and it has puzzled many people here.

General Eisenhower did not go to North Africa as a politician. He was sent to occupy certain territory and to carry out certain military operations which he has certainly done. But some, at least, of his political advisors have been consistently sympathetic with the Vichy regime.

We have been told by every world leader from Stalin to Churchill that this is a revolutionary war, but in the words of

- 8 -

one London newspaper, which had the courage to write about Darlan, French workers will not risk their lives in a peoples revolt if they suspect that declared Fascists and sympathizers with Fascist social policy are the political leadership the Allies offer them.

This problem will confront us wherever we go and our decision will determine the political complexion of much of the world. We have made a choice in North Africa. It may or may not have been dictated by military necessity. But there is nothing in the strategic position of the Allies to indicate that we are either so strong or so weak that we can afford to ignore the principles for which this war is being fought.

NOT TO BE RE-TRANSMITTEDCOPY NO. 13BRITISH MOST SECRET  
U.S. SECRETOPT.L No. 399

Information received up to 7 A.M., 15th November, 1942.

1. FRENCH NORTH AFRICA

Air reconnaissance TOULON midday 14th showed no change in the disposition of French warships.

ALGIERS. A convoy of three French ships and two tugs with a British escort arrived from BOUGIE yesterday.

BONE. R.A.F. ground troops and a petrol vessel are expected shortly. One of H.M. Destroyers destroyed one aircraft and damaged another 14th.

BOUGIE. Our forces occupied SETIF on 13th. One of H.M. transports (16,600 tons) bombed and abandoned. Another transport in homeward bound convoy torpedoed west of CAPE ROCA. A motor transport ship was torpedoed east of GIBRALTAR but is still afloat. A petrol carrier (1800 tons) was torpedoed in convoy west of CAPE ROCA.

2. NAVAL

One of H.M. submarines reported she was returning to MALTA with 53 British prisoners of war and some Italians on board. Later she reported that British prisoners of war were being evacuated from BENGHAZI to TRIPOLI (L) in small coasting craft. Another of H.M. Submarines probably sank an escorted ship west of SICILY on 13th. Two ships (about 2,000 tons each) with supplies have failed to reach MALTA and must be considered lost.

ATTACKS ON SHIPPING. During three days 11th - 13th November, 5 ships were reported torpedoed. One British and one Dutch in the South Atlantic, one Panamanian and one Norwegian south of CAPE OF GOOD HOPE, and one U.S. ship (which was towed into port) in the Pacific. In addition, two British ships reported overdue and now reported to have been sunk in Northwest Atlantic in October, 1 Norwegian ship was sunk by an E-boat south of LOWESTOFT. A British ship reported torpedoed in the CAPETOWN area has been sighted apparently undamaged. One British and one Greek ship are reported overdue. Merchantmen attacked in the North African operations are not repeat not included in this paragraph.

3. MILITARY

LIBYA. 13th. Our light forces reported no enemy east of GAZALA in the coastal area and were directed on to MARTUBA. Further in rear, our columns and patrols have advanced to approximately a north-south line through MATRUH. Apart from spasmodic rearguard actions enemy is offering no resistance. Much enemy mechanical transport seen by R.A.F. moving west along the coast road as far as TOCRA. Italians are reported to have left SIWA on the 8th.

4. AIR OPERATIONS

WESTERN FRONT. 13th/14th. GENOA. High percentage of aircraft sent attacked the objective. Nearly 130 tons of H.E. and incendiaries were dropped and large fires were seen in the town and docks. Bombs also burst on the Ansaldo works and fires were started. 14th. 24 United States heavy bombers attacked the submarine base at ST. NAZAIRE. Bursts were seen on the pens and workshops. Fighter squadrons cooperated in this operation.

MEDITERRANEAN. 14th. Fighters patrolling the TUNISIA - SICILY Channel, intercepted one formation of 35 escorted transport aircraft flying north and another of 24 flying south. Enemy casualties 7, nil, 2. Ours 2, nil, nil. At dusk 7 Beaufighters attacked TUNIS airfield and preliminary reports state 8 enemy aircraft were destroyed on the ground.

LIBYA. 12th/13th. Enemy mechanical transport was bombed between DERNA and CYRENE. 13th. Fighters effectively attacked mechanical transport on the roads between EL GAZALA and DERNA.

November 16, 1942  
9:30 a.m.

## GROUP

Present: Mr. Bell  
Mr. Paul  
Mr. Gaston  
Mr. Sullivan  
Mr. Buffington  
Mr. Haas  
Mr. Blough  
Mr. Thompson  
Mr. Gamble  
Mr. Kuhn  
Mr. Schwarz  
Mr. White  
Mrs. Klotz

H.M.JR: I have got a few odds and ends. Where is Norman Thompson?

Norman, when we have to get new employees for the Treasury, is there a central hiring bureau, or does each person go out and do it for himself?

MR. THOMPSON: It is all controlled through the Personnel Division. In the field service, in particular, the officers make their own selections.

H.M.JR: I mean, who is in charge of it for you?

MR. THOMPSON: Ted Wilson is Director of Personnel.

H.M.JR: For instance, just this little thing. Who would send somebody up to Vassar to try to get graduates up there? Some woman came up there to talk to the students at Vassar.

MR. THOMPSON: It should come through the Personnel Division.

- 2 -

H.M.JR: Will you find out? And then Miss Elliott says we are going to have a very difficult time and she wants to suggest that some woman at the head of a secretarial school in New York - I forget the name, she can give you the name - she thinks we ought to take on somebody like that for a couple of months. She has been talking about calling up a number of colleges. It is almost impossible to get these people. She says, "If you really want it, you had better get serious about it." She wants to recommend one or two women who run these schools and have them come down and go to work for you.

MR. THOMPSON: That is a very good suggestion.

H.M.JR: Because the way we are doing, we are just not going to get anybody.

MR. SULLIVAN: Yes, we are.

H.M.JR: What?

MR. SULLIVAN: I am for this, but we are going to get them.

H.M.JR: She says not. How many have you gotten out of the fifty-four hundred?

MR. SULLIVAN: I asked Norman to make a check this morning.

H.M.JR: If Ted Wilson - put him on notice and make a note. I am going to have Miss Elliott - I think she is out of town - come down and talk to me, because she has been calling around to various colleges. I would like to talk to Ted Wilson and Miss Elliott. Put Ted Wilson on notice. I will bet you it is not coordinated; maybe it is.

MR. THOMPSON: I think it is. Ted keeps in constant contact with all the bureaus.

H.M.JR: I think we ought to do some publicity on some of these programs we are running, possibly.

- 3 -

As I say, I think Miss Elliott is down in North Carolina, today. When she comes back I would like to talk to her.

MR. SULLIVAN: She is coming back tomorrow morning.

H.M.JR: She went right to work on this thing and called up I don't know how many colleges. In the first place, she says we are not paying enough.

MRS. KLOTZ: You cannot change that.

MR. THOMPSON: No, that is the cry all over, all the time.

H.M.JR: Then the other thing is getting them, now, people who graduate. For instance, at Vassar, to show you - I do not know what they wanted, but they asked for sophomores who specialized in economics, and there is some company in New York who will pay them ninety dollars for their work during Christmas, to come and work for them for one month or three weeks.

MRS. KLOTZ: Yes, but the Treasury cannot even compete with the emergency organizations - cannot pay as much.

H.M.JR: I have got to get into this thing because I think Mr. Sullivan is going to find himself without any help.

MR. BELL: You say they pay ninety dollars a month?

H.M.JR: Ninety dollars just for the holidays - during Christmas - for sophomores who have taken one course in economics. Joan did not know what company it was.

MR. THOMPSON: If they ever get through this legislation to give overtime pay for Federal employees, that will raise the salaries.

H.M.JR: Don't we pay for overtime?

- 4 -

MR. THOMPSON: No, except the Bureau of Engraving and Printing.

H.M.JR: I had better get in on this thing, because, as I say - I hope I am wrong, but--

MR. THOMPSON: That will raise the general pay and help the whole situation.

MR. HAAS: Another problem is this. Suppose you were fortunate and got a staff of women; they will transfer off into other agencies because they will offer them more.

MR. THOMPSON: I think we have that pretty well under control.

MR. PAUL: We are liable to lose every stenographer in the General Counsel's office on account of that low pay.

H.M.JR: I have told you fellows--

MR. THOMPSON: We can control that, largely, under present conditions. You haven't been losing any recently.

MR. PAUL: My girl was up at the house all day yesterday and doesn't get a nickel for it. It is a shame we do not pay overtime.

MRS. KLOTZ: She is in the higher bracket, anyway.

MR. PAUL: It wouldn't matter what bracket she was in, she wouldn't get a nickel pay.

MR. BELL: You should give her leave - compensatory overtime.

MR. SULLIVAN: You can't do that, can you?

MR. BELL: Sure you can.

- 5 -

H.M.JR: That is another thing, while you are on it. Personally, I think that this thing of paying people four and five months leave when they go - I think--

MR. THOMPSON: That is the law, also, just within the last year or two.

H.M.JR: I think it is terrible.

MR. THOMPSON: Leave has become a matter of legal right, now.

MRS. KLOTZ: It is marvelous.

MR. THOMPSON: Now it is a matter of legal right. It is very costly, but they are entitled to it under the law. The Comptroller General ruled that you can fill a vacancy - have two men on the job when one is on vacation.

H.M.JR: I could stop it if I didn't want to go along with this finagling that you do to give the people the pay. I did one which they said--

MR. WHITE: How do you get four or five months?

MR. BLOUGH: Ninety days is the maximum.

H.M.JR: This one they said that you cleared with me - I had never seen that one. That was a messy job.

MR. THOMPSON: Tarleau.

MR. PAUL: Tarleau never could get a day off and he had all that.

H.M.JR: But you never talked to me about giving Tarleau all that.

MR. PAUL: I talked to you, didn't I?

MR. THOMPSON: He had the maximum accumulation, sixty days annual and ninety days sick leave.

- 6 -

H.M.JR: It came up to how much?

MR. THOMPSON: Then your twenty-six for this year, making eighty-six days.

H.M.JR: And how much more besides? It was more than eighty-six days.

MR. THOMPSON: But when you take Sundays and Saturdays and holidays, you can get quite a lot.

MR. PAUL: That isn't bad, a man staying here four or five years and getting several thousand dollars under what he would get on the outside--

MR. THOMPSON: It is very costly, but it is the law, now.

MR. SULLIVAN: Goodness gracious, I don't think Tarleau had two weeks in the last two years.

MR. PAUL: In the last five. As a matter of fact he didn't get all his accumulation.

H.M.JR: It isn't the leave that I am talking about. It is the method of paying them. That is what bothers me.

MR. BELL: It is a legal right, now, under the law.

H.M.JR: It isn't the number of days he gets; it is the method we use to pay him.

MRS. KLOTZ: I wouldn't feel conscience stricken.

MR. THOMPSON: The Comptroller General has ruled you can leave the man in his job and appoint another man in the same job.

MR. WHITE: This meeting started in by how to pay certain people more money. I hope it does not end up by finding ways to pay less. (Laughter)

- 7 -

MR. BELL: I am against overtime. I think that becomes a racket.

H.M.JR: The only thing I am asking is to put him on notice because we have got to get this extra help.

MR. WHITE: You may know, but Simmons College is probably the leading college in the country for secretarial work.

H.M.JR: She mentioned that. Then there is a Miss - somebody in New York. She mentioned two others.

MR. PAUL: There is one leading one in New York.

MR. SULLIVAN: Katherine Gibbs.

H.M.JR: She said the woman who--

MR. SULLIVAN: Mrs. Dunbar.

H.M.JR: She is not too well, but if we could get her--

MR. PAUL: That is one of the best schools in the country.

H.M.JR: Miss Elliott is very good on this stuff, and she has taken a great interest in this. She mentioned Simmons and she mentioned a third one. She said we should get the head of one of those colleges down here in the Treasury to go to work for us, if only to get her from now until the first of January for the Internal Revenue. She said either Mrs. Dunbar or the head of Simmons College.

MR. SULLIVAN: She wrote a memorandum and a letter--

H.M.JR: Along that line?

MR. SULLIVAN: Yes, sir.

H.M.JR: Don't you think that is good?

- 8 -

MRS. KLOTZ: Very.

H.M.JR: Anything else, Norman?

MR. THOMPSON: John Fox has come back; Cliff Mack has had him transferred back. That will help out on the office equipment problems.

H.M.JR: For the District?

MR. THOMPSON: Yes. We arranged, in advance, a physical examination for Oscar Gass and he failed because of vision deficiency.

H.M.JR: I take it you know that?

MR. WHITE: Yes. Norman told me.

H.M.JR: So that is taken care of?

MR. THOMPSON: That is taken care of.

H.M.JR: All right.

I have to tell this group - as long as the President told it, I might as well tell it to the group, and then if Herbert will find out - we have been trying to work out a way to take care of the Secret Service detail for the President, of which there are thirty-five, and we have lost half of them in the Army. Most of them got commissions, and those that stay are very restless, and so forth and so on, and it is a technique - I mean, this thing of protecting the President. So I had an idea about possibly getting these men in the Army and sending them back because we are using military police, largely, over there, and up at Hyde Park they use a great number of military police. So I took it up with General Marshall and got Chief Wilson in touch with somebody. The memorandum came back: "We will put these people in the Army as privates and then put them on the inactive list, but please don't tell this to anybody." So I wrote this to the President, very confidentially,

- 9 -

and so on and so forth - "If you have any suggestions, let me know" - but went ahead and did it, affecting thirty-five people. They got into a great discussion of labor shortage, so the President said, "Now I have a formula on how to do this thing. Let me tell you what I did with the Secret Service." Whereupon I leaned over and said, "You know, this is very confidential."

"Oh, spinach," says the President. "The Secretary of the Treasury doesn't want me to talk about this," and he goes ahead and explains it. He no sooner gets it out when the Secretary of Agriculture says, "That is wonderful! That takes care of the farm problem. You can do that with all the farm people; you can induct them in the Army and then put them back on the farm." The President turned and gave me the sickest look, as much as to say, "I wish I had kept my mouth shut." (Laughter)

Wickard said, "That is fine. You can do that with the farmers. You can just induct them in, and then send them back to the farm."

MRS. KLOTZ: He is smart.

H.M.JR: So I talked up and I said I would like it to be known that this only affects thirty-five people, and I went ahead and did it. The President said, "I can veto it, can't I?"

I said, "Yes, but I am just talking about - so in case the thing goes wrong, it was my idea." He said, "That is all right." (Laughter) This highly confidential matter was listened to by seventeen people, and it didn't take Wickard long to see that this would be wonderful for the farmers. I was wondering how long it would be before it was up on the Hill. But this was the memorandum, "We will do this for the President, but not for anybody else."

Dan?

- 10 -

MR. BELL: You asked me to tell General Carter about a certain Customs employee, which I did. I told him that from the record, we would not recommend him. He said, "I will make a note of it and give you a ring before I do anything, but I notice you are still employing him. So apparently he is not so bad, after all." But he said that he thought if the man was all right, otherwise, they might want him, but they would talk to us further before they actually took the man. He was not much worried about the stuff on the record, but I told him we would not recommend him.

H.M.JR: I cannot help it if General Carter wants to employ all the vice presidents of all the American banks in Europe to advise them how to do the thing; that is his responsibility, but this is mine.

MR. BELL: He asked you for a recommendation. That is all we have to do in the matter. If we do not want to recommend this man - I told him we would not recommend him. If he wants to take him, I do not think it is any of our business. They are going to put him in uniform, you know, in the Army. Nothing has been done on it, anyhow, up to this point.

MR. GASTON: I will tell you what we did on it. I had Johnson write to the man and tell him that he was not to go, and sent back the application form to Johnson, so that it is within our control.

H.M.JR: Keep it that way, will you, Herbert? Will you keep it that way?

MR. GASTON: Yes.

MR. BELL: I don't know whether I told you or not, but I also talked to him about the cable that came from General Eisenhower while you were over there, about additional help for Bernstein. He said that he had a subsequent cable saying not to send anybody - any additional people until they asked for them. So he said he was holding that on his desk. In the meantime I am asking for the record of all of these individuals that were named in that cable. I will have it this week.

- 11 -

H.M.JR: Good. What else?

MR. BELL: That is all. There is one other thing. I don't know as I reported to you on that franc transaction, the first and second.

H.M.JR: Ninety thousand dollars?

MR. BELL: The first one went through, the second one was reported back from the Bank of France that the beneficiary refused to accept the amounts, so they authorized the Federal Reserve Bank of New York to reverse the transaction. So we got our money back. That was Wednesday, I think, of last week. The form of the cable sort of indicated that it was friendly, coming from the Bank of France. You would have thought that the Germans would have had control of it by that time. It said to go ahead and reverse the transaction.

H.M.JR: How about the two hundred and twenty thousand dollars for meat, about which Secretary Hull wrote me? Did that go through? I think it was advanced by the American French Banking Corporation.

MR. PAUL: Yes, I think it did. I will check it. I looked into another aspect of that for you and sent you a memorandum.

H.M.JR: Will you let me know when you have lunch?

MR. PAUL: Yes.

H.M.JR: Anything else?

MR. BELL: No.

H.M.JR: From now until Wednesday night, Bell and I will be closeted almost all the time on the financing. I hope to have the thing jelled by Wednesday night. So unless somebody here has got something that has to do with financing, I hope they will let it go over until after Wednesday.

White?

- 12 -

MR. WHITE: That letter on Sweden went to Mr. Patterson. It went to the Vice President, and the Vice President is going to forward it to the President with the proposal. There was a meeting yesterday.

H.M.JR: This is for the record. Last night I called up Bob Patterson and asked him if he could find out what is the true story about Admiral Darlan. He said he did not know, but he would find out and let me know.

MR. WHITE: There was a meeting yesterday of Foreign Funds about some Spanish--

H.M.JR: On Sunday, you met?

MR. WHITE: I didn't meet, but they met. Some of my men and some of the Foreign Funds men. It was a statement made by a member of the State Department - the State Department had several people there - which said that Spain is wholly with the Allies, now, and will oppose with their soldiers, any attempt of the Germans to go in. There is closer and closer collaboration with the Allies since the North African incident.

H.M.JR: Who said this?

MR. WHITE: The man at the Spanish desk in the State Department.

H.M.JR: What is his name?

MR. BELL: There is some indication of it in this letter.

H.M.JR: Have you got any more fairy tales? (Laughter)

MR. WHITE: No. I hope - this has nothing to do with the Treasury, but I certainly hope they find out about Darlan before they go much further.

- 13 -

H.M.JR: I have asked for a copy of Murrow's broadcast of last night. I will circulate that. He certainly told the American public what England's high officials thought of Admiral Darlan. Did you hear about it?

MR. KUHN: I heard about it. The same thing had been said on the BBC the night before.

H.M.JR: But coming from an American reporter--

MR. GASTON: Who was this?

MR. KUHN: Edward Murrow.

MR. PAUL: I had lunch, Saturday, with a French General who knows every byway and crossroad of North Africa.

H.M.JR: Did you?

MR. PAUL: He was very disturbed by that picture from the standpoint of its effect on the French people and the Russians and the Chinese.

MR. WHITE: I think it is a sickening story if it is true.

H.M.JR: Well, now, you do not know that it is true yet.

MR. PAUL: He had been over to see McCloy about it and McCloy had been, apparently, quite disturbed. McCloy had him there for about an hour and a half, two or three days ago.

H.M.JR: You do not know - I have listened very carefully - Darlan says he gets his authority from Petain - Petain last night or this morning says he has no authority from him. I mean, you have got to

- 14 -

hold off until you know. Somebody knows. We do know that they had a lot of trouble with Giraud.

MR. PAUL: This man claims Giraud is a Fascist of the first order, but that the French people would accept him, even though he was, because he didn't turn traitor twice.

H.M.JR: We do know there was a terrific amount of trouble with Giraud.

MR. PAUL: Apparently he is very high in the Fascist ranks.

H.M.JR: What are you grinning about?

MR. GASTON: It looks as if we are guaranteeing a Fascist form of Government for Spain and for France.

H.M.JR: Let's hold off until we really know the facts. So far there has been no statement from Eisenhower or his staff confirming it.

MR. WHITE: There was a purported statement from Eisenhower or his staff confirming it.

H.M.JR: There is no official Army communique. Certainly the Undersecretary of War said he knew nothing about it last night. We will find out.

MR. PAUL: The War Department is aware of it because this man I had lunch with had a long session with McCloy on Thursday, I think it was.

H.M.JR: Nobody knows where Darlan is.

Are you through, Harry?

MR. WHITE: I have nothing else.

- 15 -

MR. SCHWARZ: I had a call Saturday from the Overseas Writers Club. They would like you to make an informal talk to them on your trip sometime late this week or early next week before Thanksgiving. I talked with Ferdie and Gaston. It wouldn't require any preparation.

MR. GASTON: Off the record.

MR. SCHWARZ: They would do a lot of questioning afterwards, but it would not be necessary to answer the questions. I feel that a lot of the members of that would be pleased, and also it would cover Treasury activity. It just happens that sometime previously they were overseas writers.

H.M.JR: What time of day would that be?

MR. SCHWARZ: It is at one o'clock. They are a top group in town.

H.M.JR: When would that be?

MR. SCHWARZ: They asked for Thursday or Friday of this week or early next week.

H.M.JR: If I were going to do it, I would rather do it this week Thursday.

MR. SCHWARZ: You think about Thursday?

H.M.JR: I will let you know during the day. How long will that last?

MR. SCHWARZ: It will be through by two-thirty.

H.M.JR: I am free. I will let you know during the day.

MR. SCHWARZ: It would help us on other things - good will. That is all I have.

H.M.JR: Who asked you for that?

- 16 -

MR. SCHWARZ: Paul Wooton, McGraw-Hill bureau chief. He is the spark plug of that organization.

H.M.JR: McGraw-Hill is "Business Week," isn't it?

MR. SCHWARZ: Yes.

H.M.JR: Who represents "Business Week" here?

MR. SCHWARZ: He is chief of the bureau, and he has a staff, and he puts them all to work on it.

H.M.JR: What do you think, Herbert?

MR. GASTON: I think it is a good idea. They are a good bunch - top-notch correspondents here - and it is an informal get-together. You can get acquainted with them and don't have to prepare any speech; they just want an informal talk on what you saw and what you thought of things.

H.M.JR: Lord Halifax was very anxious that I do something.

MR. GASTON: I think it would be a very good spot.

H.M.JR: What do you think, Ferdie?

MR. KUHN: I think you should, on condition that you can be frank enough to give them something new.

MR. SCHWARZ: The Secretary's own impressions.

H.M.JR: What do you mean by that?

MR. KUHN: I mean, if you felt - explained that you felt there were so many, many things that you did not want to tell them, then I think it would create a worse impression than if you did nothing at all, because they are a pretty smart bunch, and I think they would appreciate the frankness, and they certainly would not appreciate the other.

- 17 -

H.M.JR: There is nothing that I saw that I can't tell them.

MR. GASTON: I don't think there would be any difficulty about that. These people know a lot of stuff that they are not printing, this bunch. They know plenty, and you could talk quite frankly with them.

MR. SCHWARZ: I attended a number of their luncheons and never heard any repercussions afterwards - never heard stories spread around. I think they observe the off-the-record very carefully.

H.M.JR: O.K., I will say now that I will go.

MR. SCHWARZ: Thursday?

H.M.JR: I would like White to go with me. I think Gaston and Kuhn should go, and yourself.

MR. WHITE: Before you make up your mind definitely, do you want to jot down some items about which you can talk?

H.M.JR: I will make up my mind now and jot down the things afterwards. It is a very easy thing to do. I have done it now a couple of times, but I will jot down some things.

George?

MR. HAAS: I have nothing this morning, sir.

MR. BLOUGH: I want to report that I had a very interesting trip and got some interesting reactions, but nothing of world-shaking importance.

H.M.JR: I will see you; I would like you to get a report.

MR. BLOUGH: Should I write one, or speak to you?

- 18 -

H.M.JR: Speak to me.

Kuhn?

MR. KUHN: I have a report on Mr. Grant and the members of his committee, and they are all O.K. They have been checked.

H.M.JR: Give it to me and I will tell Grant that at two-thirty.

MR. KUHN: That he can go ahead and announce--

H.M.JR: Yes.

MR. KUHN: That is all.

MR. BELL: You will announce it?

H.M.JR: I will announce it. I can announce it at four o'clock at my press. Will you fix it up between you and Chick and Grant? I will announce it.

MR. GAMBLE: I have nothing, sir.

MR. KUHN: You saw that Miller McClintock has been appointed president of Mutual Broadcasting?

H.M.JR: Yes.

MR. KUHN: A. G. Becker and Company of Chicago remained open Armistice Day and their eighty-three employees sold to four hundred and thirty people over ten million of series E, F, and G bonds and tax notes. Would you mind signing a letter to the president?

H.M.JR: What has happened to young Becker?

MR. BUFFINGTON: I don't know, Mr. Secretary.

(Letter to A. G. Becker and Company signed by the Secretary.)

H.M.JR: Do you know him? He is a little bit younger than I am.

MR. PAUL: I know Becker well; I know all those people well.

H.M.JR: What has happened to him?

MR. PAUL: I don't know whether he is in the Army or not.

H.M.JR: Do we get copies of that?

MR. BUFFINGTON: Yes, sir.

H.M.JR: What else?

MR. BUFFINGTON: That is all.

H.M.JR: Paul?

MR. PAUL: Nothing.

H.M.JR: Paul, I asked Harry - I called Harry yesterday afternoon to ask him about young Eliot. Where do we stand on that?

MR. PAUL: I don't think - I had a talk with him Saturday morning, and he is to let me know today or tomorrow. He has - he is very strongly inclined toward an OWI job in London, but he is also pretty well inclined here. He is hesitating because his wife is in the hospital; and if he finds that she is very seriously ill, he wants to come here. If not, he wants to go to London, and he is talking with the doctor this week end. He is genuinely interested in the Treasury; but although he didn't tell me about this other thing, he felt a little that he ought to take that offer, too.

H.M.JR: Well, if he does, reading the "New Republic" I got a suggestion of a man that I would just as leave have. You fellows will both, I am sure, say, "Amen." That is Congressman McKeough.

- 20 -

MR. PAUL: I would like to talk with you about that. I am very fond of McKeough.

MR. SULLIVAN: What is the position?

H.M.JR: Assistant to me.

MR. SULLIVAN: Yes.

H.M.JR: To help me with the House.

MR. PAUL: That is a very debatable point.

H.M.JR: I have made Tom Eliot an offer; it is in case he turns me down. I mean, I made Tom Eliot a bona fide offer. Both of you think - I have not said a word to McKeough, and I don't want anybody else to.

MR. PAUL: I don't want you to think that I don't like Mac; I get along with him; I think a lot of him. But as a useful instrument on the Hill, he is a very dubious person. He has a lot of hostilities up there. He is not too high in the intellectual order of things.

H.M.JR: Well, he would fit into the Treasury.  
(Laughter)

MR. PAUL: That may be. (Laughter) I thought we were trying to leaven the Treasury with a little intellectual--

H.M.JR: How do you spell "level?"

MR. WHITE: An unleavened Treasury would be more appropriate. (Laughter)

MR. PAUL: I was taking his cue.

- 21 -

MR. SULLIVAN: Mac's helpfulness on the Hill - he is a real scrapper - never pulled any punches - and the very thing that made him valuable to us up there when he was a Member of Congress would not make him too valuable to us now.

MR. PAUL: That is my feeling.

MR. SULLIVAN: You realize I am as fond of Ray McKeough as anybody up there.

H.M.JR: Think about it, will you? It all depends upon Eliot, because Tom Eliot - I mean, as far as his following in the House is concerned, he can count on about five people, I think.

MR. PAUL: But he does things with a slightly more gracious technique.

H.M.JR: He is a nice boy. I like Tom Eliot, the little I know of him.

MR. GASTON: He is brilliant, and he is able.

H.M.JR: Anyway, we will see.

MR. BELL: Is the other man coming too?

H.M.JR: Prentiss Brown? He wants until after Thanksgiving.

MR. BELL: You don't want too many lame ducks.

MR. PAUL: Griswold has just decided to go to Los Angeles.

H.M.JR: To go to that meeting?

MR. PAUL: Yes.

H.M.JR: Good.

Who was asking about Prentiss Brown?

- 22 -

MR. SULLIVAN: I think he is head and shoulders above the other two, as far as effectiveness on the Hill.

H.M.JR: The President wrote a letter for me asking him to come, and he wanted until after Thanksgiving. Don't breathe it outside the room, but he wants until after Thanksgiving to think it over. He wrote me a letter saying he appreciated the offer, and I think having the President write him and everything--

MR. PAUL: I agree with John. He is head and shoulders above anybody else for that purpose.

H.M.JR: What else, Randolph?

MR. PAUL: That is all.

MR. SULLIVAN: For Victory tax purposes, after the first of the year whenever an employee terminates his employment the employer has to give him a receipt showing how much has been withheld for Victory tax purposes. Many of the corporations that have employees in different States, or even in different cities, have one control office; and they are all asking for permission to furnish those receipts to the employee any time up to within thirty days after the employment has terminated. We believe that it is perfectly all right, but before notifying the first one I wanted to just notify you that that was being done.

Miss Elliott has prepared a letter to go to these various colleges, and I am sending it over to the Bureau this morning. It is an excellent letter. There are just one or two little things to be corrected. When I get back from New York I will get together with her and the Commissioner. I do not think you want to bother to see the letter.

H.M.JR: No.

- 23 -

MR. SULLIVAN: Whatever she and the Commissioner agree on, we will start it going right away.

H.M.JR: Sure.

MR. SULLIVAN: I did not do anything in response to the memorandum you gave me about seeing Pickens because the Commissioner was due back this morning.

H.M.JR: Let's wait now until we have this meeting.

MR. SULLIVAN: I think so.

H.M.JR: Let's wait.

MR. SULLIVAN: Incidentally, I talked with the Commissioner this morning. He is feeling fine, all full of fight - has forgotten there was an election.

H.M.JR: Good.

MR. SULLIVAN: That is all I have. I will not be here tomorrow, you know.

H.M.JR: Yes.

MR. GASTON: We have been paying drawbacks under certain circumstances to manufacturers who sell materials to Army, Navy, and Procurement. They have been getting it regularly. They have been getting it under our regulations, but it raises very serious questions about unjust enrichment of goods sold to the United States. This drawback, you know, is on the foreign materials that enter into the manufacture of goods sold to the Government. I have been discussing it with Cairns and with Johnson. We are trying to work out some regulations under which we will annul drawbacks - any drawback whatever in connection with Government contracts. You have no objection if we are able to work it out?

- 24 -

H.M.JR: No.

MR. GASTON: Because it does make a bad accounting entanglement.

H.M.JR: Anything else?

MR. GASTON: You asked me about information from Harry Anslinger. It happened that the last batch he had had just gone over. He does not keep copies; but the next one we get in I will bring it around.

I could make a report to you later, if you like, on this Springfield investigation.

H.M.JR: Yes. What about this investigation that I asked Irey to make of all the investigating forces?

MR. GASTON: That is going along. It is nearly complete now. You see, we not only checked all the files here but then they sent committees out into the field, and they are working.

H.M.JR: Has he found anything yet?

MR. GASTON: No, there has nothing been found, except trivialities. Remember, you got a letter the other day from a man who complained that his father - he is in the Army, and he complained that his father was being investigated because of remarks he made. That is one of them that they turned up. It is not serious. They have not turned up anything of any importance.

H.M.JR: Chick, I was reading a continued story, and I ran into this thing called "Silver Scandal", by Walter Spahr. What was done about it during my absence?

MR. SCHWARZ: We showed it to a few people and put it in the file.

- 25 -

H.M.JR: Is that all?

MR. SCHWARZ: We have not planned any attempt to answer it, no.

H.M.JR: It is full of inaccuracies. I mean that is the typical thing that happened - "It is put in the file."

MR. SCHWARZ: Some of us felt--

H.M.JR: But it is full of inaccuracies. Did the Saturday Evening Post show it to us?

MR. SCHWARZ: No. Some of us felt that Spahr is hardly strong enough to warrant--

H.M.JR: But that is typical.

MR. SCHWARZ: Would you like--

H.M.JR: Do you like that picture that Harris and Ewing sells of me (indicating picture in the Saturday Evening Post)? Harris and Ewing is the official photographer for War Bonds. I mean, I should not have to do all these things. I should not have to bring it to your attention. I mean, if Harris and Ewing are asked to stop selling that picture--

MR. SCHWARZ: That is an old one the Saturday Evening Post had in its files, probably.

H.M.JR: That is typical. It is full of inaccuracies.

MR. SCHWARZ: Would you like a letter to the Saturday Evening Post editor?

- 26 -

H.M.JR: I am sick and tired of having to do all of this stuff for myself. I don't know how many different people we have contacting - you are supposed to. Now, find out what is the matter with it, Chick, and I am damned sick and tired of always having to rub my nose in this stuff. I should think a picture like that and this stuff - somebody ought to tell Harris and Ewing to stop selling that picture.

MR. SCHWARZ: I will double-check on it.

H.M.JR: I am sick and tired - I don't know how many times - I mean I have gotten about to the place where I can't get all the time annoyed about these things.

MR. SCHWARZ: We had stopped it, but I think the Saturday Evening Post had it in their files. But I will make doubly sure.

H.M.JR: I mean it makes a half-wit look out of it. But the article is full of inaccuracies. If a letter is written to the editor of the Saturday Evening Post, take it up with White and he will tell you where it is wrong. But I have gotten to the point where I am not going to do it any more. I mean I will get somebody. I am through complaining, threatening, cajoling, flattering, and everything else. If you and your people cannot do it I am going to get somebody.

MR. SCHWARZ: We had a meeting and discussed the thing.

H.M.JR: Nuts on the meetings - the whole business, always the same thing - people sit around here, have all kinds of people, and nothing ever happens. Here is an article that goes into the whole Treasury business on silver, and it is full of inaccuracies. If he could get the stuff we in the Treasury ought to be able to get the stuff.

- 27 -

MR. SCHWARZ: Some of us feel he is deliberately inaccurate.

H.M.JR: All right, then, somebody write to the Saturday Evening Post. It is not unpleasant about me. I am not complaining about myself. It is what the Treasury's attitude is on silver.

MR. SCHWARZ: That is right.

H.M.JR: This is the last time I am complaining. I am going to do something now. I am fed up. I mean I should not have to do it. God knows nobody else in town has to do it all the time. I mean here is the factual thing; it is just a question of while I am away somebody having the initiative - and you are supposed to contact the press and go to somebody in White's or Bell's office and say, "Is this an accurate statement?" If it is not, then somebody writes to the editor of the Saturday Evening Post, "Why do you write inaccuracies?"

O.K.

November 16, 1942  
11:10 a.m.

HMJr: Hello.

Operator: Mr. Sproul is tied up in a meeting, but they can call him out. And I have Mr. Rouse.

HMJr: Rouse will do.

Operator: Right.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Robert Rouse: Good morning, sir.

HMJr: Hello, Bob. How are you?

R: Fine, and you?

HMJr: Good. Bell's - I'm okay.

R: Good.

HMJr: Bell's sitting here with me. Before I get on to the financing, what's the gossip that you pick up about the Victory Fund and - and the War Bonds in New York?

R: And the War Bond Committee?

HMJr: Yeah.

R: War Savings Staff?

HMJr: Yeah - any gossip.

R: Well, the only gossip was that the War Savings Staff - ah - was pretty low on Friday when they got your wire, but....

HMJr: They - they - did they get....

- 2 -

R: ....that's perfect - that was perfectly natural.

HMJr: Yeah.

R: And from what you know - from Bayard Pope, and Nevil Ford and Dick Patterson, they haven't questioned the principle....

HMJr: Yeah.

R: ....as far as I know.

HMJr: Yeah.

R: Their whole attitude before this was that they had the responsibility for doing the F and G's and it was up to them to do it, and they were going out and do a real job.

HMJr: Yeah.

R: And, of course, when they had gone ahead and done - gotten up this big campaign....

HMJr: Yeah.

R: ....and then get let down, then it makes them feel pretty low.

HMJr: Yeah.

R: But, aside from that, I haven't heard anything that indicates any rift of any kind. The immediate problem is to - has been to reorganize to make a job on this thing that you've announced for the thirtieth.

HMJr: That's right.

R: Now I think with something constructive to do and the immediate focusing on doing that job....

HMJr: Yeah.

R: ....that we're not going to have a problem there.

HMJr: Yeah. Do you say you are or are not?

- 3 -

- R: We are not. I think they're going out and do their job, just as the Victory Fund boys are going to do theirs.
- HMJr: Well, now let me ask you this - what I'm trying to do, I hope between now and Wednesday night to be able to announce what we're going to start to sell on November 30.
- R: Right.
- HMJr: Now I hear there's a little difference on the - the length of the tap issue, between your office and mine?
- R: Well, I don't know whether there is or not. I feel that if you want to maintain the present pattern of prices....
- HMJr: Yeah.
- R: ....that a new tap issue in coupon form....
- HMJr: Yeah.
- R: ....would have to be longer than the present tap issue.
- HMJr: What is the present tap issue?
- R: It's sixty-two sixty-seven.
- HMJr: Sixty-two sixty-seven. Well, what are your - what are you suggesting?
- R: Well, I was suggesting a sixty-five seventy.
- HMJr: Do you know - what are my boys suggesting?
- R: Nineteen sixty nineteen seventy - some of your boys.
- HMJr: They want ten years.
- R: They want a ten-year split, but they want the - or call period, but they want to shorten the call date so that it's shorter than the present sixty-two sixty-seven's.

- 4 -

HMJr: Yeah.

R: And while in principle I would like to see the two and a half's on an - on an eighteen to twenty-year basis to the call date, I can't let it pass without calling your attention to the fact that it will have to change the rate structure in the longer securities and maybe a speak down back to the two's.

HMJr: Well, now, Bob, I don't know what orders you got, but I wish you'd explore this thing as - as thoroughly as you can today, see? Hello?

R: Yes.

HMJr: Call in the dealers and talk to them, or anybody else, see?

R: Uh huh.

HMJr: And I'd like you, I think, this time to save me doing that. I don't - it's just a question of year, and I don't see why I have to do that myself.

R: Neither do I.

HMJr: What?

R: Neither do I.

HMJr: I mean it's a question whether it's sixty-five seventy or sixty and seventy. It's a technical matter which after you've talked to a half a dozen or a dozen people, you can give me a good, straight report on it.

R: Well, I'll call in my Executive Committee and the dealers with whom I am working.

HMJr: Yeah.

R: And....

HMJr: You - you say you will call them?

- 5 -

R: I'll call them in this afternoon.

HMJr: Supposing you do that.

R: And then I'll give you a factual report of what they think.

HMJr: And you might put it on the wire for me, what?

R: Yup.

HMJr: And - because I - it's - I - I don't think I have to do that.

R: I shouldn't think it would be at all necessary.

HMJr: Yes.

R: We can give you a factual report in this and the conclusions.

HMJr: Yes.

R: And you can - perhaps you have to make the decision but you can make it on that in relation to what your men tell you there.

HMJr: Right. Now one other thing - hello?

R: Yes, sir.

HMJr: Ah - do I understand correctly from Bell that the outstanding tap issue will have the right to convert into the new one? Is that the thought?

R: I....

HMJr: Well, Bell shakes his head and says....

R: No. There is a suggestion that the outstanding tap issue be made interchangeable with coupon bonds.

HMJr: Yeah, that's what I mean.

R: And if that were done, that would have the same effect as the....

HMJr: Oh.

- 6 -

R: ....matter I'm talking about.

HMJr: Well, it'd be the same bond but they could have a coupon bond.

R: Yeah. You remember when we put out the two and a half of sixty-two seven, we thought - there were some that thought it would have a very marked effect on the price of the sixty-seven seventy-two's.

HMJr: Yeah.

R: Now that didn't happen, primarily because of the - of the restriction on the sale and the fact that they were registered bonds.

HMJr: Yeah.

R: But when we open it up again, if we should open it into coupon bonds, then I think that same opinion that was held in the spring would again apply.

HMJr: Right. Well, anyway you go to work and what I'd like you to do is on the wire tonight give me a - so just as long as I have it the first thing in the morning.

R: All right, sir.

HMJr: Will you do that?

R: Right.

HMJr: You better use telegraph.

R: All right, I'll do that.

HMJr: Well, you have - we have teletype, don't we?

R: Oh, we have - we have a telegraph wire, and....

HMJr: Telegraph wire.

R: Yeah. We - I don't know how it works, but we can get it to you all right.

HMJr: So I have it the first thing in the morning.

- 7 -

R: Yeah.

HMJr: Thank you.

R: Yes, sir.

November 16, 1942  
11:19 a.m.

HMJr: Hello.

Operator: Mr. Young.

HMJr: Hello.

C.S.  
Young: Hello, Mr. Secretary.

HMJr: How are you?

Y: All right, sir.

HMJr: Young, I'd like you to do something for us.

Y: All right.

HMJr: As you know, we are thinking of getting out a two and a half per cent bond - coupon bond, you know?

Y: Yes.

HMJr: And I wish during the day you'd talk to people and find out what they think - just the exact number of years they'd like to have it.

Y: All right.

HMJr: And the same on the one and three quarters.

Y: One and three quarters, yes.

HMJr: And get me off a wire tonight so I'll have it the first thing Tuesday morning.

Y: All right. Well, I'll - I'll do that and right away. I'll have Chicago, Detroit and Milwaukee and Indianapolis and Des Moines.

HMJr: Will you do that?

Y: I'll do that, and I think those four cities are the principal buyers and - and I'll do that today and have it ready for you at four o'clock.

- 2 -

HMJr: Now this is for you, and I want you to think it over. If you want to talk it over with a couple of people in the bank, but this I don't want to get out, what I'm asking you now, see?

Y: All right.

HMJr: And I want a separate wire on this.

Y: All right.

HMJr: What I'm thinking about doing this morning is this, we'll offer to the public on November 30 all these - the two and a half, the one and three quarters, and the seven-eighths.

Y: Yes.

HMJr: And then we - and the thought is we'll open those up and giving some figure that I haven't got yet as the minimum amount that we expect, you see?

Y: Oh, yes, uh huh.

HMJr: The minimum amount - we don't - Bell - what will take us comfortably through until the first of February.

Y: Yes.

HMJr: See?

Y: That's right.

HMJr: Now we don't know yet - Bell doesn't know yet what that figure - but the minimum figure.

Y: Sure.

HMJr: Then our thought was that one week later on the seventh of December, which is the anniversary of Pearl Harbor, we'd offer to the banks two billion of the two and a half....

Y: Uh huh.

HMJr: I mean one and three quarters....

- 3 -

Y: ....three quarters.

HMJr: ....and two billion of the seven-eighths.

Y: Uh huh.

HMJr: Now - but keeping it open four days.

Y: Four days. That's fine. That's better.

HMJr: Now - but having it somehow, through you or through the A.B.A., the understanding that they should - the good banks that are going to do the job should get it in on December 7.

Y: Sure.

HMJr: We want their subscriptions the first day.

Y: Sure.

HMJr: And then that would give you fellows three days to go to work on the slackers.

Y: That's right.

HMJr: Now - but we'd offer the four billion on December 7 but not have them paid - payable on the same day, you see?

Y: Sure.

HMJr: Say part on the fifteenth and maybe part on the twentieth or something like that, you see?

Y: Uh huh.

HMJr: Hello?

Y: Yes.

HMJr: Hello?

Y: Hello.

HMJr: Now - so the announcement would be on November 30 we offer these three or four securities to the public, expecting to get a minimum of so many billions of dollars, you see?

Y: Yes.

HMJr: Also saying that on December 7, we're going to sell two securities to the banks, from which we expect to get a minimum of four billion dollars.

Y: That's right.

HMJr: Now in the case of the offering through the Victory Fund to the public we won't say how many weeks we're going to run that, you see?

Y: Sure.

HMJr: Now I want you to think it over and see how - what you think of that.

Y: All right.

HMJr: And give me your comments on that idea in a separate telegram tonight.

Y: All right. I'll do that.

HMJr: Now you can discuss that with anybody confidentially within the bank.

Y: Sure.

HMJr: But I don't want that discussed outside the bank.

Y: All right, I won't. I'll just discuss the - two's and a half and the one and three quarters with the others.

HMJr: Yeah. Now you got my telegram about getting a publicity fellow?

Y: Yes.

HMJr: You're going to get me somebody?

Y: Yes, and they - I've already - we've already selected the man for the drive, and we don't know whether we can keep him or not, but he'll be in here Monday morning. He's over here today getting his request.

HMJr: What's - what's his name?

- 5 -

Y: Waybil. ?

HMJr: Oh.

Y: And he's a very good man, and - oh, he's been recommended by all the fellows on the Street as one of the - the best fellows on the Street, and....

HMJr: Yes.

Y: ....and so he - in fact, he's over here this morning and he's going to work Monday morning.

HMJr: Well, which Monday?

Y: Next Monday. We - we want him to - to get his - to get the picture here and the background for it.

HMJr: Then - then you're going to send him down to Washington too.

Y: Yes, that's right.

HMJr: Good.

Y: That's whenever - I don't think you've decided on the date yet though, have you, for the visit down there?

HMJr: No.

Y: Uh huh. Well, we'll have our man here, and - on Monday morning.

HMJr: And - but you like the idea of keeping those bank issues open four days?

Y: Oh, yes. Very, very much so.

HMJr: Good.

Y: Yes, especially the banks of ten and fifteen million deposits - why, the two days - a lot of them we can't reach unless we wire 'em, and they just don't feel right about it.

HMJr: But the four days is enough, isn't it?

- 6 -

Y: Oh, yes, four days is plenty.

HMJr: Good.

Y: Because if we can't do it in four days, why then something's wrong with us or the banks.

HMJr: Right.

Y: Both of us.

HMJr: Right.

Y: (Laughs) And I think you're right.

HMJr: Thank you.

Y: All right, and I'll let you know sometime today.

HMJr: Right.

Y: All right. Goodbye.

November 16, 1942  
11:29 a.m.

HMJr: Hello.

Chester  
Davis: Hello.

HMJr: Chester?

D: Yes. Good morning, Henry. How are you?

HMJr: Fine.

D: Good.

HMJr: Chester, I'd like two things from you, please.

D: All right.

HMJr: I'd like to get a wire from you the first thing in the morning, after you've talked around your district to find out if we get out a two and a half per cent tap issue with a coupon, about where they'd like to have it fall - how long they'd like to have it, see?

D: All right.

HMJr: The same on the one and three quarters.

D: A one and three quarters.

HMJr: Yeah, bonds.

D: And how long that - the one and three quarters....

HMJr: I mean, how....

D: That will fall in the note class, won't it, Henry?

HMJr: Well, wait a minute. Bell's here. (Talks aside) About where would it be? He says it would be from five to seven years.

D: Five to seven.

HMJr: Yeah, the one and three quarters.

- 2 -

D: Now what you want to know is just what maturity they think the two and a half coupon....

HMJr: Yeah.

D: ....ought to bear. Is that right?

HMJr: That's right.

D: That's right.

HMJr: Tap issue.

D: Yeah.

HMJr: It's a tap.

D: And just what they feel about the one and three quarters in the five to seven-year range.

HMJr: That's right.

D: Yes, and....

HMJr: And that....

D: ....you want that tomorrow morning and after we canvass the district.

HMJr: Yeah, I'd like you to get that off for me tonight on the wire.

D: All right.

HMJr: Now that's number one, and number two - this is something I'd like you only to talk over within your own shop, see?

D: All right.

HMJr: Because I don't want it to get out.

D: All right.

HMJr: This is the way my mind is working, and I'd like to get your advice and reaction. As I say, if....

D: Yes.

- 3 -

HMJr: ....you'd talk it over. What we're thinking of doing on November 30 - I mean, the announcement would be that we'd get out the one and three quarters, the two and a half per cent tap, and a seven-eighths certificate, you see?

D: That'll be the three-way proposition.

HMJr: That's right. Through the Victory Fund.

D: That's right.

HMJr: Now that'll be on November 30.

D: Yes.

HMJr: And we would say that we expect to raise - we're going to give a minimum figure. We don't know just yet what that will be, you see?

D: Yes.

HMJr: But a - the minimum figure would take us through until February 1.

D: Yes.

HMJr: See?

D: Yes.

HMJr: Then at the same time whenever this comes, we'd say that on December 7, the anniversary of Pearl Harbor, we expect to offer two issues to the banks on the same day of two billion dollars each.

D: Yes.

HMJr: The one would be the one and three quarters and the other would be - (talks aside) - what would it be, Dan? The other would be the seven-eighths one per cent certificate, you see?

D: Now in the meantime we've tried the general public on the one and three quarters and the seven-eighths, is that right?

- 4 -

HMJr: Pardon? What's that?

D: I say, in the meantime we have been working on the general - not the banks.

HMJr: Yeah, just the general public.

D: The one and three quarters and the seven-eighths.

HMJr: We'd have one - the general - we'd have - it would give the Victory Fund Committee a week's head start.

D: A week's head start on that.

HMJr: Yes.

D: And we could sell them to the general public from November 30 - from December 1 on.

HMJr: Yeah, most likely for three or four weeks.

D: For three or four weeks.

HMJr: Yeah.

D: Then we'd have on December 7, open it up to the bank - with the - to the banks to two issues....

HMJr: That's right.

D: ....two billion dollars each.

HMJr: Yeah, but not - they wouldn't be payable on the same day. We'd have them payable maybe a week apart.

D: Yes.

HMJr: See?

D: Yes.

HMJr: Now also on this bank issue we're thinking this time of leaving it open four days.

D: Well, that would help us.

- 5 -

HMJr: See?

D: Yes.

HMJr: To give you fellows time to go to work....

D: Yes.

HMJr: ....on those that didn't come in on December 7.

D: Yes.

HMJr: Now I - I'd like you to think....

D: How much notice would we have - you wouldn't announce - how far in advance would you announce the bank issue in advance of the seventh, Henry?

HMJr: Oh, I - I hope to get this out by not later than this Thursday.

D: Yes.

HMJr: The whole business.

D: Include the - your plan for the bank also in this general overall program.

HMJr: That's right.

D: Boy, I - I like that.

HMJr: No, I think - I hope to be able to announce it this Thursday.

D: Yes.

HMJr: The whole business, so that they'll know.

D: Now what is it you want me to advise you in this second point, so I can talk with the boys....

HMJr: Well, there - there's a point - well, there's a difference....

- 6 -

- D: By the way, they're meeting with me here right now.
- HMJr: There's a difference here in this town between the Fed. and ourselves, so that you know. They'd like us to come out and say, "Well, we want the maximum amount that we think we ought to get, say twelve or thirteen billion dollars," you see?
- D: Yeah.
- HMJr: And of which, say four would come from the banks. What I want to do is say four will come from the banks and we expect to get a minimum amount from the Victory Fund Committee, you see?
- D: Yes.
- HMJr: Maybe four or five billion dollars. I don't know yet. And the difference is that I - I only want to announce the minimum that I expect and Eccles and his crowd want me to announce the maximum.
- D: Well, I hadn't heard anything about the - any difference in discussion there.
- HMJr: Yes.
- D: Your thought is now - let's see if I have it.
- HMJr: Yeah.
- D: You'd - you'd set a - what you might call par for the course here, for the Victory Fund, at around four and five....
- HMJr: Yeah.
- D: ....leaving four for the banks, and then give us a chance to go clear beyond that - get - do a better job on that.
- HMJr: That's right, that's right. And any - then anything you get looks like a success.
- D: Yeah.
- HMJr: Now supposing I announce I want twelve billion dollars....

- 7 -

D: Yeah.

HMJr: ....and I get eleven billion nine hundred. The thing's a failure. If, on the other hand, I say I need ten billion dollars and I get twelve, it's a great success.

D: Yeah.

HMJr: You see?

D: And now the - I'm not quite clear just what you want my opinion on on this second point.

HMJr: Well, just whether you agree with me or whether you think we ought to set an overall figure, the maximum figure that we hope to get, that's the difference.

D: Yeah, I can't get up much blood pressure either way on it now. I think we could handle it either way.

HMJr: Either way.

D: But I'll talk it over around here and see what the boys think.

HMJr: Now - well, wait a minute. See if - (talks aside) have I said it right? Let Bell explain it to you, because he hasn't explained it - I haven't explained it quite right.

D: Henry?

HMJr: What?

D: While I got you on the phone, I paid my respects to the Time article in a speech here Saturday night to the Missouri Press Association. I'll send you a copy of it if you'll read it.

HMJr: I'll read it.

D: All right.

HMJr: Now wait a minute. Let Bell - he says I haven't given you a full story.

- 8 -

Daniel  
Bell:

Hello.

D: Hello.

B: What Marriner would like to do, Chester, is to announce an overall limit, eight, nine, ten billion dollars, whatever it happens to - well, we happen to agree upon, and then he'd like to have a drive to see how much of it he could sell outside of the banks. And then whatever we don't get from the banks - I mean, whatever we don't get outside of the banks will come from the banks without putting any limit on the banks.

D: Yes.

B: In other words, if you have an eleven billion dollar program and you sell six billion dollars outside of the banks, and then you've got to sell five billion to the banks.

D: That is, leave the banks sort of in the position of the final underwriter....

B: That's right.

D: ....after we've done all we could with the others.

B: That's right.

D: Yeah.

B: Now that - that would be all right sometimes, but I think whatever you have to take from the bank would be labeled by unfriendly interests as a failure. That's what we're afraid of.

D: Yeah.

B: And the Secretary is merely asking you - your opinion as to whether he ought to say at the outset how much he expects from the banks, or should we leave that open until after the drive closes or at the time you announce the banking.

D: Yeah.

- 9 -

- B: And that's what we're afraid....
- D: Now - now the program as the Secretary outlined it to me would contemplate we're saying that we expect to get a minimum of four to five, say, out of Victory Fund sales to non-bank investors.
- B: Yes.
- D: And that we expect to offer at anniversary of Pearl Harbor two two billion dollar issues to the banks, a one and three quarters and a seven-eighths.
- B: That's right.
- D: Yeah - leaving us three or four days to actually - to place them among the banks but giving us a complete advance notice of several days at least on that.
- B: Well, you - you mean to....
- D: I mean....
- B: ....for them to make up their minds?
- D: The Secretary's plan would be to announce at one time, say Thursday of this week, both the Victory Fund non-bank program and the bank program.
- B: That's right.
- D: Yeah.
- B: So they'll have at least two weeks ahead of the offering date for the banks.....
- D: I like that very much....
- B: ....to make up their minds.
- D: ....because we were caught with our pants down a little the last time, as you know.
- B: Yeah.

- 10 -

- D: Now - though - though I - I think - I didn't worry about it so badly as - well, I didn't like the way the Time treated it, for example. I think that was utterly unfair, and that isn't the reaction out here on it.
- B: I see. Well, we....
- D: Well, I'll - I'll....
- B: ....think that was unfair too, but we did worry.
- D: I tell you I've got Longmire and McCutcheon and Attebery and Mr. Hitt - they're all in here with me now.
- B: That's fine.
- D: We were just talking about this program, and I'll - I'll go into a huddle with them, and we'll cover the two points the Secretary wants to know in a wire tonight that will be there in the morning.
- B: Fine.
- D: That's what you want?
- B: Yes, sir. Want the wire, if we can get it, at the close of business tonight or sometime late this evening so that we can have it the first thing in the morning.
- D: All right, Dan.
- B: Thank you, Chester.
- D: All right.
- B: Goodbye.
- D: Thank you.

November 16, 1942  
12:04 p.m.

Judge  
Patterson: Henry?

HM Jr: Yeah.

P: On that matter you talked to me last night about...

HM Jr: Yes.

P: Can we talk freely on this phone?

HM Jr: Yes.

P: That man - we don't know much about him in the War Department.

HM Jr: Yes.

P: We understand that Murphy, whom you know is over there.....

HM Jr: Yes, I know.

P: .....and whom represents the State Department reports to Welles, and we understand that that was taken over to the White House. Of course, it was a kind of a desperate play, I think, to get the French Fleet. They thought it was worth quite a gamble to get that Fleet. That's the way I understand it. But I understand that the White House knows about the thing, and that it did not pass much through the War Department. We only got some very superficial notice about it, and it was handled through the State Department by this man Murphy.

HM Jr: I see.

P: He felt that there was quite a chance there to get the support of the French Fleet. That's the way I understand it. Nobody seems to know much about it here.

- 2 -

HM Jr: Well, it's pretty important.

P: I know it. Of course, Murrow in London would get a very unfavorable opinion of it because this man in question is supposed to be a British hater, I understand.

HM Jr: Yeah, that's right.

P: Definitely so.

HM Jr: That's right.

P: He has been that all along. That, of course, would cause great suspicion and distrust in Britain....

HM Jr: Yeah.

P: .....on any conduct or any transactions with him.

HM Jr: But the man's record speaks for itself. It's terrible.

P: Oh, yes. Of course, the fact that he has come over the other way looks as a pretty favorable kind of a symptom because that fellow is cold-blooded as he can be and he wants to be top dog.

HM Jr: Yeah.

P: And if he comes over, he must think that his chances with the Axis people are winding up, because he is cold-blooded. He doesn't - I don't think he has loyalty to anybody.

HM Jr: No.

P: Except himself. But this Murphy is over there. He is more or less on Eisenhower's staff. I understand that he reports to Eisenhower and also to Sumner Welles. It is a kind of divided business. But this particular thing, they told me the route was from Murphy to Welles to the White House, and that they understood here it was known over at the White House.

HM Jr: I see.

P: We didn't have much to do with it. Apparently, they thought it was worth a shot to try to get that thing. Of course, it is a little better now that he has appointed Giraud to command. There is no question about Giraud, as I understand it, by anybody.

HM Jr: No.

P: I mean he is sound, and this fellow has gone over now and appointed Giraud to command in Northwest Africa.

HM Jr: Yes.

P: Well, that shows that for the time being at any rate, he is on our side.

HM Jr: Well.....

P: For the time being.

HM Jr: It has got awful implications.

P: Well, you know, Henry, it is one of those things where maybe they thought you have to do the job with the tools you have.

HM Jr: Yes.

P: That's not a very sharp tool but.....

HM Jr: Well, it is a crooked tool.

P: Yes, it is. Of course, it will cause trouble with the people who have been all out right from the beginning, like DeGaulle and those fellows. I suppose they are just utterly disgusted.

HM Jr: Well, you'll find that there will be a lot of people in this country are, too.

P: Yeah.

HM Jr: Well, any way thank you very much.

P: Well, I can't find - they say that it didn't come through here much. There is very little known about it. It didn't take this route.

HM Jr: I see.

P: So far as I know, we did not take it up here anywhere.

HM Jr: Okay.

P: If I find out anything more about it, I will let you know.

HM Jr: Yeah, and if I find out anything, I'll let you know.

P: Okay, Henry.

HM Jr: Goodbye.

November 16, 1942  
12:13 p.m.

HM Jr: Sumner?

Sumner Welles: Good morning, Henry.

HM Jr: How are you?

W: Fine. How are you?

HM Jr: Fine.

I'm calling up on a matter which I would like to know about if I can, and if there is some reason that I can't know about it, why you can tell me.

W: Go right ahead, Henry.

HM Jr: The question which disturbs me enormously is this question about the status of Admiral Darlan. Now I don't know whether you want to discuss it over the phone or whether you want to discuss it at all.

W: Well, that's a very easy thing to answer.

HM Jr: Yeah.

W: None of us here have had the slightest knowledge of any of the negotiations that have been going on. They were handled by pre-arrangement by the President solely between the British and military commanders, and the people on the Staff, and they are to be regarded solely as military questions decided by the military commanders on the ground of military necessity. I regard them inevitably as purely temporary, the chief purpose of them being to assure themselves that in time of great crisis there would not be any hostilities behind their backs, so to speak. My understanding is that the President himself was not aware of the details until they had already been arrived at.

HM Jr: I see. Well, Sumner, I asked the War Department, and they said it went over their head.

W: That's entirely untrue. Who told you that?

HM Jr: Patterson.

W: Well, he probably doesn't know what he is talking about. General Marshall has had the entire thing in his own hands from the beginning.

HM Jr: He has?

W: Yes.

HM Jr: I see.

W: More than that, General Marshall yesterday called a great many of the correspondents in to talk with him, and made these points I just mentioned to you clear to them.

HM Jr: And these were British officers who made these arrangements with Darlan?

W: British and American.

HM Jr: Well, is he in control now on the military front? Is he the No. 1 Frenchman?

W: Technically, he is, but by agreement with our people, he placed the military command in the hands of General Giraud.

HM Jr: Yes. Well, did you by any chance hear Murrow's broadcast from London?

W: I did, indeed.

HM Jr: Well, of course, he expressed it much better than I could how I feel. He seemed to know - he seemed to have plenty of backing from England on his broadcast.

W: Well, I think you have got to remember that that is the reflection, of course, of very angry and very active DeGaullists who are moving heaven and earth to get themselves in control. I think you have got to remember that.

HM Jr: Well.....

W: I can only say this in summarizing it that I would not have done it myself, but I think that the men who are actually in command on the spot have got to be given sufficiently free rein to decide these military questions.

HM Jr: No argument about that, but just talking as a citizen now, you can pay too great a price for the French Fleet or whatever they are aiming for.

W: Well, if it was regarded as anything more than a military arrangement, of course, I would be wholeheartedly in agreement with you, and I feel very much the way you do personally. I don't think it should be regarded as more than a temporary expedient.

HM Jr: Well, I hope you are right, Sumner.

W: I think it has got to be done that way. We couldn't possibly accomplish anything else.

HM Jr: It would be terrible.

W: Yeah.

HM Jr: All right, Sumner. Thanks for your answers.

W: Not a bit, Henry. Goodbye.

November 16, 1942  
2:13 p.m.

HMJr: Herbert?

Herbert  
Gaston: Yes.

HMJr: Harry White's been suggesting a man to help me with Public Relations for over six months, and he mentioned it to me again this morning. I can't think of his name for a minute. He's connected with the Babson's organization.

G: I'll talk to....

HMJr: Hill is his name.

G: Uh huh.

HMJr: Will you talk with Harry about it, please?

G: I'll talk to Harry about it, yes.

HMJr: And then you might have a talk with Mr. Hill.

G: Yes.

HMJr: Harry knows him and thinks he's excellent.

G: Uh huh.

HMJr: So if you'd talk with Harry, and then send for this Hill - hello?

G: Yes.

HMJr: Have a talk and see what you think of him.

G: Yes, all right, I'll do that.

HMJr: Thank you.

G: Goodbye.

November 16, 1942  
2:05 p.m.

FINANCING

Present: Mr. Bell  
Mr. Haas  
Mr. Burgess  
Mr. Graves  
Mr. Buffington  
Mrs. Klotz

(Table entitled "December-January Financing"  
handed to the Secretary, copy attached.)

MR. BELL: We go into December with about a billion dollar balance, and we have got a Treasury bill program which will give us six hundred million dollars additional money in December, and two hundred million dollars on that same program in January. We announce that we want two billion dollars from the banks on the seven-eighths percent certificate and two billion dollars on the one and three-quarters percent bond. That gives you, in December, four billion six hundred million dollars from the banks, and two hundred million dollars, as far as the program is projected, for January. Then, funds from non-banking sources - and these are rather wild guesses - one or two of them might be considered. We think you might get as much as seven hundred and fifty million dollars outside of the banks.

H.M.JR: In one month?

MR. BELL: That is all they are open. On the seven-eighths certificate and the one and three-quarters percent bond--

H.M.JR: Together?

MR. BELL: Yes, combined. Doc thinks we might get more than that.

- 2 -

On the tax notes, I think possibly you might get as much as a billion two, with this extensive drive in December, and eight hundred million in January. We had over eight hundred million in the last two months - each of them. So that means upping it about four hundred million dollars for this drive.

The two and a half percent tap we decreased a little. I brought it down to one billion seven hundred and fifty. Doc thinks it is still a little high. We got a billion and a quarter last time. We thought by making it a coupon bond that we would get more than the billion and a quarter. New York has been estimating anywhere from a billion and a half to two billion if it is a coupon bond.

Savings bonds, all three series, is one billion dollars in December. Their estimate is a billion and seventy-five million.

H.M.JR: How much?

MR. BELL: A billion and seventy-five million for December.

H.M.JR: That includes F and G?

MR. BELL: Yes, sir. They are in our financing picture so I had to put it in here if you are going to announce over-all totals.

(Mr. Buffington and Mr. Graves entered the conference.)

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

MR. GRAVES: I was a little under the weather. I am all right now.

H.M.JR: I missed you at nine-thirty.

MR. GRAVES: I was late getting in.

H.M.JR: Can you take it now? What did you do yesterday?

- 3 -

MR. GRAVES: I played golf.

H.M.JR: How many holes?

MR. GRAVES: Eighteen. (Laughter)

H.M.JR: Then I know you are all right. (Laughter)

Don't anybody answer this unless he is a hundred percent sure because this is going to fly right back in your faces - both of you. We have got to put down a minimum, guaranteed, absolute figure. How many E, F, and G bonds do you think we will sell in December and January? Do you want to think about it a minute or two, or do you want to give me an upper and lower - say, "This is absolutely sure, and this is what we might do?" Do it both ways, and then give me the more firm figure tomorrow.

MR. GRAVES: Are you asking me?

H.M.JR: I am asking Harold Graves, who played eighteen holes of golf yesterday. (Laughter)

MR. BURGESS: And keep the score just as honestly as he did yesterday?

H.M.JR: No, I don't want him to play golf with me right now.

MR. BELL: You don't want him to give you a golf score. (Laughter)

H.M.JR: I should have asked him what the score was yesterday.

MR. GRAVES: Very bad. (Laughter)

H.M.JR: You give me an upper and lower. You can say--

MR. GRAVES: For December - of course we have just notified our organization that after the end of November--

H.M.JR: I know, I heard about it. I read the telegram you signed.

- 4 -

MR. GRAVES: But our estimate before that, as perhaps you have been told, was a billion and seventy-five million.

H.M.JR: All right, now, we knock off the seventy-five?

MR. GRAVES: I think that would be a fair - you mean assuming that we go ahead and sell F and G bonds without pushing them.

H.M.JR: Yes, knock off seventy-five.

MR. GRAVES: I would say that would be fair.

H.M.JR: It was two twenty for December.

MR. GRAVES: You mean our quota?

H.M.JR: Yes.

MR. GRAVES: Somewhere in there, I would think.

H.M.JR: But if you knocked off seventy-five?

MR. GRAVES: I think that would be all right.

MR. BURGESS: I think that is about right. That is assuming that these fellows are included in the drive, and I think they will strike a lot of fellows where you say, "The two and a half tap isn't the thing for you; you had better fill up with F and G's."

H.M.JR: If we knock off seventy-five - it was--

MR. GRAVES: I have not that here.

H.M.JR: Who would know in your office?

MR. GRAVES: Nobody but me. I have that on my desk.

H.M.JR: I want this for December and January. Now, you--

(Mr. Graves left the conference.)

- 5 -

MR. BUFFINGTON: I am going to confine my remarks to just F and G's, if I may.

H.M.JR: I don't care about F and G's - what you think--

MR. BUFFINGTON: Well, I cannot estimate E, F, and G's.

H.M.JR: I am not asking you to do either. Now you are jumping the gun on me. (Laughter)

MR. BUFFINGTON: I thought you were asking him that question and now you were going to ask me.

H.M.JR: Do you want to answer it? I wasn't going to ask it at all.

MR. BUFFINGTON: No, I would rather not answer it.

MR. BELL: I want to tell you I have not discussed it with Harold. He got down the two very figures I have got on the sheet. A billion and eight, he put down there.

H.M.JR: Did you look in his drawer? (Laughter)

MR. HAAS: I know his figures.

H.M.JR: You gave them to him?

MR. HAAS: No, it was a billion seventy-five, and the other - January - a billion seven hundred and fifty.

MR. BELL: A billion seven hundred and eighty-five was the January figure.

H.M.JR: What I wanted from you, George, was this; the seven-eighths and the one and three-quarters is for December. What do you think your boys can do?

- 7 -

H.M.JR: Now, just - you say a billion; we have got down seven hundred and fifty, so that is O.K. I won't raise Bell's figures. For the tax notes a billion two and eight hundred million--

MR. BUFFINGTON: I think that is all right.

H.M.JR: Then how about the two and a half tap bond?

MR. BUFFINGTON: Is this over and above the normal for the insurance companies?

MR. BURGESS: No.

MR. BUFFINGTON: This includes them?

H.M.JR: I just want you to see how I treated the Victory Fund Committees. (Laughter)

MR. BUFFINGTON: Two and a half billion.

H.M.JR: Two and a half billion?

MR. BURGESS: Who are you going to sell them to, George?

MR. BUFFINGTON: We are going to sell them to individuals, and whatever we do on those two and a halves we are going to do that much less on the F and G bonds. Now, in that estimate I am taking the opinion of three of the executive managers.

H.M.JR: That takes care of you, doesn't it? The tax notes - what do you say about the tax notes?

MR. BUFFINGTON: One billion two.

H.M.JR: On the seven-eighths, how much?

MR. BUFFINGTON: A half a billion.

H.M.JR: And on the one and three-quarters, you said a half a billion. Then on the two and a half tap, you said two and a half billion, didn't you?

(Mr. Graves reentered the conference.)

- 8 -

MR. BUFFINGTON: Yes.

H.M.JR: Then we come to savings bonds.

MR. BUFFINGTON: I just understood it might be a twenty to twenty-five year.

H.M.JR: What about the tax notes?

MR. BUFFINGTON: Can I have a little variance in the tax note because of the certificates of indebtedness? We have always known--

H.M.JR: I am asking you to do it your way.

MR. BUFFINGTON: I am going to use a billion two.

MR. BELL: For one month - for December?

MR. BUFFINGTON: Yes.

H.M.JR: And how much for January?

MR. BUFFINGTON: A billion.

H.M.JR: Now, let me just see if I have totaled this thing up right. That is four billion seven for December. Is that right?

MR. BELL: Yes, that is right.

H.M.JR: How does it come out - the same?

MR. BURGESS: No, he would have a good deal bigger total than that.

H.M.JR: No, that is all right; that is leaving out the savings bonds, and a billion for January.

Now, Harold, how much for E, F, and G's for December?

MR. GRAVES: We put that figure down at a billion.

- 9 -

H.M.JR: I want to know if that is still all right.

MR. GRAVES: George just said that the other issues involved might cut down on F and G sales. I think, to answer that question, you have to know what other issues were involved.

H.M.JR: You are learning right now. Have you got the same list we are working on?

MR. GRAVES: No, I haven't.

H.M.JR: Bell will give you one. And I want the figure for January. Let me just go back a minute. I think your figures are pretty - you have got nine billion three for January, and you go out of December with four billion eight. On this basis we would raise this much, and go out of January with a billion. That is just about the minimum, isn't it?

MR. BELL: Yes. Then you would have another financing the early part of February - the beginning of the month. Of course, you could have some more bill financing, which would relieve this down here on the end.

H.M.JR: Burgess was a little sceptical on a billion seven hundred and fifty, wasn't he?

MR. BELL: Yes.

MR. BURGESS: I don't know who is going to buy those, I confess. I don't think you can sell many of those to individuals. If they have already bought their F and G's it means they are in an upper income tax bracket, and the amount of yield they get out of those - it doesn't justify taking those. I think you can sell them some one and three-quarters and seven-eighths.

MR. BUFFINGTON: The reason I asked--

H.M.JR: Who has these things now? You have one (chart). Burgess and I have an understanding; he is personally responsible that nothing gets out of here before my press conference.

- 10 -

MR. BELL: You are not going to give out anything, today?

H.M.JR: I don't expect to give out anything before Thursday. Who are these other two members in town?

MR. BURGESS: Bob Fleming and Ned Brown.

H.M.JR: What are they doing here?

MR. BELL: They are here on the Federal Advisory Committee which meets once a month, or something like that.

H.M.JR: Why couldn't we do this - I don't think there will be anything more today - you could tell them what happened, and pledge them to the same secrecy, and why couldn't I see the three of you at ten tomorrow morning?

MR. BURGESS: All right, fine.

H.M.JR: Don't you think so?

MR. BELL: That is all right.

MR. BURGESS: I can get together with them this evening and go over everything with them.

H.M.JR: Now, I told Kuhn to see you; I want to announce the additional names of this ABA Committee.

MR. BELL: He has the names.

MR. BUFFINGTON: May I ask one more question? When you asked Harold about the F and G's, we are assuming that we are not in any way going to press the sale of F and G's. I think that, as far as the Victory Fund Committee's effort is concerned, the sale of F and G's is not going to exceed two hundred million a month for those two months; and maybe considerably less than that. These securities people, therefore, have raised their sights on this tap issue.

- 11 -

H.M.JR: Well, the point is this; I am going to let you (Buffington) call up some of your people so I can have an answer tomorrow morning, and within this group - funds from non-banking sources - I want a minimum and a maximum that they think they can give me for December and January, and I want the same from Graves.

MR. BUFFINGTON: Only December on the seven-eighths and the one and three-quarters, and December and January on the tax notes and the tap issue in December.

H.M.JR: I want a minimum and a maximum.

I have got to stop, now.

MR. GRAVES: When would you like us to report that - tomorrow morning?

H.M.JR: Get the wires in so that in the forenoon - it will be in the forenoon - I am doing nothing but this tomorrow up until eleven-thirty.

MR. BURGESS: Good.

H.M.JR: But I will be buzzing for you all afternoon. You are in, aren't you?

MR. GRAVES: Yes.

H.M.JR: I would like Mr. Bell to stay.

MR. BELL: I still question whether we want to give out the total.

H.M.JR: That is this next group that is coming in to advise me on this thing.

DECEMBER - JANUARY FINANCING

(In millions of dollars)

	DECEMBER	JANUARY	TOTAL
Balance at beginning of period ...	1,000	4,800	
Funds from banks --			
Treasury bills	600	200	800
7/8% Certificate	2,000	-	2,000
1-3/4% Treasury bond	2,000	-	2,000
	4,600	200	4,800
Funds from non-banking sources			
7/8% C/1 and 1-3/4% bond	750	-	750
Tax notes	1,200	800	2,000
2-1/2% "top" bond	1,750	-	1,750
Savings Bonds (E, F, and G)	1,000	1,800	2,800
	4,700	2,600	7,300
	9,300	2,800	12,100
Balance at end of period	4,800	1,000	

November 16, 1942  
2:35 p.m.

FINANCING

Present: Mr. Bell  
Mr. Bathrick  
Mr. Grant  
Mr. Kuhn  
Mrs. Klotz

H.M.JR: We worked your man (Bathrick) last week.

MR. KUHN: He had twelve hours straight.

MR. GRANT: I told you he would come over and do anything he could.

H.M.JR: Got any ideas, either of you?

MR. GRANT: Yes, I have the idea that I want to find out what it is all about tomorrow.

H.M.JR: Is that all? (Laughter)

MR. GRANT: I have always believed in investigating before you begin to approach, so Wednesday is investigating day for me. I will be in New York tomorrow.

H.M.JR: Well, this is the way the thing is shaping up; this is the way I feel as of today - let me state the problem. I have press at four o'clock, and I have to say something, I think. I meet with them twice a week, Mondays and Thursdays. During the month of December we want to borrow from the banks four billion six hundred million dollars, and from non-banking sources we want to borrow four billion seven hundred million dollars, or a total of about nine billion three.

Now, we want to do enough financing so it will take us to February 1, you see. We will also be having bills

- 2 -

for sale, and tax notes and savings bonds, but that part does not really - it is the December thing which interests you the most, I think. So, it is four billion six from the banks and four billion seven from the non-banking, the way it stacks up right now. These figures are subject to a change of five percent either way, roughly nine, three.

Now the thing that is running through my mind is this, that we hope that on November 30 we can offer to the non-banking investing public these different securities which I have here, one-year notes, a short bond, a long bond, a tax note, and our regular war savings bond, having it in mind that the thing would run about three weeks, though I would not say so, because--

MR. GRANT: You have from now until Christmas--

H.M.JR: Which would close on the 19th of December, which is just one week before Christmas, the 19th being Saturday. I don't want to get mixed up in the Christmas season - not for this. We also thought - this is a Monday, November 30 - the following Monday is December 7, the anniversary of Pearl Harbor, and we thought on that day we would offer these two issues of two billion each to the banks.

Heretofore we have had it open two days. This time we think we will leave it open four days, with the understanding with the American Bankers that the patriotic fellow will come in on Pearl Harbor Day and then that will give us three days to go after the fellows that did not come in. I have talked with some of our Federal Reserve Bank presidents, and they are all enthusiastic about the extra three days; that gives them plenty of time, they say.

MR. GRANT: Are you all in agreement on a rate?

H.M.JR: As to rates?

MR. GRANT: Yes.

- 3 -

H.M.JR: We are not in agreement as to quite how long they should run; some say twenty to twenty-five year bond, some say thirty year bond, but that will be settled before Wednesday. By the time you come in Wednesday, that will be settled. I mean, it is in the works now. By the time you people are here Wednesday, the thing will have jelled and it will be settled.

Now, we have got what the coupon should be, but not how long it should be.

MR. BELL: That is right.

H.M.JR: We will settle that by tomorrow, or as my daughter says, "Bust a gut in the process." (Laughter)

MR. BATHRICK: What day is December ??

MR. GRANT: Monday.

H.M.JR: I was thinking we might as well offer that now. I want to explain that we here and the people I talked with have one idea, and this is where you sales-minded fellows come in - we are talking in terms of nine billion plus. We thought for the whole - we would like to announce the whole thing to the public at press on Thursday, have the thing written Thursday morning and Thursday night; at the latest, Friday.

MR. GRANT: This coming Thursday?

H.M.JR: This week. I mean, so the newspapers have it - I mean, so far - did you see the New York Times? I don't know what has happened to them.

MR. GRANT: I didn't get to read my clippings this morning.

MR. KUHN: There was a good article - the Tribune had a good one, except for one error.

H.M.JR: This is the thing which - it isn't bothering me, but it is bothering Ecoles and the Federal Reserve.

- 4 -

What he wants to say is that we are going to go out, say, for nine billion dollars, and what the public does not take the banks will. What I want to say is that we are going to offer the banks four billion dollars, that we need a minimum of nine, and we will take as much more as we can get. Now, there is quite a difference. If it is nine billion, then I will satisfy myself it is in the bag before I say it. If it isn't in the bag, I am not going to say it. I mean, I have got everybody sweating blood around here to give me the minimum figure which they think they can make good on. Eccles wanted to set up a figure of about thirteen billion dollars to shoot for, and say, "What the public doesn't take, the banks will." I want to squeeze all the water out and say it is nine billion dollars. What we get over and above that, fine.

MR. GRANT: On the five, what the public will take, do war bonds get added into that?

H.M.JR: War bonds is in that for December to the tune of a billion dollars; and on account of the switch in F and G's, we knocked off seventy-five million dollars. We just automatically took it off and said that war bonds is in that for a billion.

MR. GRANT: And the other four billion that the public will have to come in for, will that be of the same type that the bank takes or will they be different issues?

H.M.JR: Here are our most confidential and secret figures. If you don't understand them, Bell can explain them. (Table entitled "December-January Financing" handed to Mr. Grant.)

MR. BELL: We will sell seven-eighths percent certificates and one and three-quarters percent bonds to the public to the extent of seven hundred and fifty million dollars during December. We will sell a billion two of tax notes, a billion seven fifty of tap bonds, and a billion--

- 5 -

MR. GRANT: I don't understand that expression "tap."

MR. BELL: That is a security that is on sale continuously for the three-week period and the banks cannot buy it.

MR. GRANT: Then that is strictly the public. Then you have got the war bonds--

MR. BELL: ... and tax notes.

H.M.JR: But everybody is working here to give me a figure which will be, we think, an irreducible figure: first, that we have got to get, and second, that we can get. There is so much that we have to get, you see.

MR. GRANT: On account of our unfamiliarity with some of this, I presume tomorrow when we have our meeting we will have a chance to ask Mr. Bell and Mr. Kuhn some pointed questions on the things that are vital for us to know that we don't know very well yet.

H.M.JR: Not only that, but the ABA has given me three very able fellows who are going to sit here. They are, Randolph Burgess, who used to be vice president of the Federal Reserve of New York. He is now vice chairman of the National City Bank, and he is head of the economic policy thing of the American Bankers. He is here in the Treasury now. They have also given me Edward Brown, president of the First National of Chicago, one of the ablest bankers in the country, plus Bob Fleming of the Riggs.

MR. GRANT: In Washington?

H.M.JR: In Washington. Those fellows know this thing, and they all know the Treasury, which is important. They will be available all day today, tomorrow, and

- 6 -

Wednesday, and as long as I need them. Those boys know our problem. I mean, they have worked with it over a long period.

MR. GRANT: Who is going to be responsible for the set-up of our meeting on Wednesday?

MR. KUHN: I am.

MR. GRANT: Then we can talk a few minutes to you about the strategy of the meeting and the form it will take?

MR. KUHN: Yes.

MR. GRANT: You see, I am used to working with these fellows, and I want to see that the form is of the type that they lick up pretty fast.

H.M.JR: Well now, what do you mean, Ferdie, when you point to yourself?

MR. KUHN: I meant myself and Mr. Bathrick.

MR. GRANT: I am interested in the routine of the meeting that we have tomorrow.

MR. KUHN: You mean who is going to speak first and what kind of information do they want? You remember, you asked me to sit down with Mr. Bathrick and find out what kind of information this committee would want.

MR. GRANT: For instance, when we begin to sell anything, what we want to know is the potential of the various areas we are going to sell to. We want to find out tomorrow - does the Treasury Department have a good sense of proportion as to the various areas? I brought a statistician with me; and in the event a little sales slant needs to be given to your statistics, we can whip certain things into the shape that a bunch of salesmen could use.

H.M.JR: Let me think out loud for a minute. What time do these men--

- 7 -

MR. BATHRICK: Eleven o'clock Wednesday morning.

MR. GRANT: We are going to have a meeting in my office first and give them our slant of the thing, and then they will come over to the eleven o'clock meeting.

H.M.JR: That is here with me?

MR. GRANT. Yes, that is right. Then at that eleven o'clock meeting I should like to get them sufficiently oriented so that after the meeting we can sit down and begin to formulate how we feel we can be of service.

H.M.JR: Mr. Grant, we will have everybody in my room at eleven o'clock who can possibly answer any question that you would want to know.

MR. BATHRICK: If I may interject here just a moment - you might think this is funny, but Mr. Grant just got in town at twelve o'clock, and I haven't had much of a chance to discuss it with him either. But Mr. Kuhn and I sat down last Thursday and Friday and did just what you are talking about now from the standpoint of what information we want and how it would be presented. I think Mr. Kuhn and Mr. Buffington and some other gentleman were in there, and the statistics and the facts that you will want are all pretty much lined up in chronological order.

MR. GRANT: Good. We have got a committee made up of some good sales talent, and I am talking in the interests of feeding to them by this meeting the things that they will need to have in order that we can sit down after the meeting and say, "Now how can we help the Treasury Department?"

H.M.JR: One of the things which I think somebody ought to know in advance of that - are you staying, or are you leaving town again?

MR. BATHRICK: No, sir, I am staying.

- 8 -

H.M.JR: Let me make this suggestion because I can't absorb it - I wonder if you couldn't possibly, or bring one of these men down here with you - that is what is in the works with radio, magazines, and newspapers for the rest of the year with war savings bonds. It is supposed to be all here. (Indicating file prepared by Mr. Callahan.) Couldn't you absorb that by, say, tomorrow if you can be here?

MR. BATHRICK: Yes, sir.

H.M.JR: I think if you would have that so that when they say, "Let's do something on the radio," or something or this or that, that you will know what is already scheduled for war savings bonds, and it is supposed to be all in this book here.

MR. GRANT: Yes, this is a good idea.

H.M.JR: I had it prepared by Callahan. I was going to read it tonight. Maybe you can get one. But at least you will know what is in the works.

MR. KUHN: I have one in my office.

H.M.JR: What else? Tell me the kind of things you want to know. If we haven't got them, we will get them.

MR. GRANT: I would first like to say this. This committee is made up of very busy men, Bob Wilson of Rubber. He is full of all kinds of business on account of the rubber situation, and so forth. This man from Macy's is a very busy man. And different men on the committee - but if we are going to have talent, we have got to have talent that is busy, because there isn't much talent that isn't busy.

Now, my idea of this committee is that we will meet, say, once a week, to consider how we can help; but, in the meantime Mr. Bathrick and I will be here. I am not going away again until Thanksgiving, so I can concentrate

- 9 -

from now until Thanksgiving. Consequently, if we had another member who would stay with us, if I can get these members to give up a week and rotate, we could always have three men who were gathering the facts for the balance of the committee. We only want the committee at intervals, like once a week or once in two weeks, later, when they can give consideration to what the people working actively on it think ought to be done. That is the check on us to see that we are thinking straight. So for this first meeting, we will distinctly want to know what is going to be sold. That is the very thing - then we will want to know the advertising back-up. So if Don digests and synopsisizes what it is we are going to do in the way of advertising, that immediately gives to these men the knowledge of what the back-up of the selling effort will be. Then after we know what it is, we are going to sell, if we can look at the potentials of where it can be sold, how much in New York, how much in Wyoming, and this, that, and the other thing.

Then, probably later we want to get a further slant to help the committee when we might want to send a field observer out to a few typical towns and say, "Now how are they in these towns selling bonds? Does it look efficient to you, or does something need to be done?" Then from what he gathers in, we will begin to crystallize our thinking, and the first thing you know we may turn up with something that may be valuable as to the direction it ought to take.

H.M.JR: Well, as I told you when you came in, I want help, and I want constructive criticism. We are undertaking something which is different than has ever been done before on account of two things which I think you have got to keep in mind. When the SEC came into it - the Pecora commission - they stopped the banks from selling securities. I mean, let's go back a little. So, the banks are no more - whatever sales organizations they had were divorced in '33 or '34. That is out.

Now, we are working through this so-called Victory Fund Committee with what is left of the investment

- 10 -

bankers industry, which is not too good. I mean, they have starved so long, so there is a handicap in that way. Gawd, they are willing; they gave me an example of - what was that concern in Chicago?

MR. BELL: Becker.

H.M.JR: A. G. Becker in Chicago stayed open on Armistice Day and sold - eighty odd salesmen sold ten million dollars worth of Government bonds, which is wonderful. They just had everybody coming on Armistice Day. I am just citing that they are terribly willing.

Now, again, it takes a different kind of publicity. I am not sure just what kind it does take, but it does take a different kind of publicity.

The other thing I want to ask you - as I understand it from the Advertising Council - you check me on this, Ferdie - there are three different advertising agencies that have been working with the Treasury.

MR. KUHN: Right.

H.M.JR: And those three agencies will be here on Wednesday.

MR. KUHN: Three agencies have been working on other than war bonds, that is, on the tax notes of series A and C and on the taps - on the F and G's, pardon me. On the F and G's and on the A notes--

H.M.JR: It is Albert Frank, and--

MR. KUHN: Doremus and Company, who are primarily financial agencies, and Ryan and Pedlar, which is a consumer agency, have been working on the series A tax notes. They have quite a lot of stuff in the works, and they are going to be here Wednesday.

H.M.JR: And the men who are actually working would - do I understand correctly that they will go to Mr. Grant's office before they come here?

- 11 -

MR. GRANT: No, just the committee that you asked me to form. The six men will come over here and meet with these other men who have a date here.

H.M.JR: At eleven so that you will meet here - the two committees will meet here at eleven?

MR. GRANT: That is right; but this committee of mine never having been together, I wanted to have a few words with them before they came over here. I have a couple of men that say to me that they will serve if after this meeting they can get an idea of what it is they can contribute, and they want to know a little bit about what it is they are supposed to do. I want to talk to them a little in advance to get them sold on really giving us a lift on this.

H.M.JR: Then they haven't definitely accepted, so I don't want to say anything public until after Wednesday.

MR. GRANT: Yes, I think it would be fine if it suited your plans - you had a release about me - if we could hold the release on these men until after our Wednesday meeting and still talk about them in general terms. I think it would be all right to release it on Thursday.

H.M.JR: You didn't mind, about you?

MR. GRANT: Not a bit, but I am not - I am an old stager at releases, but some of these fellows are a little gun-shy, and they want to know if they are really in it before it is announced that they are in it.

MR. KUHN: I can tell you some time what Mr. Bathrick and I were working out in a rough way for Wednesday.

H.M.JR: Do it now.

MR. KUHN: Mr. Bathrick suggested that this ought to be an all-day session to go into all phases of what we are doing. You should start it off, and then we would

- 12 -

go down to the conference room downstairs and have, I hope, Dan, or somebody else qualified, talk about the general financial problem here, briefly. Then in the morning, so that we know what is already in the works, so that they don't imagine that we are starting from scratch, have Ted Gamble in there to tell them everything they want to know about what is in the works now on the war bonds, so that they get that picture. Then after lunch, which we will have here in the Treasury, we will take up one by one the securities to be sold outside the war bonds; we will take up the tax notes, the tap, and talk about the characteristics of the security and the kind of market we are going to appeal to. We will have plenty of time for questions.

MR. GRANT: Pardon me - if you have two selling forces like this Victory crowd and the War Bond crowd, we need to explain what each one is doing so these men will have a clear picture of what the activity already is. Then we want a - will McClintock be here?

MR. KUHN: Thomas will be here.

MR. GRANT: Then we should have a short explanation of just how the Council functions, and I hope that we will have team play with that Council, because the ordinary method of doing business is for the sales manager to know what he wants to advertise and get the advertising department to do it. When you can't do that, as in this case - and we don't want to do that - then you should have proper team play so we know what McClintock's crowd is thinking about to see if our thinking meshes in with theirs, and we want the opportunity of discussing what the strategy should be.

H.M.JR: Well, here is the thing - it is a little bit different. You can't quite compare it to automobiles, because I know that for December I need so much money and it is nine billion dollars plus. I need it, and I have got to get it.

Now, I have divided it up, so much between the banks and so much between the non-banks. Between now and

- 13 -

Wednesday I will know that I have to add to the banks so many billions and so many from the public. I know that my total has got to be nine billion plus, right?

MR. BELL: That is right.

MR. GRANT: Do I understand correctly that our end of it will be wholly confined to the public absorption of these things? When it comes to how to sell to banks, that is a highly technical affair; we would have to - we don't know how to sell to banks.

H.M.JR: Let's say for the start that you help me with the public.

MR. GRANT: I would rather concentrate right on one thing.

H.M.JR: You help me with the public. The bank thins is both easy and more difficult, but that is not what I asked you in here for; it is the public.

MR. GRANT: That is very satisfactory to us. Then we can concentrate right on one thing.

H.M.JR: But it is a little bit different. I know Mr. Knudsen told me when he talked about a model that he would analyze his market and then he would say, "I will build so many cars." He said that you (Grant) and he would do it. He told me - I used to see a lot of him in the old days - I mean a couple of years ago - he said he would see what the market would take - how many Chevrolet cars he could sell, and you and he would go out and decide.

Here I have got to have nine billion dollars. Now, I will try to have the best estimates I can make - a minimum of what I think I can sell, what the public will take. Then I have to get you fellows to help me bring it to the attention of the public.

MR. GRANT: And it is my personal impression that you will sell more to the banks if it is understood that

- 14 -

we are out, because they all know that we don't know anything about selling to banks, but we do know about selling to the public. That has been our life job.

H.M.JR: Right. This thing I do want - I don't know whether it has been made plain - on the approach to the public - after all, it is the Treasury Department, and I want you to help me knit as closely as possible the approach of these two sales organizations. I think it is important that these two sales organizations, the War Bond and the Victory Fund, dovetail as much as possible. I think that is important.

MR. KUHN: That will be helped by Wednesday's description of how they function in their respective fields.

H.M.JR: I think that is very important, that those two organizations dovetail much more in the future than they have in the past. You sat in; you heard both.

MR. BATHRICK: Yes, sir. I think this, Mr. Secretary that this committee will be just as confused as I was last Monday when I came over here. So in talking to Ferdie I made a point to listen to all of the things that confused me and that I wanted to clear up, and I figured that they will catch on - they at least won't be as dumb as I was, perhaps. So we will have all of the bases covered as to what this committee would want to do as a selling job. You have two jobs, a fire call for December, and then you have the long-haul job to do, and it divides itself to me very clearly into those two categories.

MR. GRANT: There is something on my mind that I would like to - my boy and a partner have a small investment banking company in Dayton, and he told me that people of that kind had gotten away to a good start on some kind of bond selling, and then it was checked off for some reason or other. Does that mean anything to you?

MR. KUHN: Is he talking about the F and G's?

- 15 -

MR. GRANT: Did you have an activity that was going and then it was checked?

MR. BELL: Yes. They were going just like a house afire, I understand, in Cleveland in arranging for this December drive on the F and G bonds. I think that is what he has in mind. They were going around getting all of the people in that territory, even the investment bankers and some of the members of the Victory Fund Committee, to help out the War Savings Staff in December on this drive. I expect that is what he means.

MR. GRANT: Probably.

MR. BATHRICK: They were taken off the list of what we know of as a distributor.

MR. GRANT: I was wondering whether the Victory crowd - do they know about that? I was wondering if there was a piece of business there that you had pretty nearly up to a climax, and then didn't get the benefit out of that might be resumed again. We can find that out.

H.M.JR: I spent a week on that, you see, and we decided that the Victory Fund Committee - it has been going on for six months - that the Victory Fund Committee could handle that thing better than the other. Didn't you listen to a lot of that?

MR. BATHRICK: Yes, sir.

H.M.JR: Didn't you hear that for hours on end?

MR. BATHRICK: Yes, sir.

H.M.JR: Whatever the decision is, it has been made. But if your son is in the investment banking business, then he will be able to sell the F and G, but he will be working for a different sub-boss. That is the only difference.

- 16 -

MR. GRANT: As we go along, we can analyze.

MR. KUHN: I can explain that to you.

MR. GRANT: There is something there, but we can get into that as we go along, because I think every little bit helps - an all-out in this activity. If they can sell a few millions of bonds, we might as well have them in the fold.

H.M.JR: He will be in the fold, but he will be working on the Victory Fund side instead of working for the State administrator of War Bonds; that is the only thing.

MR. KUHN: I would like to have Tickton there on Wednesday for that whole business.

H.M.JR: What I am going to do is - when these men go, I am sending for Tickton. I am going to have him prepare some posters and literature for you people, let them put them up on some kind of displays.

MR. KUHN: We are already doing that to some extent. You know that listing of all the Government securities that was put out by George Buffington's people, a table - that is being blown up in big size.

MR. BATHRICK: Whenever any one of these issues is mentioned, rather than having to thumb through a book, they can look on the wall and see what they are talking about.

H.M.JR: You will save me if you will talk to Tickton and have something ready in answer to the questions.

MR. KUHN: I just want Tickton to have whatever charts he has got, whatever books of reference, so that when statistical matters come up we can call on him.

MR. GRANT: Is he the statistician?

- 17 -

MR. KUHN: Yes.

MR. GRANT: And who is the statistician I met in an office here one day who used to be a professor at Cornell?

MR. KUHN: Russell Ray.

MR. BATHRICK: It was Odegard from Amherst.

MR. KUHN: He is not a statistician.

MR. BELL: There is one thing that worries me. Mr. Grant said that you and he had gotten together an agenda or list of things to discuss, and one of them was the potential people that you would reach. Have you got that?

MR. KUHN: I haven't gotten that information.

MR. BELL: Who is getting it?

MR. KUHN: Buffington and George Hobbs for the Victory Fund Committee, and Ted Gamble.

MR. BATHRICK: Plus one other thing, if I can interject here. I sensed, and only from the lack of time, because I want to repeat that I think you have done a remarkable job around here with the tools you had to do it with - and I talked it over with Ferdie. We would like to bring in a man whom Mr. Grant brought back with him who could browse around here and have access to this committee.

MR. GRANT: A sales statistician. He knows what a set of sales managers needs, because he works for five of them simultaneously - what they need laid in front of them.

H.M. JR: Well now, couldn't he, Mr. Grant, be working today and tomorrow, Tuesday, to get this ready? If

- 18 -

he would meet with my man Tickton, he could have ready for you Wednesday the stuff that you want.

MR. GRANT: I think we can do it better after the meeting when-it comes out what the job is, and then he will say right away what you need on that job. He and I talk the same language and right away we can agree on what we need. I don't think that we would gain a bit of time if he were working now.

MR. BATHRICK: Mr. Secretary, I think there will be enough stuff available for the first meeting.

H.M.JR: All right.

November 16, 1942  
3:20 p.m.

### FINANCING

Present: Mr. Bell  
Mr. Gaston  
Mr. Buffington  
Mr. Kuhn  
Mr. Graves  
Mr. Gamble  
Mr. Tickton  
Mrs. Klotz

H.M.JR: Herbert, you are going to get this a little cold and I want you to get it cold and then you won't be prejudiced. I will address this to you.

I have a press conference at four o'clock. It will take me a minute or two to give you a background. Confidential figures are, roughly, that for December I have got to raise a little over nine billion dollars, and it looks as though about half of that will come from the banks and half of it from non-banking.

The way it is running now, it looks as though by Wednesday night or Thursday morning we will be able to announce the details. Is that right?

MR. BELL: I think so.

H.M.JR: I mean, the way we are running. Is that right, Dan?

MR. BELL: Yes, sir.

H.M.JR: Now, at my four o'clock press conference I really have nothing to say. I did not get anything out of these people. I had hoped to get something. They had not talked to each other. I put this thing up to them and I didn't get anything. (Referring to meeting with Mr. Grant and Mr. Bathrick.)

- 2 -

Let me just put this thing to you, whether I should say this now or Thursday. What we here in the Treasury feel, if our figures are correct - we know how much we have to raise and we think it is nine billion dollars in December - the way Bell and I feel is, to say something like this, that we have got to raise nine billion dollars in December and about half of it is coming from banks and half from the non-banking sources. We are checking to make sure that we can raise that - I mean, fifty-fifty from the banks and non-banks. We don't know yet. We may have to increase the banking source.

Eccles wants us to say that we are going to raise about eleven billion dollars and what we don't raise from the public we are going to raise from the banks. Is that the way?

MR. BELL: That is the essence. I think he put it a little differently. He would say that what we want in December is eight billion dollars, and then he would say that what we don't get from the public we will take from the banks. He would like to leave that certificate of indebtedness we have on this group over for January.

H.M.JR: Don't complicate it. Using my figures--

MR. BELL: He is close to the ten or eleven billion dollars, taking December and January.

H.M.JR: You are making it difficult. Let me put it--

MR. BELL: I want to be fair to Eccles.

H.M.JR: Why be fair to Eccles? (Laughter)

MR. BELL: He put up eight billion dollars to you and then left January as another place in which you could finance, whereas we are trying to skip January. But I think, on the two months, that eleven billion dollars is about correct for his total.

- 3 -

H.M.JR: How would he put it if he could put it?

MR. BELL: He would talk just about the eight billion dollars for this present financing and we would take everything from the banks that we did not get from the public after we were through with the public drive. That is the way he put it.

H.M.JR: Now, the way I am putting it, I am announcing beforehand that we get so much from the public and so much from the banks.

MR. BELL: You are announcing before--

H.M.JR: Does it make sense to you what we are trying to say?

MR. GASTON: I knew you were going to have a big financing. The question is whether you give beforehand a statement of how much you will take from the banks and how much from the public.

I just don't see the reason for saying that you are going to get so much from the banks and so much from the public. I would rather let it rest on the fact that you have a big financing, that you are going to make every possible effort to comb all sources of money and get all you can from non-commercial banking sources.

H.M.JR: And what we don't get from there we get from the banks.

MR. GASTON: That is obvious. I don't think you need to say that.

MR. KUHN: Were you thinking of announcing these figures, today?

H.M.JR: No.

MR. GASTON: You weren't thinking of announcing the figures today?

- 4 -

H.M.JR: I don't know. After this meeting with Grant - I mean, he had nothing - not only he had nothing, but he had confusion. I think I had better say that I am not ready, but I will be ready the end of this week.

MR. BELL: Just say that we are making progress on the financing and are not ready to give totals.

MR. GASTON: Do they know we are going to have a big financing?

MR. KUHN: "Unprecedented" was the word used last week.

MRS. KLOTZ: Didn't you, at your last press conference, say you might give them something before the end of the week?

H.M.JR: I said I would have something for them this week.

MRS. KLOTZ: I got the impression that you would have something today.

MR. KUHN: You didn't make that a real promise to them.

H.M.JR: No, not today. I have carefully said--

MRS. KLOTZ: Before Thursday.

MR. BELL: I thought you said Tuesday night, I am not sure. Tuesday night, I think you said.

MR. KUHN: I don't think you have to announce figures today, Mr. Secretary, or tell them anything.

MR. GASTON: You are obviously not ready to announce the full details of the financing. You could give them an idea of the total.

- 5 -

I am afraid. No, we don't know, because these boys are - you are phoning, aren't you, and you are thinking about it?

MR. GRAVES: Yes.

MR. BUFFINGTON: Yes.

H.M.JR: I won't know the total before tomorrow.

MR. BELL: As much as you could give them today would be the types of securities that are going to be in this drive. That is as much as you could give them.

H.M.JR: I am not ready on that. I don't think I will give them anything.

MR. BELL: I think that is better.

MR. KUHN: Don't spoil the announcement that you are going to make in detail by giving out little bits.

MR. GASTON: It isn't so much a news story we are looking for as it is preparing people for a very big financing.

MR. KUHN: There is going to be ten days between the time of the announcement and the time the drive begins, in which they will be prepared.

MR. BELL: If you announce it Thursday, it won't open until Monday, the 30th.

MR. GASTON: Of course, that would seem to be time enough. I don't think you have anything to say today. They will ask you questions, certainly, and say, "We are still working; we have none of the details worked out that I can give you."

(Mr. Gamble and Mr. Tickton entered the conference.)

H.M.JR: Then I think we will say nothing, Dan.

- 6 -

MR. BELL: I think that is right.

H.M.JR: What is going on over in Eccles' shop?

MR. BELL: The Federal advisory group is meeting all day today.

(The Secretary held a telephone conversation with Mr. Schwarz.)

H.M.JR: He said that I said early next week.

Just so we are all together, you fellows for war bonds and you for the Victory Fund, as I understand it - I just had Grant and Bathrick in here, and Bathrick and Kuhn seemed to understand each other, but Grant did not because he didn't talk to Bathrick.

On Wednesday there will be these five or six sales managers coming in here at eleven o'clock. They will be in the Chart Room. There will be these three advertising agencies who have been working with the Treasury on matters other than war bonds.

Now, I would like to have prepared - let's center it in Tickton - anything and everything that these fellows might want to ask, including what the campaigns are that War Bonds has in process during December and January. I asked for schedules. I don't think this gives me the schedules. (Referring to schedule of War Bond programs prepared by Mr. Callahan) I asked for newspapers - this is all radio.

MR. KUHN: They have everything in there.

MR. GAMBLE: Everything they know about is in there.

MR. KUHN: Magazines, newspapers, letters to editorial writers--

H.M.JR: It is all radio advertising.

- 7 -

MR. GAMBLE: We have finished the presentation. It is all ready for these people. Mr. Tickton has been on it for three days.

H.M.JR: It is ready?

MR. GAMBLE: Yes, sir.

H.M.JR: How about you?

MR. BUFFINGTON: We have our material. Tickton is working on part of it, and what he is not handling we are handling in my office.

H.M.JR: I would like to have it shown to me before they see it.

MR. TICKTON: I will have all the charts blown up, if not in color, certainly in black and white, tomorrow night.

H.M.JR: When?

MR. TICKTON: Any time tomorrow afternoon - late tomorrow afternoon. You will find more in color at five o'clock than two.

H.M.JR: I will give you until four o'clock.

MR. TICKTON: All right, fine.

H.M.JR: Anybody in the room, or anyone who is interested, we will meet in the Chart Room at four o'clock to have a trial run. I think it would be good to have Bathrick here.

MR. KUHN: I think so.

H.M.JR: Will you take care of that?

MR. KUHN: I will.

- 8 -

MR. GAMBLE: A good part of this is going to be done verbally - or orally - Mr. Secretary, but we have charts to support our story.

H.M.JR: Let's just see what you have got. What I have told them is that we have got to have these things flow together, so we are not competing - so that they all dovetail.

MR. KUHN: Dan, would you be available in the afternoon of Wednesday when they get back onto the discussion of these new securities, so that you could be there for any questions?

MR. BELL: Yes.

MR. KUHN: I do not think it would be so necessary for most of the morning, which would be on the War Bonds.

MR. BELL: If they get into securities I will be available - for amounts and types - I will be available.

H.M.JR: When you look at this thing here - it is practically all radio.

MR. KUHN: It just takes up more room on the paper because they have got individual programs.

MR. GAMBLE: For this particular presentation they are going to see copies of the ads. They will be given the whole story by Callahan. He, likewise, is preparing material to show them in chart form. Bathrick asked that we make as much of it visual as we could.

H.M.JR: When does Odegard get back?

MR. GAMBLE: Tomorrow morning.

H.M.JR: What part will he play in this?

MR. GAMBLE: Well, it wasn't contemplated he would play any other than to pass on the material.

H.M.JR: Is he in charge of publicity for War Bonds?

MR. GAMBLE: They were not so much interested - that is, Bathrick said we should make it as brief as possible. We had a meeting with Kuhn, Bathrick, Buffington, Hobbs, and myself, to discuss what Bathrick wanted these people to see and hear. We have laid it out according to his recommendation.

MR. KUHN: That is, they did not want the kind of stuff on schools, on women, on farmers - they wanted the pay-roll savings thing, for example, and I thought it would be best if the War Bond thing were to be concentrated in Ted, and Ted could tell them that story. There is no need of going over all those other things.

H.M.JR: Well, anyway, I want to be the guinea pig tomorrow at four o'clock; and certainly in an hour you ought to be able to cover it.

MR. KUHN: Bathrick said he did want all day Wednesday, and he said it might go over until Thursday. We were not thinking as ambitiously as that, but he seems to want it.

H.M.JR: Well, then, we will start in the first thing tomorrow morning. Have those telegrams come in?

MR. BELL: No. Maybe they have come in since I have been in here.

H.M.JR: We are coming along all right, don't you think so?

MR. BELL: I think we are on the road. We are getting started.

H.M.JR: I am seeing Burgess and the other two men at ten o'clock in the morning. I expect to see you fellows before then.

MR. BUFFINGTON: Do you want those publicity people for the Victory Fund Committee down the end of this week? You remember that wire - We have gotten in most of the replies and they are only going to send the key men, one from each district, down. I think if we had them about Friday we would be in better shape than having them earlier.

H.M.JR: Let them stay Friday and Saturday.

MR. BELL: They ought to get home the first of the week to get started.

H.M.JR: O.K.

November 16, 1942  
4:45 p.m.

Operator: Mr. Bell.

Daniel  
Bell: Hello.

HMJr: Bell?

B: Yes.

HMJr: When they get ready to print this tap issue -  
hello?

B: Yes.

HMJr: My feeling is they should not put anything below  
a five hundred dollar denomination.

B: Below a five hundred?

HMJr: Yeah, five hundred would be the smallest.

B: (Laughs) That will be very pleasing.

HMJr: What?

B: That will be very pleasing.

HMJr: Pleasing to whom?

B: Oh, the printer and the Public Debt service....

HMJr: Well....

B: ....the Federal Reserve Banks that handle it.

HMJr: ....I wasn't thinking of them. I was thinking of  
the War Savings crowd.

B: Yeah, well, that's - that's right. I was thinking  
of going down no lower than a hundred.

HMJr: Pardon?

B: I was thinking of going no lower than a hundred.

HMJr: No, I - I think....

- 2 -

B: Because they have the twenty-five and the fifty, see, and....

HMJr: No, I think five hundred.

B: Five hundred, huh?

HMJr: Yeah, and that makes a clean cut, and it'll - and - and I think that that's the least I could do for the War Savings.

B: Okay. I - I think you're all right.

HMJr: What?

B: I don't think it will do any harm.

HMJr: You don't think it will do any?

B: No, no, I wouldn't worry about it.

HMJr: Well, will you issue an order on that?

B: Yeah. They haven't got that anyhow yet. They won't print until I give them instructions.

HMJr: Well, five hundred is the smallest.

B: Okay.

HMJr: Thank you.

B: So long.

Comments on Proposed Issues of Government Securities  
 Made by Presidents of Four Federal Reserve Banks  
 November 17, 1942

Bank and President or Officer	Suggested Maturity for 1-3/4% Security	Suggested Maturity For Long Bond	Other Comments on Maturity
New York - Mr. Rouse  <i>Sproul</i>	No suggestion made.  <i>5 1/2 { March 1948 June 1948</i>	1962-67 restricted issue preferred by dealers.	Dealers want 1962-67 restricted issue reopened with announcement that this is last time for this issue. They say 1965-70 or 1970-75 coupon issue could be sold but they are against such an issue.
Chicago - Mr. Young	5-year note (Dec. 1947) would be an insured success.  5-1/2 or 6-year bond (1948) suggested by some banks.  5 - 6-1/2-year bond (1947-9) suggested by 3 institutions.	1965-70 (coupon issue) suggested by 5 banks and institutions.  1963-68 (coupon issue) suggested by 3 institutions.  1962-7 (restricted issue) suggested by 2 banks.	Many investors want a new issue, instead of the additional amounts of old issue.
St. Louis - Mr. Davis	5-1/2 years (June 1948) is the consensus.	1964-69 (December) is the consensus.	
San Francisco - Mr. Day	6 years (December 1948)	1962-67 (December)	Dispense with call periods.

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

November 17, 1942.

TREASURY DEPARTMENT

215

INTER OFFICE COMMUNICATION

DATE  
November 16, 1942

TO Secretary Morgenthau  
FROM Ferdinand Kuhn, Jr.

The two new members of the A.B.A. committee that will work on the December financing are:

Randolph Burgess, Vice Chairman of the National City Bank of New York.

Robert V. Fleming, President and Chairman of the Board of the Riggs National Bank.

The following will serve with Mr. R. H. Grant of General Motors Corporation on the Sales Advisory Committee in connection with the December financing:

John Schumann, Jr., President of the General Motors Acceptance Corporation.

Terry Kittinger, Vice President of Shell Oil Company.

W. S. Howard, Vice President of R. H. Macy & Co.

R. S. Wilson, Vice President of Goodyear Tire and Rubber Company, Inc.

P. M. Bratten, General Sales Manager of the Frigidaire Division of General Motors.

D. U. Bathrick, Vice President of Pontiac Division of General Motors.

— F. K.



TREASURY DEPARTMENT  
PROCUREMENT DIVISION  
WASHINGTON

OFFICE OF THE DIRECTOR

November 16, 1942

## MEMORANDUM TO THE SECRETARY:

Following your letter of November 7th to Mayor La Guardia suggesting that he send you the application for preference rating for the specific tabulation equipment requirements, Mr. Cunningham called at this office November 10th and we arranged with the Office Machinery Branch of the War Production Board to review and process the application. The War Production Board required further justification which was supplied by Mr. Cunningham Saturday morning (11/14). This office followed up the matter immediately and a preference rating certificate was secured today which will enable the obtaining of the equipment by New York City. Incidentally, the equipment involved totals but \$1,001.00 monthly rental and is in stock with Remington Rand.

I will take up with the War Production Board within the next few days the over-all problem of possible equipment needs in connection with the Victory tax.



  
Clifton E. Mack  
Director of Procurement

November 16, 1942

## MEMORANDUM TO THE SECRETARY:

Following your letter of November 7th to Mayor La Guardia suggesting that he send you the application for preference rating for the specific tabulation equipment requirements, Mr. Cunningham called at this office November 10th and we arranged with the Office Machinery Branch of the War Production Board to review and process the application. The War Production Board required further justification which was supplied by Mr. Cunningham Saturday morning (11/14). This office followed up the matter immediately and a preference rating certificate was secured today which will enable the obtaining of the equipment by New York City. Incidentally, the equipment involved totals but \$1,001.00 monthly rental and is in stock with Remington Rand.

I will take up with the War Production Board within the next few days the over-all problem of possible equipment needs in connection with the Victory tax.

Clifton E. Mack  
Director of Procurement

Executive Office of the President  
Office for Emergency Management  
OFFICE OF ECONOMIC STABILIZATION  
Washington, D. C.

James F. Byrnes  
Director

November 16, 1942

Dear Harry:

Enclosed herewith an interesting suggestion  
from Alvin Hansen.

Yours sincerely,

/s/ Ben V. C.

Ben V. Cohen

Harry White, Esquire,  
Treasury Department,  
Washington, D. C.

copy  
grs 11/18/42

BOARD OF GOVERNORS  
of the  
FEDERAL RESERVE SYSTEM  
Washington

November 13, 1942

Mr. Ben V. Cohen  
Office of Economic Stabilization  
Executive Office of the President  
Washington, D. C.

Dear Ben:

I have, as I think I have told you before, strongly the feeling that the next move is to go out much stronger for compulsory saving. I have, moreover, strongly the feeling that it is quite impossible to do an adequate job here along what might be called the orthodox tax lines. (It is of course true that all compulsory saving has to be set up in terms of a refundable tax.)

What I mean is that the war has caused such a tremendous distortion in the income distribution. Some considerable fraction of the population have incomes enormously higher than pre-war. I am here referring particularly to wage earners. Also a very large fraction of the wage earners and white collar workers are getting no higher incomes. I am thinking mainly here of incomes below \$3,000. Now you simply cannot get at the excess spendable incomes of the country as a whole by treating these two classes, (a) those with enormously increased incomes as against pre-war and (b) those with no greater incomes as against pre-war, on a common basis as in an ordinary income tax. If you use the usual methods and adequately tax the surplus incomes, you will make the situation quite unbearable for those who have no greater incomes.

What I am proposing is that we apply a compulsory savings tax (this special tax would be entirely compulsory saving or refundable) to excess incomes, that is to say, incomes higher than those earned in 1939 and 1940. For a person who was unemployed you would assign the income which he in fact would have earned in 1939 and 1940 at his present occupation. For those who have moved to defense areas and whose cost of living has gone up, you could allow, say, a 20 per cent net addition to 1939 and 1940 incomes before the compulsory saving tax applied.

Mr. Ben V. Cohen

- 2 -

November 13, 1942

Admittedly the whole thing would be relatively crude, but this is not a serious matter since you are really not taxing them at all but merely giving them government bonds for the excess income. And any injustice that would arise would be far less than to try to adequately get at these incomes by the orthodox methods which would have the grave injustice of grinding down to unbearable levels those with no increases in incomes.

I wish the Byrnes Committee might adequately explore this and present a plan along these lines.

This suggestion in itself does not involve any judgment about whether our present income tax rates are high enough, particularly for the middle income brackets from \$3,000 to \$50,000. That is quite a different and separate problem.

Very sincerely yours,

/s/ Alvin H. Hansen.

November 16, 1942

Dear Mr. Stern:

There has come to our attention the outstanding service of your firm on Armistice Day. The patriotic spirit of your personnel, who devoted their holiday to securing orders for over \$10,000,000 of United States Government securities, is highly commendable. We in the Treasury appreciate very much this valuable contribution to the nation's war financing program.

Sincerely yours,

(Sgd) H. MORGENTHAU JR  
Secretary of the Treasury.

Mr. David B. Stern, President,  
A. G. Becker & Company,  
Chicago, Illinois.

QTS  
dwb

TREASURY DEPARTMENT

222

INTER OFFICE COMMUNICATION

DATE November 16, 1942

TO Secretary Morgenthau  
FROM Vincent F. Callahan

Following your request last Friday morning I am attaching herewith a complete report of the promotional activities of the War Savings Staff from November 15 to January 1. Insofar as possible the report is in chronological order.

In this report you will note that from time to time attachments are referred to. These attachments are not included because we are making them up in presentation form to show you on Wednesday of this week.

Vincent F. Callahan

CHRONOLOGICAL REPORT  
OF  
WAR SAVINGS PROMOTION  
FOR PERIOD  
NOVEMBER 15 - JANUARY 1

NOTE

Certain of the activities are set up for the overall period and by their very nature cannot be tabulated day by day. For instance the "Treasury Star Parade" radio programs are broadcast by 811 stations at least three times per week, but not at the same time or on the same day by all stations. Such general overall promotions as the "Treasury Star Parade" are listed separately from the chronological report which follows.

- 1 -

Thursday, October 8

Prominent Authors: Twelve special articles were requested from prominent authors, to be distributed through the Fast Mail Letter of International News Service and the Red Mail Letter of United Press. These were scheduled to be released during the six weeks of the campaign.

Friday, October 9

Magazines: The late date of announcement of the Payroll Savings Campaign automatically eliminated many monthly magazines, which already had closed December publishing schedules prior to October 5. Following calls on editors begun four days after that date, however, special magazine articles timed to aid the Payroll Savings Drive were promised by Readers' Digest, Saturday Evening Post, American, Collier's, Newsweek, Pic, Look, Cosmopolitan, Mademoiselle and Country Gentleman. The total circulation of these publications is in excess of 25,000,000. In addition, approximately twenty pulp and motion picture magazines have promised to carry special Payroll Savings material during December.

-2-

Tuesday, October 13

Comic Artists: All the leading syndicate comic artists were asked in a letter to aid us by inserting Payroll Savings promotion into their regular syndicated strips during the six weeks' period.

Wednesday, October 21

Sunday Comic Supplements: The newspapers carrying Sunday comic supplements were supplied with three one-inch strip mats which could be placed at the bottom of their Sunday comic pages for the next six weeks. Already we have copies of the Sunday supplements of the Memphis Commercial Appeal and the Pittsburgh Sunday Telegram showing us how they have used these mats. It is estimated that at least 50 per cent of the newspapers carrying Sunday comics will run from one to three of these drawings every week.

Monday, November 2

Li'l Abner: A special installment of "Li'l Abner" was prepared for us by Al Capp and is being released by his syndicate, United Features, to all its clients.

-3-

Thursday, November 5

Foreign Language Press: An article by Dr. Edward Benes was mailed to nearly 500 foreign language publications.

Company Publications: A complete set of promotional material for the campaign, including cartoons, suggested features, and an article on the 10%-by-New Year's theme, accompanied by a letter to all industrial editors covering the basic points of the Payroll Savings Plan, was mailed.

Business Publications: A special Payroll Savings advertisement - "10% Drives Swell Treasury Honor Roll" - was mailed to all business publications.

Saturday, November 7

Press Clip Sheet: This is a two-page newspaper containing material for use by daily and weekly newspapers throughout the country. It was mailed to nearly 12,000 papers and included the following material:

- a. Statement to the people by Secretary Morgenthau
- b. A general announcement of the Payroll Savings Campaign
- c. A story about outstanding examples of labor management cooperation
- d. Several cartoons

-4-

- e. New drawings of 10% insignia emphasizing "Top That 10% by New Year's"
- f. Filler lines
- g. A new women's page feature by Nancy Hale entitled "Women at War"

Editorial Writers: A letter was sent to the editorial writers on 200 leading daily newspapers asking them to comment editorially on the Payroll Savings Campaign over the opening weekend and as many times thereafter as possible. One of the Payroll Savings Fact Sheets was also enclosed with this letter.

Monday, November 9

Publicity Kit: An envelope of material containing all manner of suggestions for the conduct of local campaigns was mailed to state and county chairmen and state administrators. Specifically this contained such material as the following:

- a. Suggested proclamations from the mayor and the governor
- b. Special short talks for service and other clubs
- c. Information regarding citations issued for outstanding volunteer work
- d. Suggested statements for release to newspapers by State Chairmen, State CIO and AFL Labor Leaders, State Chamber of Commerce, head, American Legion, etc.
- e. Information on ways of tying in with "Schools at War" and "Women at War" campaigns

-5-

- f. Factual information about War Bonds
- g. Special story on opening of the county campaign with the by-line of the county chairman

Editorial Cartoonists: A letter soliciting editorial cartoons on the Payroll Savings Plan was sent to over 200 leading cartoonists of daily newspapers.

Business Publications: Suggestions for editorials and articles urging all business firms with 100 employees or over to become issuing agents were mailed out to all business publications.

Tuesday, November 10

Exclusive Pictures: Victor Keppler, the famous commercial photographer in New York, prepared three striking pictures dramatizing the Payroll Savings Campaign and these were released to the three picture syndicates - Associated Press, International News Photos and Aome News Service - for release on Monday, November 16.

Syndicate Columnists: A letter announcing the special campaign was mailed to all syndicated columnists who feature national affairs, such as Raymond Clapper, Baukhage, Dorothy Thompson. As an attachment a Fact Sheet about the Payroll Savings Plan was mailed.

-6-

Wednesday, November 11

Wire Services: The editors of the Associated Press, United Press and International News Service were contacted personally in New York City and as a result all three sent an announcement story over their wires for release Friday morning, November 13.

Sunday, November 15

<u>Time</u>	<u>Network</u>	<u>Program</u>
11:00 - 11:30 AM	NBC	Rhapsody of Rookies
1:00 - 2:00 PM	BLUE	Horace Heidt
1:15 - 1:30 PM	MBS	Camp Wheeler Band
3:30 - 4:30 PM	NBC	The Army Hour
7:00 - 7:30 PM	NBC	Jack Benny
7:30 - 7:45 PM	NBC	Quiz Kids
9:30 - 10:00 PM	NBC	American Album of Familiar Music
10:00 - 10:30 PM	CBS	Take It Or Leave It

Monday, November 16

10:15 - 10:30 AM	CBS	Kitty Foyle
10:30 - 10:45 AM	NBC	Helpmate
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:15 - 1:45 PM	NBC	NBC Salon Orchestra
3:15 - 3:30 PM	MBS	Karl Zomar's Scrap Book
5:00 - 5:15 PM	BLUE	March Field Air Corps Band
9:00 - 9:30 PM	NBC	Telephone Hour
9:30 - 10:00 PM	NBC	Dr. I. Q.
10:00 - 10:30 PM	CBS	Screen Guild Players

- 7 -

Tuesday, November 17

<u>Time</u>	<u>Network</u>	<u>Program</u>
11:00 - 11:15 AM	CBS	Mary Lee Taylor
11:00 - 11:15 AM	NBC	Road of Life
11:45 - 12:00 Noon	BLUE	Little Jack Little
4:45 - 5:00 PM	MBS	Man With A Band
7:30 - 8:00 PM	CBS	American Melody Hour
8:00 - 8:30 PM	MBS	Pass On Review
8:30 - 9:00 PM	MBS	Federal Ace
9:00 - 9:30 PM	CBS	Burns and Allen
9:00 - 9:30 PM	BLUE	Famous Jury Trials

Wednesday, November 18

10:45 - 11:00 AM	CBS	Bachelor's Children
11:30 - 11:45 AM	BLUE	Smile Awhile
12:30 - 12:45 PM	NBC	Against The Storm
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
12:45 - 1:00 PM	MBS	Salute To The States
4:35 - 4:45 PM	MBS	Joe Frassetto
5:45 - 6:00 PM	NBC	Front Page Farrell
6:00 - 6:15 PM	BLUE	Don Winslow
7:30 - 7:45 PM	CBS	Easy Aces
10:00 - 10:30 PM	CBS	Moments of Music
11:30 - 12:00 Midnight	MBS	Alvino Rey

Thursday, November 19

11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Traveling Cook
1:15 - 1:45 PM	NBC	Bowling Field Band
5:15 - 5:30 PM	NBC	Portia Faces Life
7:45 - 8:00 PM	CBS	Mr. Keene
9:00 - 9:30 PM	CBS	Major Bowes
10:00 - 10:30 PM	CBS	The First Line
10:30 - 10:45 PM	MBS	Paul Schubert

- 8 -

Friday, November 20

<u>Time</u>	<u>Network</u>	<u>Program</u>
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:00 - 1:15 PM	MBS	Q. E. D.
3:45 - 4:00 PM	NBC	Right To Happiness
5:45 - 6:00 PM	BLUE	Captain Midnight
7:45 - 8:00 PM	CBS	Mr. Keene
8:30 - 9:00 PM	NBC	Information Please
9:00 - 9:30 PM	NBC	Waltz Time
10:00 - 10:30 PM	BLUE	Meet Your Navy
12:00 - 12:30 AM	BLUE	Guy Lombardo

Saturday, November 21

10:05 - 10:30 AM	MBS	Rainbow House
12:00 - 12:15 PM	NBC	Music Room
1:15 - 1:30 PM	MBS	On Guard With the Coast Guard
7:00 - 7:30 PM	MBS	Open House at Lowry Field
8:00 - 8:30 PM	NBC	Abie's Irish Rose
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:00 PM	BLUE	Treasury Hour
9:00 - 9:45 PM	CBS	Hit Parade
10:15 - 10:45 PM	MBS	Saturday Night Bond- wagon

Sunday, November 22

11:45 - 12:00 Noon	CBS	Olivio Santoro
12:30 - 12:45 PM	MBS	Irving Caesar
1:00 - 2:00 PM	BLUE	Horace Heidt
5:45 - 6:00 PM	CBS	William Shirer
6:30 - 7:00 PM	MBS	Anchors Aweigh
6:30 - 7:00 PM	CBS	Sergeant Gene Autry
7:30 - 8:00 PM	CBS	Women At War Week
7:30 - 7:45 PM	BLUE	Quiz Kids
9:00 - 9:30 PM	NBC	Manhattan Merry-Go- Round
8:00 - 8:45 PM	MBS	American Forum of the Air
9:15 - 9:30 PM	BLUE	Parker Family
10:00 - 10:30 PM	CBS	Take It or Leave It

- 9 -

Monday, November 23

<u>Time</u>	<u>Network</u>	<u>Program</u>
11:15 - 11:30 AM	NBC	Vic and Sade
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:30 - 1:45 PM	CBS	Vic and Sade
2:00 - 2:15 PM	NBC	Light of the World
2:30 - 3:00 PM	MBS	Mutual Goes Calling
3:00 - 3:30 PM	BLUE	Open House
3:30 - 4:00 PM	CBS	Wanda Landowska
9:30 - 10:00 PM	NBC	Dr. I. Q.

Tuesday, November 24

8:00 - 8:15 AM	NBC	Do You Remember
11:45 - 12:00 Noon	NBC	David Harum
11:45 - 12:00 Noon	BLUE	Little Jack Little
1:15 - 1:30 PM	NBC	Tapestry Musicale
2:45 - 3:00 PM	MBS	Kentucky Serenade
3:00 - 3:15 PM	CBS	David Harum
7:00 - 7:15 PM	BLUE	To be announced
7:30 - 8:00 PM	CBS	American Melody Hour
9:00 - 9:30 PM	BLUE	Famous Jury Trials

Wednesday, November 25

9:00 - 9:30 AM	NBC	Show Without A Name
11:15 - 11:30 AM	CBS	Second Husband
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
12:45 - 1:15 PM	MBS	Salute to The States
2:30 - 3:00 PM	MBS	Camp Grant in Review
3:30 - 4:00 PM	MBS	Shady Valley Folks
8:00 - 8:30 PM	CBS	Nelson Eddy
11:30 - 12:00 Midnight	MBS	Alvino Rey

- 10 -

Thursday, November 26

<u>Time</u>	<u>Network</u>	<u>Program</u>
10:45 - 11:00 AM	NBC	Young Dr. Malone
11:45 - 12:00 Noon	BLUE	Little Jack Little
2:00 - 2:15 PM	CBS	Young Dr. Malone
3:30 - 4:00 PM	CBS	Navy Band
5:00 - 5:15 PM	BLUE	Sea Hound
10:00 - 10:30 PM	NBC	Rudy Vallee
10:15 - 10:45 PM	BLUE	Wings to Victory

Friday, November 27

11:00 - 11:15 AM	CBS	Clara Lu 'n' Em
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
4:15 - 4:30 PM	NBC	Stella Dallas
7:30 - 7:45 PM	CBS	Easy Aces
8:00 - 8:55 PM	CBS	Kate Smith Hour
8:30 - 9:00 PM	BLUE	Those Good Old Days
8:30 - 9:00 PM	NBC	Information Please
10:30 - 11:00 PM	NBC	To be announced
12:00 - 12:30 AM	BLUE	Guy Lombardo

Saturday, November 28

8:15 - 8:45 AM	NBC	Dick Liebert
1:30 - 4:30 PM	MBS) CBS) NBC)	Army and Navy Game
5:00 - 6:00 PM	CBS	Cleveland Symphony Orchestra
6:00 - 6:15 PM	CBS	Frazier Hunt
8:30 - 9:00 PM	MBS	California Melodies
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:30 PM	BLUE	Treasury Hour
10:15 - 10:45 PM	MBS	Saturday Night Bondwagon
10:15 - 10:45 PM	CBS	Soldiers With Wings

Press Clip Sheet: A similar Press Clip Sheet to that mailed on November 7 will be released. This will contain fresh timely material.

Sunday, November 29

<u>Time</u>	<u>Network</u>	<u>Program</u>
1:00 - 2:00 PM	BLUE	Horace Heidt
6:30 - 7:00 PM	NBC	Great Gildersleeve
7:30 - 7:45 PM	BLUE	Quiz Kids
7:30 - 8:00 PM	MBS	Halls of Montazuma
10:00 - 10:30 PM	CBS	Take It or Leave It

Monday, November 30

10:45 - 11:00 AM	BLUE	Stringtime
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
12:45 - 1:00 PM	CBS	Our Gal Sunday
3:30 - 4:00 PM	CBS	Song Poem Cycle
6:00 - 6:25 PM	NBC	Music by Shrednik
7:30 - 8:00 PM	CBS	Blondie
8:00 - 8:30 PM	CBS	Vox Pop
9:00 - 9:30 PM	BLUE	Counterspy
9:30 - 10:00 PM	MBS	Sustaining
9:30 - 10:00 PM	NBC	Dr. I.Q.

Tuesday, December 1

11:45 - 12:00 Noon	BLUE	Little Jack Little
12:30 - 12:45 PM	CBS	Helen Trent
2:30 - 2:45 PM	NBC	Guiding Light
7:00 - 7:15 PM	BLUE	Korn Kobblers
7:30 - 8:00 PM	CBS	American Melody Hour
7:45 - 8:00 PM	NBC	H.V. Kaltenborn
8:00 - 8:30 PM	CBS	Lights Out
9:00 - 9:30 PM	BLUE	Famous Jury Trials

Wednesday, December 2

10:30 - 10:45 AM	CBS	Amanda of Honeymoon Hill
11:00 - 11:30 AM	BLUE	Breakfast at Sardi's
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:00 - 1:15 PM	CBS	Life Can Be Beautiful
1:15 - 1:30 PM	MBS	I'll Find My Way
2:45 - 3:00 PM	NBC	Hymns of All Churches
5:45 - 6:00 PM	NBC	Front Page Farrel
7:30 - 7:45 PM	NBC	Caribbean Nights
7:45 - 8:00 PM	CBS	Mr. Keen
8:00 - 8:15 PM	BLUE	Watch the World Go By
10:00 - 10:30 PM	CBS	Moments of Music
11:30 - 12:00 Mi&nite	MBS	Alvino Rey

<u>Time</u>	<u>NETWORK</u>	<u>PROGRAM</u>
<u>Thursday, December 3</u>		
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:15 - 12:30 PM	CBS	Big Sister
2:15 - 2:30 PM	NBC	Lonely Women
2:30 - 2:45 PM	MBS	Sustaining
7:15 - 7:30 PM	BLUE	Sustaining
7:30 - 7:45 PM	CBS	Easy Aces
7:30 - 7:45 PM	MBS	Confidentially Yours
10:00 - 10:30 PM	CBS	First Line
<u>Friday, December 4</u>		
9:45 - 10:00 AM	BLUE	The Breakfast Club
11:30 - 11:45 AM	CBS	Bright Horizon
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
6:00 - 6:25 PM	NBC	Charles Dant's Orchestra
6:45 - 7:00 PM	CBS	World Today
7:45 - 8:00 PM	CBS	Mr. Keene
8:30 - 9:00 PM	NBC	Information Please
11:30 - 12:00 PM	MBS	Tropical Serenade
12:00 - 12:30 Midnite	BLUE	Guy Lombardo
<u>Saturday, December 5</u>		
10:30 - 10:45 AM	NBC	Nellie Revell Presents
11:30 - 12:00 NOON	NBC	Coast Guard Band Concert
1:00 - 1:30 PM	CBS	Columbia Country Journal
2:00 - 2:30 PM	BLUE	Fantasy in Melody
2:30 - 3:00 PM	MBS	Bernie Cummins Orchestra
5:00 - 6:00 PM	CBS	Cleveland Symphony Orchestra
8:30 - 9:00 PM	NBC	Truth and Consequences
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:30 PM	BLUE	Treasury Hour
10:15 - 10:45 PM	MBS	Saturday Night Bondwagon

Press Clip Sheet: A similar Press Clip Sheet to that mailed on November 7 will be released. This will contain fresh timely material.

- 13 -  
NetworkTime  
Sunday, December 6Program

8:05 - 8:30 AM	NBC	Dr. Charles Courbon
10:00 - 10:30 AM	BLUE	Fantasy in Melody
12:30 - 1:00 PM	NBC	Emma Otero
1:00 - 2:00 PM	BLUE	Horace Heidt
1:15 - 1:30 PM	MBS	Camp Wheeler Band
1:30 - 2:00 PM	CBS	Invitation to Learning
3:30 - 4:00 PM	NBC	The Army Hour
6:30 - 7:00 PM	CBS	Sergeant Gene Antry
6:30 - 7:00 PM	MBS	Anchors Aweigh
7:30 - 7:45 PM	BLUE	Quiz Kids
9:30 - 9:45 PM	BLUE	Jimmy Fidler
9:30 - 10:00 PM	NBC	American Album of Familiar Music
10:00 - 10:30 PM	CBS	Take It Or Leave It

Small Change: Our own Sunday comic feature, "Small Change", also created by Al Capp, will feature the Payroll Savings Drive in the December episodes. This is carried by over 100 Sunday papers.

Monday, December 7

<u>Time</u>	<u>Network</u>	<u>Program</u>
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
12:45 - 1:00 PM	CBS	Our Gal Sunday
1:15 - 1:45 PM	NBC	NBC Salon Orchestra
1:45 - 2:15 PM	BLUE	Vincent Lopez
1:45 - 2:00 PM	MBS	Scrapbook
2:30 - 2:45 PM	CBS	We Love and Learn
5:00 - 5:15 PM	BLUE	March Field Air Corps Band
8:00 - 8:30 PM	MBS	Pass In Review
8:30 - 9:00 PM	BLUE	True or False
9:30 - 10:00 PM	NBC	Dr. I. Q.

Tuesday, December 8

11:00 - 11:15 AM	NBC	Road of Life
11:45 - 12:00 Noon	BLUE	Little Jack Little
4:15 - 4:30 PM	NBC	Stella Dallas
4:45 - 5:00 PM	MBS	Man With A Band
5:30 - 5:45 PM	CBS	Sing Along
8:00 - 8:30 PM	CBS	Lights Out
9:00 - 9:15 PM	MBS	Gabriel Heatter
9:00 - 9:30 PM	BLUE	Famous Jury Trials
10:30 - 11:00 PM	NBC	Red Skelton

- 14 -

Wednesday, December 9

<u>Time</u>	<u>Network</u>	<u>Program</u>
10:30 - 10:45 AM	NBC	Amanda of Honeymoon Hill
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:15 - 1:30 PM	CBS	Ma Perkins
2:45 - 3:00 PM	BLUE	Curley Bradley
9:30 - 10:00 PM	NBC	Mr. D. A.
11:30 - 12:00 Midnite	MBS	Alvino Rey

Thursday, December 10

<u>Time</u>	<u>Network</u>	<u>Program</u>
9:30 - 9:45 AM	BLUE	Breakfast Club
11:45 - 12:00 Noon	Blue	Little Jack Little
1:15 - 1:45 PM	NBC	Bowling Field Band
9:00 - 9:30 PM	CBS	Major Bowes
10:00 - 10:30 PM	CBS	The First Line

Friday, December 11

<u>Time</u>	<u>Network</u>	<u>Program</u>
10:15 - 10:30 AM	MBS	Choir Loft
10:30 - 10:45 AM	BLUE	Hank Lawson's Knights
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
4:00 - 4:15 PM	NBC	Back Stage Wife
6:45 - 7:00 PM	NBC	Bill Stern
8:30 - 9:00 PM	NBC	Information Please
10:45 - 11:00 PM	BLUE	Men, Machines & Victory
12:00 - 12:30 Midnite	BLUE	Guy Lombardo

Saturday, December 12

<u>Time</u>	<u>Network</u>	<u>Program</u>
1:15 - 1:30 PM	MBS	On Guard With the Coast Guard
7:00 - 7:30 PM	MBS	Open House At Lowry Field
7:30 - 8:00 PM	NBC	Ellery Queen
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:30 PM	BLUE	Treasury Hour
9:00 - 9:45 PM	CBS	Hit Parade
10:15 - 10:45 PM	MBS	Saturday Night Bondwagon

Press Clip Sheet: A similar Press Clip Sheet to that mailed on November 7 will be released. This will contain fresh timely material.

- 15 -

Sunday, December 13

<u>Time</u>	<u>Network</u>	<u>Program</u>
8:30 - 8:45 AM	CBS	Musical Masterpieces
1:00 - 2:00 PM	BLUE	Horace Heidt
6:30 - 7:00 PM	CBS	Sgt. Gene Autry
7:30 - 8:00 PM	NBC	Band Wagon
7:30 - 7:45 PM	BLUE	Quiz Kids
9:00 - 9:30 PM	NBC	Manhattan Merry-go Round
9:30 - 10:00 PM	CBS	Texaco Star Theater
10:00 - 10:30 PM	CBS	Take it Or Leave it

Small Change: Our own Sunday comic feature "Small Change", also created by Al Capp, will feature the Payroll Savings Drive in the December episodes. This is carried by over 100-Sunday papers.

Monday, December 14

11:30 - 11:45 AM	CBS	Bright Horizon
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
2:00 - 2:15 PM	NBC	Light of the World
4:30 - 4:45 PM	NBC	Lorenzo Jones
6:01 - 6:15 PM	MBS	Philip Keyne-Gordon
9:30 - 10:00 PM	NBC	Dr. I.Q.
10:00 - 10:30 PM	CBS	Screen Guild

Tuesday, December 15

8:15 - 8:45 AM	NBC	Do You Remember
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:30 - 12:45 PM	CBS	Helen Trent
1:15 - 1:45	NBC	Tapestry Musicale
2:45 - 3:00 PM	MBS	Kentucky Serenade
8:30 - 9:00 PM	BLUE	Duffy's Tavern
9:00 - 9:30 PM	BLUE	Famous Jury Trials
10:30 - 11:00 PM	NBC	Red Skelton

Wednesday, December 16

10:30 - 10:45 AM	CBS	Amanda of Honeymoon Hill
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
2:30 - 3:00 PM	MBS	Camp Grant in Review
3:30 - 4:00 PM	MBS	Shady Valley Folks

Wednesday, December 16

<u>Time</u>	<u>Network</u>	<u>Program</u>
7:30 - 7:45 PM	CBS	Easy Aces
9:00 - 9:30 PM	NBC	Eddie Cantor
10:00 - 11:00 PM	NBC	Kay Kyser
11:30 - 12:00 Midnite	MBS	Alvino Rey

Thursday, December 17

11:45 - 12:00 Noon	BLUE	Little Jack Little
12:45 - 1:00 PM	CBS	Our Gal Sunday
3:00 - 3:15 PM	NBC	Mary Marlin
7:15 - 7:30 PM	CBS	Harry James
10:00 - 10:30 PM	NBC	Rudy Vallee
10:15 - 10:45 PM	BLUE	Wings to Victory
3:30 - 4:00 PM	CBS	Navy Band

Friday, December 18

11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
12:30 - 12:45 PM	NBC	Ted Steele
2:00 - 2:15 PM	CBS	Young Dr. Malone
5:45 - 6:00 PM	MBS	David Cheskin's Orchestra
6:45 - 7:00 PM	CBS	The World Today
8:30 - 9:00 PM	NBC	Information Please
9:00 - 9:30 PM	NBC	Waltz Time
10:00 - 10:30 PM	BLUE	Meet Your Navy
12:00 - 12:30 AM	BLUE	Guy Lombardo

Saturday, December 19

5:00 - 6:00 PM	CBS	Cleveland Orchestra
6:30 - 7:30 PM	MBS	Navy Bulletin Board
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:00 PM	BLUE	Treasury Hour
10:00 - 11:00 PM	BLUE	Good Will Hour
10:15 - 10:45 PM	MBS	Saturday Night Bond- wagon
10:15 - 10:45 PM	CBS	Soldiers With Wings

- 17 -

Sunday, December 20

<u>Time</u>	<u>Network</u>	<u>Program</u>
12:30 - 1:00 PM	NBC	Emma Otero
1:00 - 2:00 PM	BLUE	Horace Heidt
6:30 - 7:00 PM	MBS	Anchors Aweigh
7:30 - 7:45 PM	BLUE	Quiz Kids
7:30 - 8:00 PM	MBS	Halls of Montezuma
10:00 - 10:30 PM	CBS	Take It or Leave It

Small Change: Our own Sunday comic feature "Small Change", also created by Al Capp, will feature the Payroll Savings Drive in the December episodes. This is carried by over 100 Sunday papers.

Monday, December 21

10:45 - 11:00 AM	BLUE	Stringtime
11:00 - 11:15 AM	CBS	Clara, Lu 'n' Em
11:45 - 12:00 Noon	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
2:00 - 2:15 PM	NBC	Light of the World
6:00 - 6:25 PM	NBC	Music by Shrednik
7:00 - 7:30 PM	BLUE	Major Hoople
8:30 - 9:00 PM	CBS	Gay Nineties
9:30 - 10:00 PM	NBC	Dr. I. Q.

Tuesday, December 22

11:45 - 12:00 Noon	BLUE	Little Jack Little
1:15 - 1:45 PM	NBC	Tapestry Musicale
4:45 - 5:00 PM	MBS	Man With a Band
6:30 - 6:45 PM	CBS	Frank Sinatra
7:00 - 7:15 PM	BLUE	Korn Kobbler
9:00 - 9:30 PM	MBC	Battle of the Sexes
9:00 - 9:30 PM	BLUE	Famous Jury Trials

Wednesday, December 23

<u>TIME</u>	<u>NETWORK</u>	<u>PROGRAM</u>
10:30 - 11:00 AM	MBS	Cheer Up Gang
11:15 - 11:30 AM	CBS	Second Husband
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
5:30 - 5:45 PM	NBC	Just Plain Bill
6:15 - 6:30 PM	CBS	Hedda Hopper
7:45 - 8:00 PM	CBS	Mr. Keene
10:00 - 11:00 PM	NBC	Kay Kyser
11:30 - 12:00 Midnite	MBS	Alvino Rey

Thursday, December 24

11:45 - 12:00 NOON	BLUE	Little Jack Little
4:45 - 5:00 PM	NBC	Young Widder Brown
5:00 - 5:15 PM	BLUE	Sea Hound
5:30 - 5:45 PM	MBS	Superman
6:45 - 7:00 PM	BLUE	Lowell Thomas
7:30 - 7:45 PM	CBS	Sing Along
9:30 - 10:00 PM	MBS	Chateau Hogan

Friday, December 25

11:15 - 11:30 AM	NBC	Vic and Sade
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:30 - 12:45 PM	CBS	The Romance of Helen Trent
1:30 - 1:45 PM	CBS	Vic and Sade
7:30 - 7:45 PM	CBS	Easy Aces
8:00 - 8:55 PM	CBS	Kate Smith Hour
8:30 - 9:00 PM	NBC	Information Please
9:00 - 9:30 PM	NBC	Waltz Time
10:00 - 10:15 PM	MBS	Sustaining
10:00 - 10:30 PM	BLUE	Meet Your Navy
10:30 - 11:00 PM	NBC	Tommy Riggs & Betty Lou
12:00 - 12:30 Midnite	BLUE	Guy Lombardo

Saturday, December 26

9:30 - 9:45 AM	CBS	Garden Gate
11:30 - 12:00 NOON	NBC	Coast Guard Band Concert
12:30 - 1:00 PM	NBC	Melodies at Midday
1:30 - 1:45 PM	BLUE	Washington Luncheon
5:00 - 6:00 PM	CBS	Cleveland Symphony Orchestra
7:30 - 7:45 PM	MBS	Confidentially Yours
8:00 - 8:30 PM	CBS	Crummit and Sanderson
8:30 - 9:00 PM	CBS	Hobby Lobby
8:30 - 9:30 PM	BLUE	Treasury Hour
10:15 - 10:45 PM	MBS	Saturday Night Bondwagon

Sunday, December 27

<u>TIME</u>	<u>NETWORK</u>	<u>PROGRAM</u>
8:05 - 8:30 AM	NBC	Dr. Charles Courbon
10:00 - 10:30 AM	BLUE	Fantasy in Melody
12:30 - 1:00 PM	NBC	Emma Otero
1:00 - 2:00 PM	BLUE	Horace Heidt
1:15 - 1:30 PM	MBS	Camp Wheeler Band
1:30 - 2:00 PM	CBS	Invitation to Learning
6:30 - 7:00 PM	MBS	Anchors Aweigh
6:30 - 7:00 PM	CBS	Sergeant Gene Autry
7:30 - 7:45 PM	BLUE	Quiz Kids
9:30 - 9:45 PM	BLUE	Jimmy Fidler
9:30 - 10:00 PM	NBC	American Album of Familiar Music
10:00 - 10:30 PM	CBS	Take It or Leave It

Monday, December 28

11:45 - 12:00 NOON	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
1:45 - 2:15 PM	BLUE	Vincent Lopez
1:35 - 1:45 PM	MBS	Strictly Personal
2:30 - 2:45 PM	CBS	We Love and Learn
5:00 - 5:15 PM	BLUE	March Field Air Corps Band
7:30 - 8:00 PM	MBS	Mystery Hall
9:30 - 10:00 PM	NBC	Dr. I.Q.

Tuesday, December 29

11:45 - 12:00 NOON	BLUE	Little Jack Little
2:15 - 2:30 PM	MBS	Mrs. Meade's Children
2:45 - 3:00 PM	CBS	Pepper Young's Family
3:30 - 3:45 PM	NBC	Pepper Young's Family
6:15 - 6:30 PM	CBS	Edwin C. Hill
7:30 - 8:00 PM	CBS	American Melody Hour
8:00 - 8:30 PM	NBC	Johnny Presents
9:00 - 9:30 PM	BLUE	Famous Jury Trials

Wednesday, December 30

<u>TIME</u>	<u>NETWORK</u>	<u>PROGRAM</u>
11:45 - 12:00 NOON	BLUE	Little Jack Little
12:00 - 12:15 PM	BLUE	Meet Your Neighbor
4:20 - 4:30 PM	MBS	Concert Hall
5:45 - 6:00 PM	NBC	Front Page Farrel
10:00 - 10:15 PM	MBS	John B. Hughes
10:00 - 10:30 PM	CBS	Great Moments in Music
10:00 - 10:15 PM	CBS	Valiant Lady
10:15 - 10:45 PM	BLUE	National Radio Forum
11:30 - 12:00 Midnite	MBS	Alvino Rey

Thursday, December 31

11:45 - 12:00 NOON	BLUE	Little Jack Little
11:45 - 12:00 NOON	CBS	Aunt Jenny
1:15 - 1:45 PM	NBC	The Bowling Field Band
7:45 - 8:00 PM	CBS	Mr. Keene
8:00 - 8:30 PM	MBS	Sinfonietta
9:30 - 10:00 PM	CBS	Stage Door Canteen
10:00 - 10:30 PM	CBS	The First Line
10:45 - 11:00 PM	NBC	Lone Journey

GENERAL RADIO PROMOTION

THE FOLLOWING PROMOTIONS WILL RUN CONTINUOUSLY  
THROUGHOUT THE ENTIRE PERIOD FROM NOVEMBER 15 TO DECEMBER 31

1. "Ev'rybody Ev'ryway" - The drives' theme song.
  - a. Barry Wood recording has been sent to all radio stations, and they have been requested to play it as often as possible during the campaign.
  - b. Approximately 25,000 Victor recordings have been placed on commercial sale through 16,000 dealers. An additional 125,000 Victor, Decca and Columbia records will be on sale by December 1.
  - c. 1,250 complete orchestrations have been sent to orchestra leaders both of networks and local radio stations.
  - d. 25,000 copies of the sheet music are being released to schools, clubs, vocalists, etc.
  - e. Approximately 9000 juke box owners have been requested to use the recording in approximately 375,000 juke boxes.
2. Treasury Star Parade - 15 minute transcribed program broadcast on 620 stations at least three times a week. Some stations are repeating the programs as many as 21 times a week.
3. Treasury Song Parade - Twenty-four 3 minute transcribed programs which have been released to all radio stations for use throughout the campaign.
4. One-minute Transcribed announcements - 140 announcements will be used by all radio stations during the campaign on an average of 5 times a day.
5. Eight announcements launching campaign - All radio stations were requested to use eight special announcements announcing the opening of the campaign as often as possible on November 15th.
6. Women's announcements - 40 announcements aimed at women will be used on an average of once a day by 450 women commentators

- 22 -

7. Farm announcements - 20 announcements aimed at the farmer will be used on an average of once a day by 150 farm programs.
8. Dance band announcements - 21 announcements will be used on the average of once a day by 1250 network and local radio band leaders.
9. Special Spot Announcements by Commercial Sponsors - Approximately 17,000 spot announcements will be contributed to the campaign by Bulova Watch Company, Esso, B-C Headache Powders, RCA, and Fall Mall Cigarettes. Bulova alone will contribute over 10,000 announcements - 1000 a day over more than 200 radio stations on November 15, 16, 17, and 18 and December 26, 27, 28, 29, 30, and 31.
10. Local Radio Kit - All radio stations have been requested to cooperate with local War Savings Staff committees in arranging special interviews, speeches, etc.

ADVERTISING

Dates on which our ads will appear depend upon the production schedules developed by those companies sponsoring the ads. Hence we cannot report the following chronologically.

1. The attached Payroll Savings advertising portfolio, containing more than 30 different ads in various sizes has been sent out to the 1900 newspapers on our list. These ads will appear every week from now until January 1st in different lists of papers, as well as the 4500 papers serviced by Meyer-Both, 1500 serviced by Metro and the 10,000 weeklies serviced by Western Newspaper Union. It is not possible to give you exact insertion dates because the date when these ads will run depends on local sponsors.

2. To intensify our big city coverage, four companies are putting up approximately \$1,000,000 to run 8 full-page ads in 123 newspapers in the 50 largest cities. These companies are:

General Electric  
International Business Machines  
Aluminum Company of America  
U. S. Steel

This is the most intensive campaign in the history of newspaper advertising. Insertion dates are as follows: General Electric, November

16th and 17th. U. S. Steel and I.B.M. have yet to set their dates, Aluminum Co. of America November 18th and 19th.

Attached are proofs of the first two ads, those prepared by General Electric and Aluminum Co. of America.

3. Hundreds of sponsors are aiding us during this period by carrying War Bond messages in their product and institutional advertising. Attached herewith are just four examples.

- a. Double-page from the current Saturday Evening Post taken by the Heinz Company.
- b. A poster adaptation of this ad distributed to all grocery stores.
- c. Christmas advertisement prepared by U.S. Steel which will appear in the December 17 issue of Saturday Evening Post and December issue of Ladies' Home Journal.
- d. Another Christmas ad donated by the Hoover Company which will appear in the December 7th issue of Life.

4. Attached is our November business paper ad which appeared in approximately 550 trade papers.

5. Attached is our November farm paper ad which appeared in approximately 36 farm papers.
6. Attached is a car card which has now an approximate distribution of 30,000.
7. A 24-sheet adaptation of this car card will appear in approximately 16,000 outdoor panels throughout the country in December.
8. Attached is a Payroll Savings stuffer which has been sent to all state administrators and which is being distributed in addition by most of the operating telephone companies throughout the United States.
9. Also attached is a Christmas envelope stuffer which is being supplied to the Field Staff.
10. Attached is a proof of our Christmas magazine ad which will appear in the December issues of approximately 30 magazines with a total circulation of 40,000,000.
11. The retail division has prepared a complete advertising portfolio for Women at War Week. These have already gone out to the newspapers, and a copy is attached herewith.
12. Also for Women at War week various collateral material has been prepared such as arm bands, window strips, etc. Copies are attached hereto.

13. Attached is a proof of the December business publication ad that will appear in approximately 550 business papers.

14. Also attached is our December farm paper ad which will appear in approximately 36 of the leading farm papers.

15. Also appearing in December will be special newspaper Christmas ads on Bonds as Christmas gifts. We are sending out three full pages of these. These are now in production; photostats and copy is attached.

16. The campaign proposed by the Drug Industry last July is taking final form. Attached are proofs of the first magazine ads in the series and also attached is a schedule for magazine inserts and radio announcements.

17. Attached are photographs of three posters now in production which will be out in time for Women at War Week.

18. The distribution of our Christmas poster titled "The Present With a Future" will be 3,200,000.

19. Art work has been approved and distribution is now being planned for immediate production of 3,000,000 copies of the Ferdinand Warren "Attack, Attack, Attack" poster and the Robert Sloan "Doing All You Can, Brother?" poster.

251

Sales of United States savings bonds  
November 1 through November 14, 1942  
Compared with sales quota for same period  
(At issue price in millions of dollars)

Date	Series E				Series F and G				Total			
	Actual sales		Quota	Sales	Actual sales		Quota	Sales	Actual sales		Quota	Sales
	Daily	Nov. 1 to date	Nov. 1 to date	to date as % of quota	Daily	Nov. 1 to date	Nov. 1 to date	to date as % of quota	Daily	Nov. 1 to date	Nov. 1 to date	to date as % of quota
Nov. 2	\$ 5.2	\$ 5.2			\$ .3	\$ .3			\$ 5.5	\$ 5.5		
3	4.1	9.3			.8	1.1			4.9	10.4		
4	11.2	20.5			6.7	7.8			17.9	28.3		
5	10.8	31.3			6.9	14.7			17.7	46.0		
6	21.8	53.1	\$ 57.0	93.2%	16.7	31.4	\$ 25.2	124.6%	38.5	84.5	\$ 82.2	102.8%
7	9.3	62.3	80.7	77.2	2.6	34.0	31.4	108.3	11.9	96.4	112.1	86.0
9	34.0	96.4	121.1	79.6	9.9	43.9	43.6	100.7	43.9	140.3	164.7	85.2
10	14.6	111.0	141.9	78.2	5.4	49.3	50.1	98.4	20.0	160.3	192.0	83.5
11	35.5	146.5	159.4	91.9	9.5	58.8	59.2	99.3	45.0	205.3	218.6	93.9
12	15.4	161.9	188.5	85.9	5.3	64.2	68.2	94.1	20.7	226.1	256.7	88.1
13	19.2	181.1	212.6	85.2	7.2	71.4	75.8	94.2	26.4	252.5	288.4	87.6
14	7.4	188.5	226.4	83.3	2.6	74.0	78.6	94.1	10.0	262.5	305.0	86.1
16			262.4				87.5				349.9	
17			276.0				90.6				366.6	
18			293.8				98.3				392.1	
19			324.4				106.9				431.3	
20			350.7				114.9				465.6	
21			365.9				118.1				484.0	
23			406.5				129.8				536.3	
24			421.8				134.3				556.1	
25			441.9				146.1				588.0	
26			476.8				160.0				636.8	
27			507.9				174.0				681.9	
28			541.0				189.0				730.0	
30			595.0				205.0				800.0	

November 16, 1942.

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

Mr Henry Morgenthau  
Secretary Treasury  
Washington D.C.

252  
Kansas City Missouri  
November 1942

*File*

Dear secretary

After traveling most of the past six months with two months of that time spent in Puerto Rico (of which i will tell you about later) i returned to the states the later part of september to find the people in a mad belligerent mood at some of the things that is carried on in Washington and which they have stood for uncomplainingly for the past ten years. but when communism and socialism is being made a part of our government when they are giving their boys and all they have to uphold the constitution as it was written they feel that it is time to expose the ones who is responsible for it. and this last election was one of the first steps. so i will write you the general opinion of the people as i have found it in my travels over the country.

There is a world in this United States composed of millions of people that the Mr Roosevelt since his affliction has never seen. and possibly never will. and which he knows very little about. as only the ones who are able to go about unhampered into every walk of life and meet and talk with these people can know but very little about them. they are not members of any labor unions or political favorites but just plain citizens of moderate means who try to make the most of their opportunities they have around them. they attend their churches and make sacrifices to give their children an education. these people are considered the backbone of the nation.

You are possibly asking why write this to me?

As the secretary of our treasury you are compelled to raise the money to finance this war and run our government. these millions i have just mentioned have come to life. as you are reaching into their pockets that is not to well filled at any time. and they are wanting to know why you do not look closer around you for the millions that is unjustly spent. and the why of so many things that the man they have elected for President as the protector of their interests. will sanction these isms and try to introduce them into our form of government with a waste of the taxpayers money. when you are trying in every to meet this emergency.

There are a lot of things they want to know.

They want to know who is financing this exclusive second front that has been set up in England for the benefit of the Roosevelt family. where they all take refuge when their acts become public gossip at home.  
They want to know who is paying Mrs Roosevelt's expenses while she is galloping over Europe. in anything she starts to do she remarks. that she is trying to help. it is well that she does not finish the sentence. for it usually turns out to be herself and family that is helped. If her trip is in the interest of this war why hasent a competent man been placed over there. and if a secret message had to be sent why wasent an american chosen to go instead of a dethroned Queen of another country who fled at the first sign of danger and left her subjects to perish. they want to know who has financed this fine money making Hotel that has been set up for this Queen of the Netherlands who who drives over the country in a high powered car and when her hotel is to full of money paying patrons. she puts up at the White House as a free boarder. They want to know why they should stand the expense of free board and lodging for Harry Hopkins and his family all of these years. the public has always despised him. and looked upon him as an old cynic who is unfit in every way to be an advisor to the President. they hate the sneaky way he has got into the

Good graces of Mr Roosevelt by playing up to his one weakness. of spending money. The people blame his influence and encouragement of this weakness for the empty treasury we had at the beginning of the war. then to make himself more secure he discovered in Mrs Roosevelt her great desire for greed and power. he has played up to that and aided and encouraged every known scheme that would advance her along those lines. it is said that the President knows but very little of their doings. as they only tell him what they want him to know. He is clever enough to believe that if he stays away from the public eye they will not think to connect him with any thing that is done. it is him that is being dumb not the public. they have had his number for a long time. the only time he appears is when he thinks there is danger of him losing his free boarding house. like when he attends the last democratic convention

They want to know why Henry Wallace cannot be removed as the vice President as they feel that he is not worth the salary they are paying him. the people do not like him. or ever would have chosen him as their choice. I was in Louisville about two weeks ago when he spoke there. I always mingle with the crowd after a meeting or a lecture. as that is where the people usually express themselves. some said who sends that bird over the country. who will pay any attention to him when the time comes for peace. another said. why in the Hell isent he doing some thing about winning the war first. what are we paying him for. the want him replaced with a strong man of intelegence who is physically fit morally and mentally. who is in accord with the Presidents ideas of running the war and can have the authority to go anywhere in this country or Europe and can make his reports confidentially to the President who then can make his decisions without having the advice and conflicting statements of a lot of Hit Wits that are being sent over the country at the expense of the public. but everyone knows Roosevelt fears that type of a man.

It is generally conceded by the people that outside of this war. the Roosevelt family has been one of the biggest drain on the public we have had for the past ten years. In Mr Roosevelts first term in office he allowed Mrs Roosevelt and Rex Tugwell to waste more than a billion dollars of the taxpayers money on fantastic homes that were to be occupied by people of culture. neither of them had the least experience along such lines. yet the money was taken out and wasted. on what proved a failure.

Now that Mr Roosevelt has signed a law to limit salaries to a certain amount and both he and Mrs Roosevelt have accumulated millions through his being in office these people who are sacrificing and being taxed to the limit of their resources feel that this money they have accumulated should be returned to the treasury for what has been wasted to help finance this war.

They want legislation that will prevent the wife of the President from using his position to prey on the public and forbid her to maintain a place outside of the White House to carry on unamerican activities. and that she can in no way use his position to place their children in favored positions where they are in no way fitted for the job and for which it is said has been responsible for many of the blunders of the war by hanging them around the necks of the Generals in the Pacific.

The mothers who have sons oversea want to know what actual experience Elliot Roosevelt has had in fighting that would fit him to be in charge of their boys. They want to know why Franklin Jr. (windbags as he was known to his shipmates) is being hid away in some safe spot. when the first ship was ordered out after Pearl Harbor was attacked. he rushed into a Hospital with a pain. after he could no longer have that for an excuse every time a ship went out he developed a new ailment. and rushed back to the Hospital untill the doctors and nurses could hardly hide their disgust. something had to be done. so he after all of this brave performance was promoted to a lieutenant. and placed in a special plane with a special pilot and special everything and sent to this exclusive front in England.

There is not one of the Roosevelt family that has earned a legitimate dollar that

254

in some way has not come out of the taxpayers pockets. since Mr Roosevelt became President except John. he is the only one of the family the public has any respect for. and that is due to the fine family he married into. who pulled the petticoat from over his head that his mother has over all of the family and had him go to work in some kind of an effort to support his wife and child. and if he never gets beyond being an Ensign as one women expressed it. we will feel that he had to much pride to wear the emblems of Major and Lieutenant Col. when he had not risked his life on the battle field or did any brave acts to deserve them.

The President remarked that his son James was in the big show at Midway. the whole country agrees that so far as his family is concerned and their part in this war it has been the biggest and most expensive farce of all times. and while you and thousands of others have urged economy and put forth every effort to raise money. Mrs Roosevelt has gone right along collecting her thousands for so called lectures claiming that she was asked to make a talk. which was a misleading statement. as these lectures are arranged by her advance agent. and the public has to pay for them. all of these thousands that have been taken out of a community could have been use for war bonds.

The people want to know why it is necessary for the President to have an emergency fund. which is refered to as the Elenor fund. when congress usually gives him everything he needs. they feel that if he did not have it. it would not be possible for Mrs Roosevelt to carry on her schemes and further her activities which is bringing trouble to the country and ruining the President. it seem to be a fixed idea with the public that due to her activities a race war is sure to follow when our boys return from the war.

Mrs Roosevelt may have the President and a lot of others around washington believing it has been her activities with the negro communists and many other unamerican organizations that has been the means of getting him so many votes and keeping him in the white house for three terms. but our best politicians claim she has never pulled a vote and is killing him with the public. and never was his weakness so apparent as it is now since he has allowed her to meddle in this war. which calls for our strongest men.

Alli will say at this time about my trip to Puerto Rico is. that the same confusion and waste is going on there that was practiced here with him trying to introduce communism and socialism into their laws. it was no secret at the time why Mr Roosevelt sent him out of the United States. he just did not send him far enough. (i am refering to Rexford Tugwell who is governor of Puerto Rico)

My reason for writing you about this and how the public feel. is that it is the impression. which has been given to the President that the past election was a republican victory. and he is behaving very badly toward them on account of it. In the last campaign twenty two million people voted for Wendel Wilkie not because he was a republican but because he denounced waste and advocated a true democracy. these twenty two million have not changed their belief and thousands of others are being added to them. for they are disgusted with the things that the President allows to be practiced on them. when they have had so much confidence and i might say love for him. at this last election i was in one of the western states. i could not vote as my home is in the east. but as i strolled by one of the voting precincts. a man said casually to a women voter. are you sure you voted for the right one. she said i do not know or do not care. i would vote for dog to get old lady Roosevelt out of the white house. i think that explains the republican victory.

After summing it all up i will give you my own personal opinion. I think the President is in a difficult position. and deserves a lot of consideration. although he is not the innocent bystander in many of the things that is done. I do not believe that any of this dirty schemeing on the part of Mrs Roosevelt has kept the President in the white house. it is because the people have had confidence in him and liked his leadership. but they are tired of this waste

and the unamerican practices that is being tried out on the people. i believe this legislation they are asking for would be a good thing and a protection for the President and these moochers removed from the taxpayers payroll. and people who are not earning their salary as a benefit should be replaced. and Mr Tugwell sent to india unless some place farther away could be suggested.

And it is my firm belief that unless these things that i have written you about are cleared up with the severe drain that is bound to come to these people t here will be a landslide for more Deweys that the one in New York in 1944.

I will not sign this as i am not ready to make myself known to you at this time as i have other work to do which will take me to alaska not later than the twenty first of this month. i hope.

255

**TREASURY DEPARTMENT**

**INTER OFFICE COMMUNICATION**

**DATE**  
November 16, 1942

**TO** Secretary Morgenthau  
**FROM** Ferdinand Kuhn, Jr.

You might want to use the attached reply  
to General Clark in your press conference  
today.

— F.K.

I see that General Clark is afraid that "Morgenthau will get me" because he lost \$18,000 in gold while he was escaping from French North Africa a few weeks ago. General Clark needn't worry. Any time he and his men want to do another job as good as that North African expedition, he can lose another \$18,000 in gold and it will be all right with me. My own feeling is that money was never spent in a better cause than in the North African expedition.

TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION

257 ✓

*[Handwritten Signature]*  
DATE  
NOV 16 1942

TO Secretary Morgenthau  
FROM Randolph Paul

In view of your comments today on the loss of the \$18,000 by Lt. General Mark Clark, you will be interested in the opinion addressed to me by Huntington Cairns.

*[Handwritten Signature]*

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 16, 1942

TO Mr. Paul  
FROM Mr. Cairns

In connection with Mr. Oscar Cox' telephone call to you, you requested me for my views on whether Lt. Gen. Clark was liable or accountable for the \$18,000 which he lost off the coast of North Africa during his mission.

The facts, so far as I can gather, are that Lt. Gen. Clark attended a conference somewhere in North Africa with certain French Army officers. It appears that the local police authorities representing the Vichy Government received information of the meeting and it was necessary to depart hurriedly by boat. The boat capsized and the funds were lost. The purpose of the mission was to prepare the way for the American invasion of North Africa.

The cases seem clear that no liability attaches to an officer entrusted with public funds under such circumstances.

- 2 -

In United States v. Thomas, (U.S. 1872) 15 Wall. 337, the Surveyor of Customs at Nashville, Tennessee, had certain public monies in his hands which were seized by the Confederate authorities. The United States sued the Surveyor and his sureties for the amount of the money. The Court held that both the sureties and the Surveyor had a good defense and stated (at page 352):

"We think that the case is within the law as laid down by Lord Coke, and that the receiver, and especially his sureties, are entitled to the benefit of it; and that no rule of public policy requires an officer to account for moneys which have been destroyed by an overruling necessity, or taken from him by a public enemy, without any fault or neglect on his part."

It seems obvious that the present case falls squarely within the quoted language. This was certainly a case of overruling necessity. An attempt to save the funds might have resulted in the failure of the whole mission. The rule in the Thomas case was approved in Smythe v. United States, (1903) 188 U.S. 156, 170-171, although the Court refused to apply the rule to a fire at the Mint.

- 3 -

The case of United States v. Humason, (C.C.D. Oregon, 1879) Fed. Case No. 15421, is interesting. There, an Indian agent, having in his possession several thousand dollars of public monies, set forth by boat from San Francisco to Portland, Oregon. The vessel sank and the money was lost as was the Indian agent. The United States sued the sureties and Executrix for the public funds. The Court sustained the defendant's demurrer, relying on the Thomas case, supra.

He

261

FROM: MR. SCHWARZ'S OFFICE

TO: The Secretary

The United Press says that the story on distinguishable currency came out of North Africa, by way of London. Their London office added that Britain was employing the same technique with respect to its currency in North Africa. Both messages passed through the censorship in Algiers and London.

cc  
11/16

North African Special Currency

262

U. S. MILITARY FORCES IN NORTH AFRICA ARE USING A SPECIAL U. S. CURRENCY, TREASURY DEPARTMENT OFFICIALS MADE KNOWN TODAY.

"THE PURPOSE OF THE SPECIAL MONEY IS THAT IT MAY BE DISTINGUISHED FROM U. S. MONEY WHICH MAY HAVE BEEN LOOTED BY AXIS FORCES IN OCCUPIED COUNTRIES," A SPOKESMAN SAID.

THE TREASURY IS CONVINCED THAT FEW PERSONS WOULD NOTE THE CHANGE FROM THE NATION'S REGULAR CURRENCY, BUT A SPECIAL MARKING IS SUFFICIENTLY PROMINENT FOR BANKS AND OTHERS HANDLING FUNDS FOR THE GOVERNMENT TO NOTE THE DIFFERENCE AT A GLANCE.

11/16--R1111A

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE November 16, 1942

TO Secretary Morgenthau  
FROM Mr. Haas  
Subject: The Business Situation,  
Week ending November 14, 1942

Summary

Production: Continues recent sharp rise. FRB index at 188 in October, up 3 points.

Material supply problems: WPB Controlled Materials Plan expected to bring better coordination between production schedules and material supplies.

Ship construction: September saw 92 merchant ships completed, 21 over July peak. Average Liberty ship time from keel to launching out two-thirds since March.

Wholesale prices: All-commodity index reached 100.0 in October, in continued gradual rise, with 86 percent of items now under control.

Living costs: Food prices sharply higher in October; further rise expected despite controls.

Food supplies: Despite record production, stocks of important foods, particularly butter, are declining.

Retail inventories: Drop in September, due to reduced supplies of irreplaceable items, but remain at high level. WPB announces plan for inventory control.

Retail sales: Increasing. Weekly department store sales show 20 percent gain over year earlier, versus 15 percent in previous week.

Stock prices: African successes give impetus to "peace" stocks, weaken "war" stocks.

- - - - -

### Rise in war tempo accentuates production and transport problems

Approaching the first anniversary of our entry into the war, the nation finds its industrial plant rapidly being converted to an all-out war basis, and with total production increasing sharply despite a severe decline in that portion devoted to civilian goods. The FRB production index, which stood at 166 last November before Pearl Harbor, has been rising rapidly since June, after climbing gradually during the change-over period in the first half of the year. In October the index reached 188, a gain of 3 points over September.

The output of munitions in September--including ships, planes, tanks, etc.,--was at nearly 4 times the rate prevailing just before Pearl Harbor. The WPB computed index of munitions production stood at 381, as compared with 357 in August and only 100 last November.

With U. S. troops going into action on a large scale in North Africa, and munitions output reaching new peaks, problems of raw material supplies, transport facilities and manpower are being brought into sharper focus. The present heavy demands on transport facilities may be partly gauged from the revelation that more than 500 troop and supply ships and more than 350 warships were needed to carry U. S. and British forces to North Africa. Meanwhile the armed services continue to make heavy inroads on the country's hard pressed labor supply, making the manpower problem one of the most threatening obstacles to the full prosecution of the war effort.

### New raw materials control plan instituted

In an effort to bring about a better coordination between production schedules and the supplies of available raw materials, the WPB recently announced the institution of a Controlled Materials Plan. Carbon and alloy steels, copper and aluminum are the only basic materials covered by the plan at present, but others are expected to be added later.

The Controlled Materials Plan will require prime contractors to submit estimates of the materials needed by themselves and their sub-contractors for production of approved end-products. These estimates will be submitted to 7 claimant agencies consisting of the Army, Navy, Maritime Commission, Aircraft Scheduling Unit, Lend-Lease, Board of Economic Warfare and Office of Civilian Supply. The claimant agencies will assemble the estimates of all prime contractors and submit them to the WPB Requirements Committee for final allotment. By this procedure it is hoped to avoid the tendency of production schedules to outrun available supplies of materials.

### Merchant ship construction expected to attain goal

In the strenuous effort to meet our gigantic ocean shipping requirements, new merchant vessels placed in service rose to a new high of 92 vessels in September, or 21 more than the previous high reached in July. The dead weight tonnage of these vessels was slightly over 1 million tons. Due to the temporary diversion of considerable merchant shipbuilding capacity to emergency construction of special craft in October, new merchant vessels put into service last month dropped to 81 vessels of 890,000 dead weight tons. Nevertheless, merchant ship construction in 1942 has reached approximately 6,000,000 dead weight tons, and it now appears probable that the President's goal of 8,000,000 tons for the full year will be met.

Great progress has been made in cutting the time required for ship construction. The average time required from keel-laying to launching of Liberty ships has been cut from 149 days at the beginning of March to only 48.5 days near the end of October. Moreover, during the past week a West Coast shipyard launched a 10,500 ton cargo ship less than 5 days after keel-laying, while an 8,000 ton ship was launched 3 days and 8 hours after the keel was laid.

### Railroads request additional equipment

In contrast with the record pace of ship construction, the outlook for increased railroad facilities, to handle an expected heavier freight load next year, is less favorable. New freight car output has slumped sharply in recent months due to restrictions on production, and new cars on order on October 1 totaled only 36,000 as compared with 89,000 a year earlier. Last month the President of the Association of American Railroads stated that the railroads had no margin left in the reserves of un-serviceable and surplus equipment, and requested authorization to obtain 80,000 new freight cars and 900 new locomotives in the year ending October 1, 1943.

Freight carloadings have shown a seasonal decline recently, and in the first week in November actually fell 5 percent below the corresponding week in 1941. However, due to heavier loading, more efficient handling and longer hauls, freight carloadings no longer fully reflect the heavy volume of railroad freight traffic. Thus in August the total ton-miles of freight carried had risen 113 percent above the 1935-39 average, while freight carloadings during the same period had risen only 44 percent. (See Chart 1.)

### The price situation

In the nearly a year that has elapsed since Pearl Harbor, the pressure of rapidly rising consumer incomes against a diminishing supply of available goods has intensified the strain on commodity price controls. The effect on prices is, as yet, only partly evident. Exceptionally large retail stocks of most goods have cushioned the inflationary pressure temporarily, while such factors as repayment of debts, enforced restrictions on consumer credit, and consumer inertia in adopting new spending habits have had a similar influence. Meanwhile, the pressure has in some degree been relieved by increased War Bond purchases and the earmarking of funds for higher income taxes.

The sharp advance in the BLS all-commodity index (chiefly in agricultural prices), which followed our entry into the war, has been slowed down to a gradual rise since the General Maximum Price Regulation became effective in May. The all-commodity index for October, at a level of 100.0, shows a gain of 8.5 percent since Pearl Harbor and 33 percent since the beginning of the war in 1939. (See Chart 2.) Prices of farm products--only partly controlled by the regulations imposed in May--have risen 78 percent since August 1939, as contrasted with a rise of only 11.5 percent in the metals group, which was put under prompt control early in the war.

When general price control became effective in May, the Bureau of Labor Statistics estimated that control was extended from 52 percent to 77 percent of the commodities in the wholesale price index. The Bureau estimates that since the President's executive order of October 3, which placed further controls on agricultural prices, 86 percent are now under control. Practically all foods, except those of a highly seasonal character, are now subject to ceilings. It is estimated that the latter constitute less than 10 percent of the average food budget.

### Cost of living rises

Living costs, however, have continued to rise, and food prices showed a particularly sharp increase in October. In Chart 3 the BLS cost-of-living index and components have been converted to a June 1939 base, to show the relative changes in the various components since the pre-war period. The combined index has risen 20.6 percent since June 1939, as estimated on the basis of BLS and Conference Board data for October. Food prices by far have been the principal cause of the rise in the combined index, reflecting lack of control over farm product prices. The BLS food-price index as of October 15, stood 38.5 percent higher than in June 1939. The index of clothing prices, it will be noted,

- 5 -

had risen 26 percent by last April, when the general price ceilings were imposed, but since then has levelled out. Other components have risen only moderately.

#### Higher living costs in prospect

Extensive as are the present controls over retail prices, there are clear indications of further increases in living costs: (1) Rises will likely occur in prices of the exempted foods. (2) Some further food price advances will occur between October 15 and December 31, because of OPA retail price adjustments to allow restocking of goods previously sold below the corresponding wholesale and processor levels. (3) Certain seasonal increases will be allowed, such as those recently granted on a wide range of foods purchased for the Christmas holidays.

Certain services are still exempt under the emergency price control act, most important of which are fees for professional services. The new excise taxes on liquor, cigarettes, telephone service, and railroad fares, effective November 1, will further increase consumer expenses.

Less obvious rises also are taking place. Now that price control measures have been so vastly extended, their enforcement raises commensurately greater problems. Although illegal, up-grading is difficult to detect and prevent. Goods made from substitute materials and sold at the old price may be of lower quality. Fewer opportunities are offered for buying goods at cut prices.

#### Basic commodity prices hesitate at wartime high

Staple commodity prices, as indicated by the BLS index of 28 basic commodities, have advanced 70 percent since the pre-war level of August 1939. Practically all of the rise in 1942 has reflected increases in the agricultural products making up the index of 9 uncontrolled commodities.

Except for the post-election rise, little net change has taken place since October 2. (See Chart 4.) In the latest week (ended November 13), the index of uncontrolled commodities was unchanged, with increases in corn, wheat, barley, and rosin, offsetting declines in hogs, cotton, and flaxseed. Prices for hogs declined 3.5 percent to the level at the beginning of April. Receipts have not yet materialized in volume proportional to supplies, but packers are reported to be refusing to pay higher prices in anticipation of heavy receipts. Prices for steers were unchanged at the wartime high of the week before.

- 6 -

### Record crops harvested

The Government crop report as of November 1 confirmed earlier indications of record crops of grains, hay and forage, fruits and commercial vegetables, oilseeds, sugar and sirup crops, and beans and peas. Records will be set in production of livestock, milk, poultry and eggs. Fall pastures are believed to be the best in twenty years. Slightly larger than average crops of potatoes, cotton, and tobacco are indicated.

Harvesting the crops was complicated by twice the normal October rainfall in the Atlantic and Great Plains areas, and by progressive shortages in manpower, equipment, supplies, and storage space. Heavy rainfall in the South interfered with harvesting, and the estimate of the cotton crop was lowered 4 percent. Yet, in general, losses were relatively small and most crops are now stored. October was warm and dry in most of the central Corn Belt, contributing to a new record corn crop averaging 35.6 bushels per acre, nearly 4 bushels more than ever before.

### Food supplies becoming depleted

The food supply situation, however, is becoming less favorable, as stocks are being drawn down by heavy civilian demand and increasing requirements for the United Nations and our own armed services. Cold storage reports as of November 1 revealed continuing inroads on the nation's larder of pork, lard, cheese, eggs, and butter. Creamery butter stocks were less than half of the stocks a year ago, and the lowest on November 1 since 1932. Exhaustion of storage butter supplies by January, if only the normal rate of withdrawal occurs, is forecast by dealers.

### Retail inventories declined in third quarter

After an unprecedented stocking-up movement throughout 1941 and the first half of the current year, retailers' inventories declined in September, marking the first downturn in two years on a seasonally-adjusted basis. The entire decline, however, was accounted for by shrinking inventories of irreplaceable consumers' goods in the hands of automobile, lumber, building material and other hardware and durable goods dealers. In addition, the September drop was accentuated by less-than-seasonal autumn purchases in many other retail lines, due in part to heavy forward buying by store owners earlier in the year, and in part to inability to buy certain articles formerly stocked heavily in the early fall.

- 7 -

Despite the increased momentum in the rate at which scarce items are passing into the hands of consumers, retail stocks as a whole are nevertheless still at very high levels in relation to sales. (See Chart 5.) It is estimated that from 5 to 10 percent of our industrial resources during 1941 and the first half of 1942 was devoted to production for inventory purposes (including all classes of inventories) rather than for current needs. Much of the output of consumers' goods is still on the shelves, and a gradual drawing down of stocks should ease the pressure of civilian demand for some months ahead.

The over-all size of retail stocks, however, should not obscure the fact that these stocks are divided very unevenly as between different regions and different stores within those regions. Certain firms and areas have been in a better position than others to participate in the forward buying movement of the past 2 years. An effective method of spreading out supplies now in the hands of final distributors must accordingly be devised if inflationary pressure on the prices of shortage items is to be minimized.

The War Production Board has announced an inventory control plan, to be effected by a forthcoming order, which will allow merchants and wholesalers until the second quarter of 1943 to reduce their stocks to normal in relation to sales.

#### Consumer expenditures lagged behind income payments in September

After lagging behind the rise in national income payments in the first half of 1942, seasonally-adjusted consumer expenditures for both goods and services, as estimated by the Department of Commerce, rose considerably in July and August and substantially narrowed the widening gap of previous months. In September, national income payments continued to move higher, but consumer expenditures (preliminary) are estimated to have declined moderately. (See Chart 6.) The deviation from the usual relationship between income payments and consumer expenditures is attributable, among other factors, to the increased diversion of funds for War Bonds, taxes and consumer debt reduction, and to the unavailability of certain consumer goods of high value, notably new homes and automobiles.

#### Department store sales widen gain

Following a strong showing in October, when total department store sales reached the highest level since last December, sales showed further gains in the first week in November. The gain over 1941 levels widened to 20 percent in that week from 15 percent in the last week of October. All districts recorded gains, ranging from a 48 percent increase in the San Francisco district to an 11 percent increase in the New York district.

"War" stocks decline on improved war news

The news of the successful United States invasion of North Africa coming on top of previous British successes in Egypt, again stimulated interest in so-called "peace" stocks last week while bringing about liquidation of "war" issues. Stock trading on Monday rose to the highest level of the year, and the Dow-Jones average of industrial stock prices touched a new peak for 1942. The preference for "peace" over "war" stocks persisted throughout the week, placing "peace" stocks in the strongest relative position since October 1940. (See Chart 7.) In addition to the shift in trading sentiment noted in the stock market, speculative railroad bonds, which would benefit from a long war, showed noticeable weakness, while bonds of Nazi-occupied countries moved sharply higher.

Decline in 1942 industrial earnings less than anticipated

The moderate improvement in industrial stock prices this fall has been attributed in part to the fact that tax requirements under the 1942 Revenue Act will not cut into earnings quite as heavily as had been expected some months ago. Thus Standard and Poor's Corporation recently estimated 1942 earnings results for 344 leading corporations, and applied the percentage change to the 707 companies for which records are kept. Before reserves for contingencies and contract renegotiations and without provisions for postwar refunds, estimated earnings for 1942 on the above basis would show a decline of 21.1 percent from the previous year. While reserves are expected to widen the decline somewhat, the drop in industrial earnings from 1941 levels is still expected to be closer to 25 percent than the 30 percent decline anticipated a few months ago. On the basis of a 21.1 percent decline, estimated earnings of the 707 companies in 1942, after taxes, would be exceeded by only 4 years since 1929, as shown in the following table:

Earnings of 707 industrial companies in millions of dollars				
1942	Est. *	2,110.5	1935	1,624.4
1941		2,674.9	1934	1,113.5
1940		2,439.7	1933	741.2
1939		2,071.5	1932	91.3
1938		1,358.8	1931	717.1
1937		2,660.8	1930	1,852.7
1936		2,405.1	1929	3,322.5

\* Before special reserves.

# RAILROAD FREIGHT TRAFFIC

1935-'39 = 100

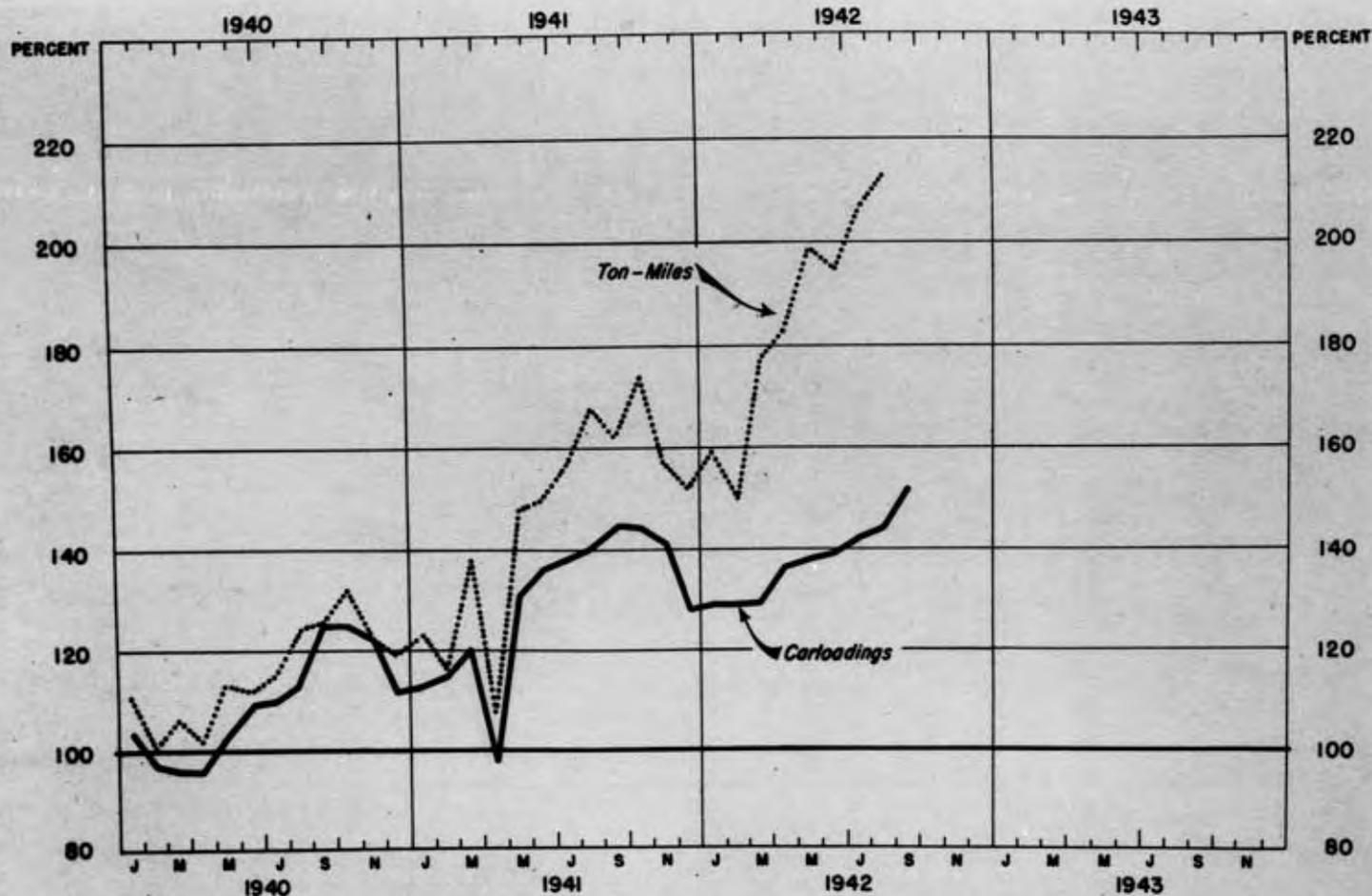
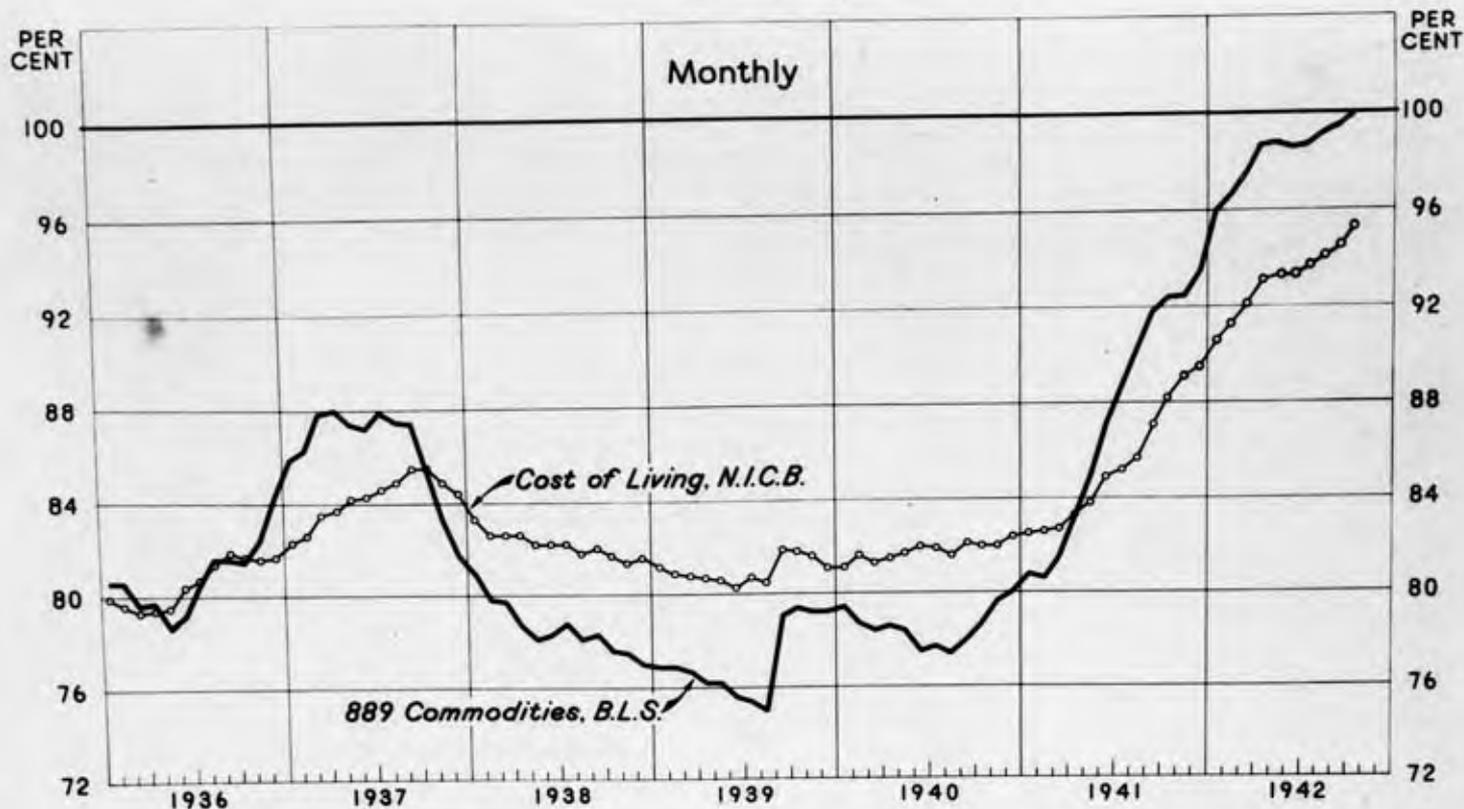


Chart 1  
271

# COMMODITY PRICES AND COST OF LIVING

1926=100



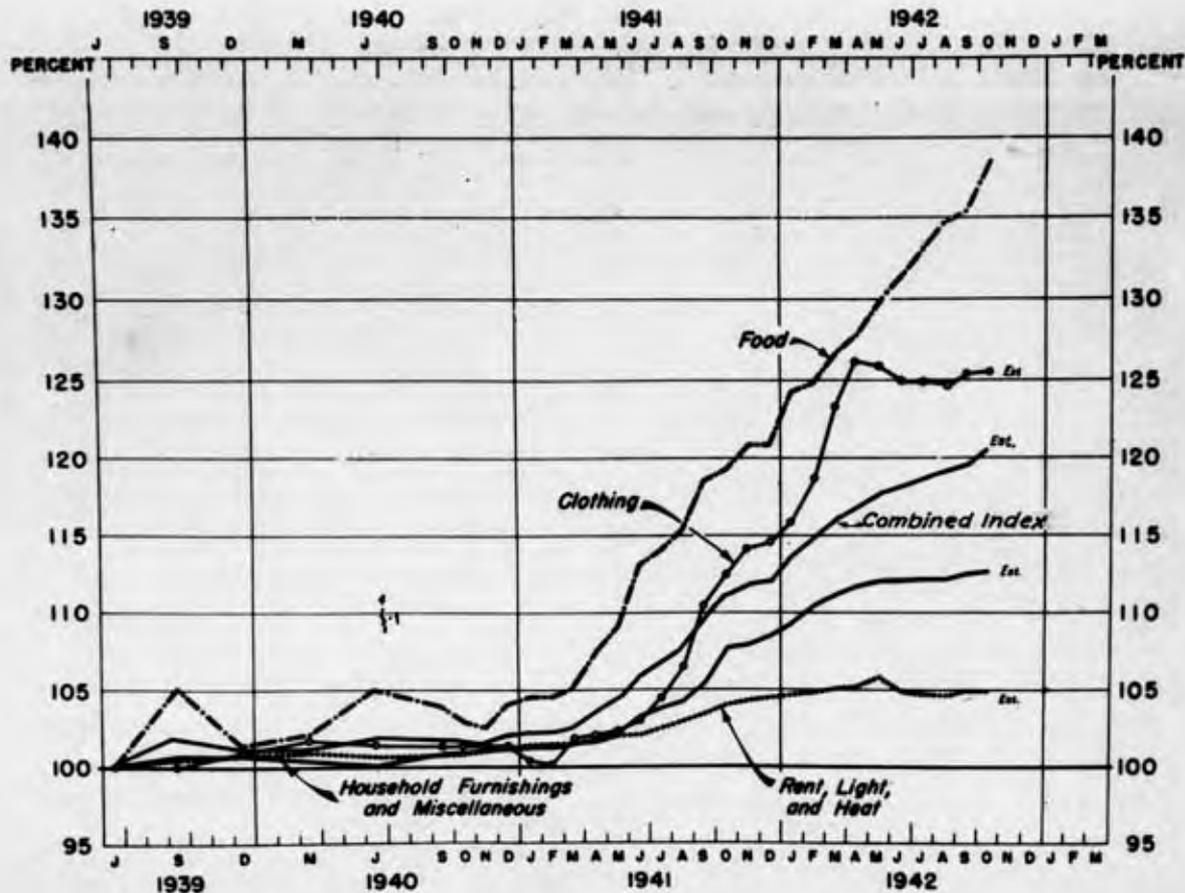
Office of the Secretary of the Treasury  
Division of Research and Statistics

P-196-D1

Chart 2  
272

# COST OF LIVING AND SELECTED ITEMS

June 1939=100



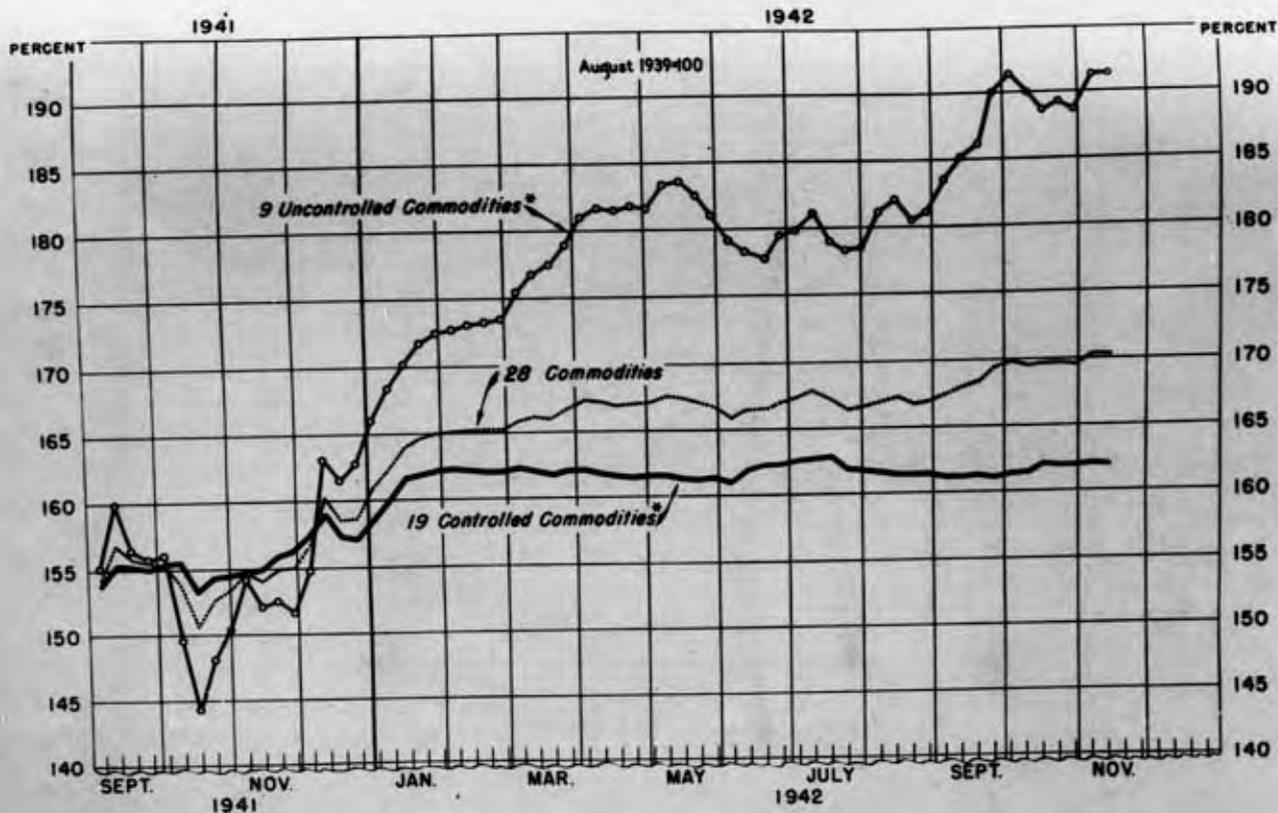
Source: B. L. S.

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

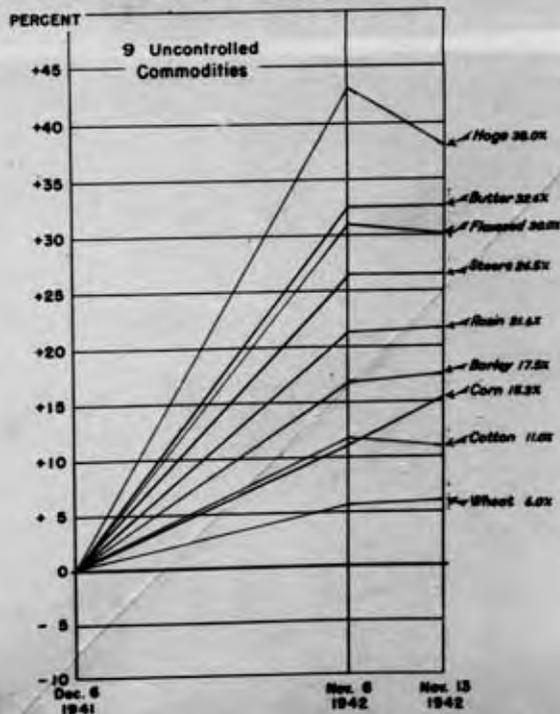
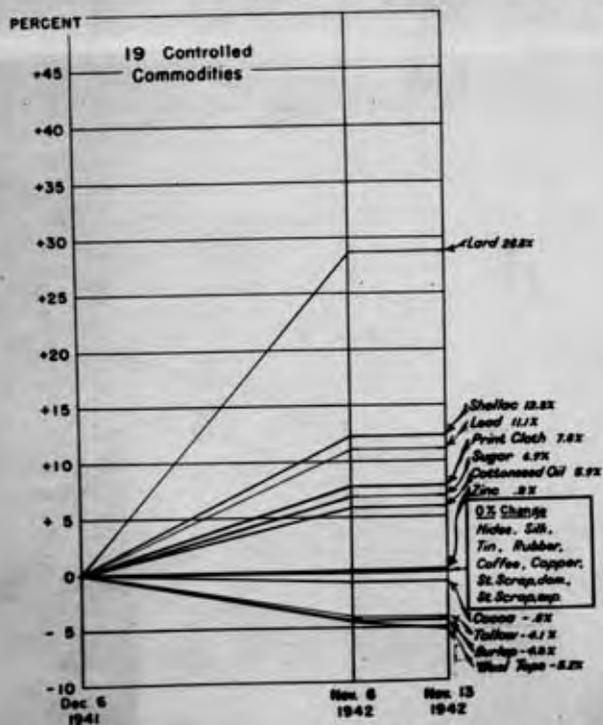
C-413-A1

Chart 3  
273

# MOVEMENT OF BASIC COMMODITY PRICES

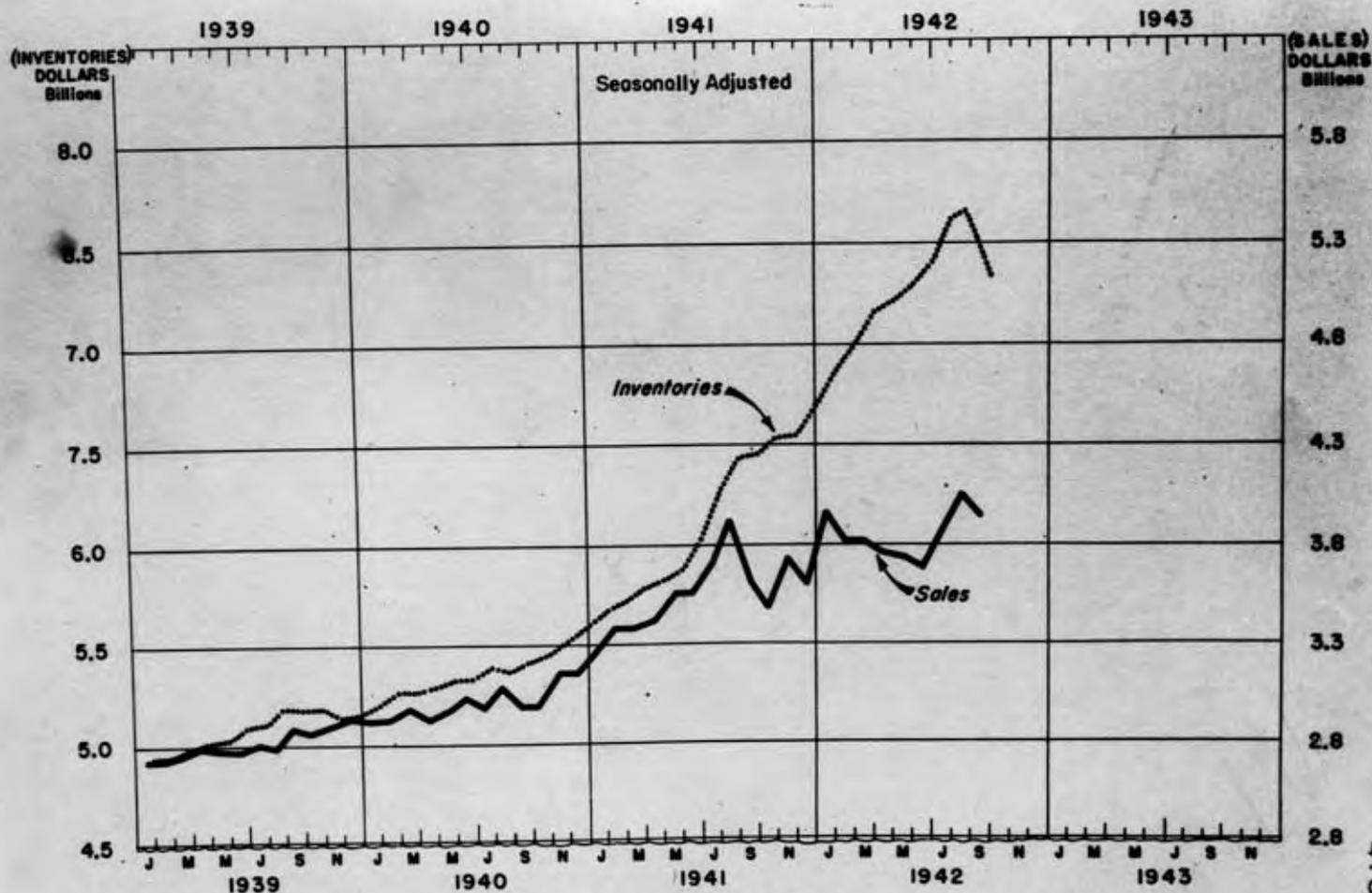


PERCENTAGE CHANGE DEC. 6, 1941 TO NOV. 6 AND NOV. 13, 1942



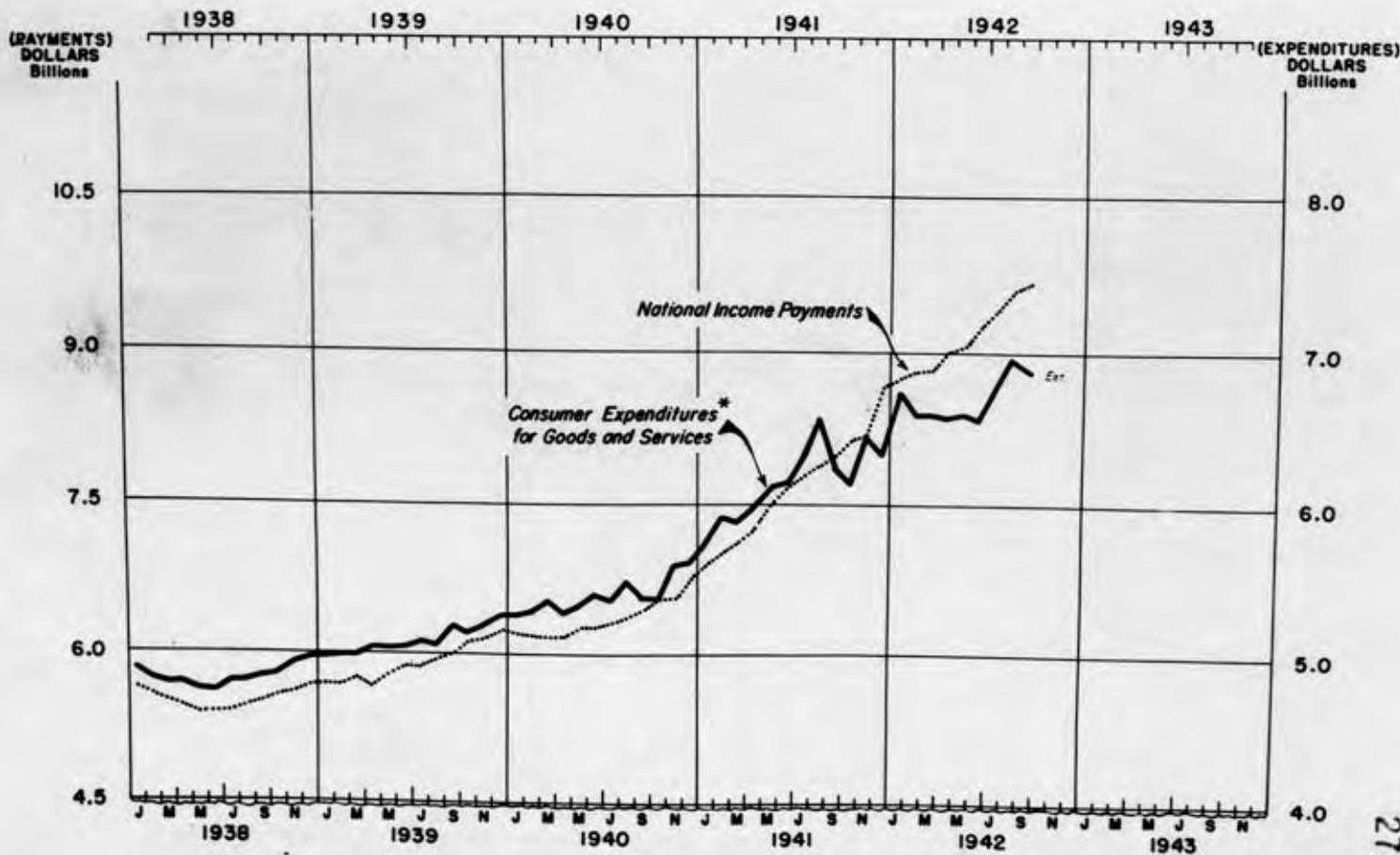
\* 20 Controlled and 8 Uncontrolled previous to June 26

# RETAIL INVENTORIES AND RETAIL SALES\*



\*Retail sales to consumers and inventories of retail stores  
Source: Department of Commerce

# CONSUMER EXPENDITURES AND NATIONAL INCOME PAYMENTS (Monthly Dollar Totals Adjusted)



\* Calculated from Departmental Commerce adjusted index.

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

276

Chart 6

C-448

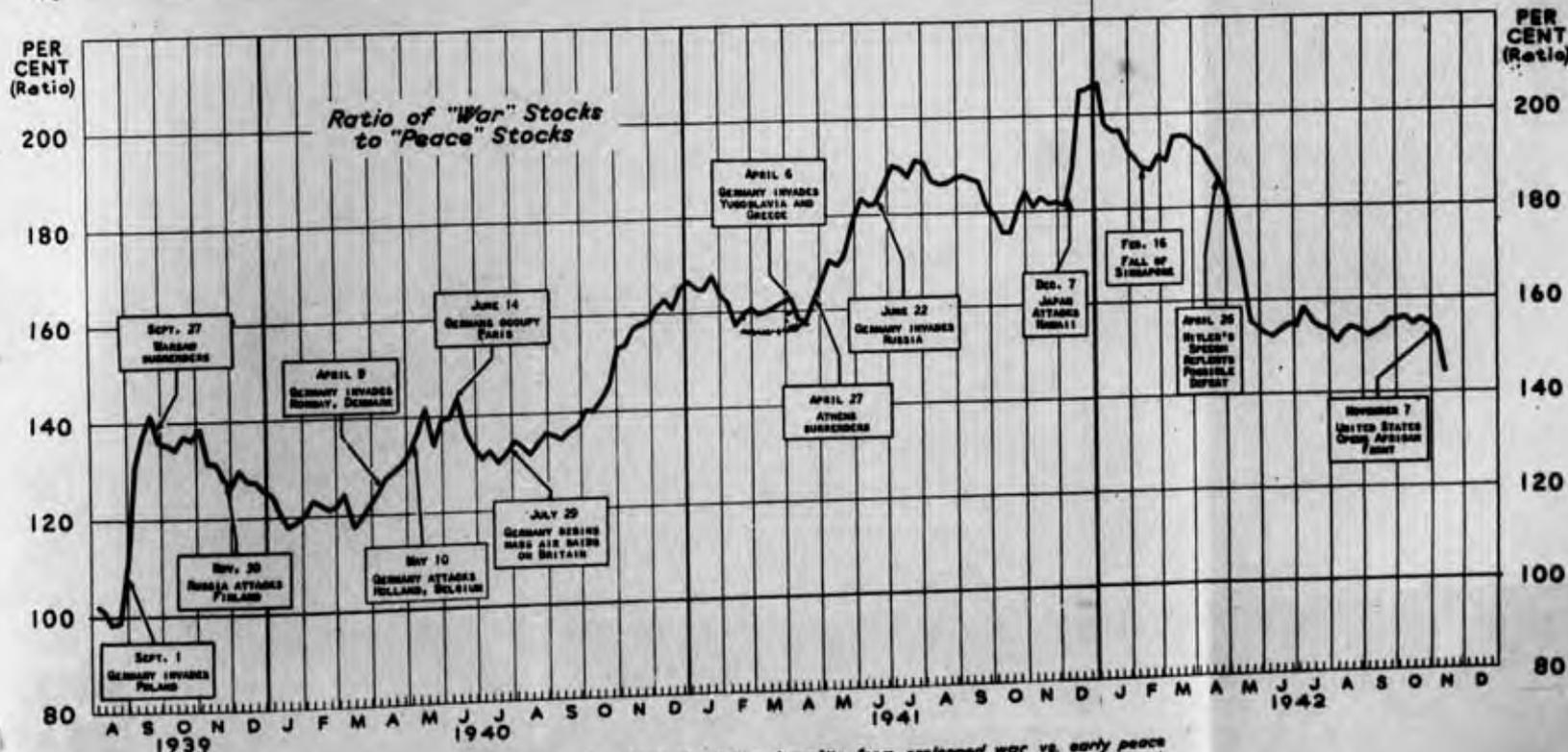
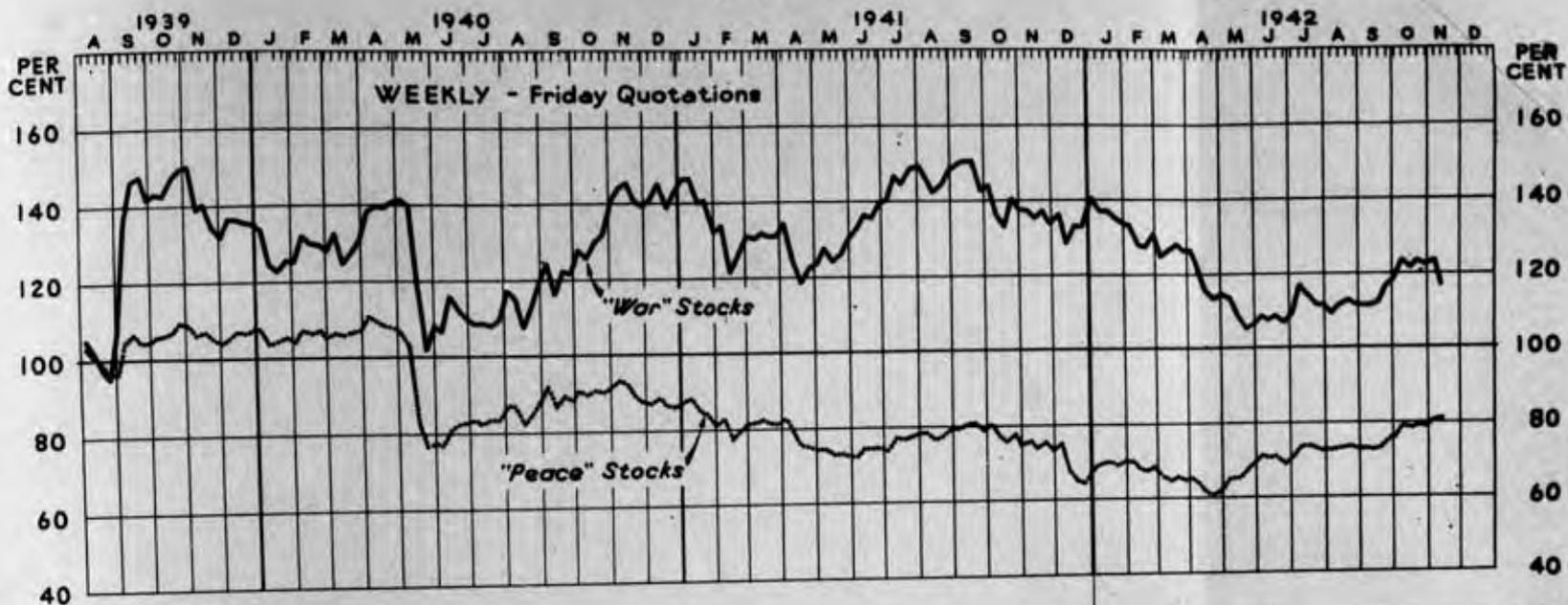
Regraded Unclassified

# COMPARISON OF PRICE MOVEMENTS OF 20 "WAR" STOCKS AND 20 "PEACE" STOCKS\*

August 1939 = 100

277

Chart 7



\* Stocks selected on basis of relative benefits from prolonged war vs. early peace  
Indexes are weighted averages of price relatives

P-225-5



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

November 16, 1942

*Carbon copy to Mr. White  
for his info.  
11/23/42*

MEMORANDUM TO THE SECRETARY:

This noon the Lend-Lease Administration requested us to take over certain supplies purchased by the Vichy Government (piece goods, garments, foodstuffs, medical supplies, etc.), totaling approximately \$5 million, which property is now in the custody of the Foreign Funds Control.

In cooperation with the Frozen Funds Control, documents are now being obtained from the French-American Bank of New York City and immediate action will be taken to forward the supplies to shipside for shipment to North Africa.

*Clinton E. Mack*  
Clinton E. Mack  
Director of Procurement





OFFICE OF THE DIRECTOR

## TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

November 16, 1942

## MEMORANDUM TO THE SECRETARY:

Since mentioning to you the proposal of Lend-Lease to requisition clothing and miscellaneous supplies for the relief and rehabilitation of the people in occupied areas following "Second Front" operations, there have been several developments in which you will be interested.

The State Department has named committees on foodstuffs, clothing, medical supplies, agricultural supplies, and miscellaneous supplies and equipment. The committee on clothing is headed by Dr. Graham Clark of the Tariff Commission who, in turn, is obtaining information from various sources as to the population of objective areas, the customs, and other factors that should be considered in determining clothing requirements.

There was a meeting held at the office of the Under Secretary of Agriculture, Paul Appleby, now on detail with Lend-Lease, Friday afternoon and it was indicated that partial requirements would be ready within about ten days. In the meantime, Mr. Stettinius telephoned me that the letter from Lend-Lease to you has been forwarded, authorizing the expenditure of funds for this purpose. I was advised by the State Department representative that he is coordinating with the Board of Economic Warfare and Mr. Appleby is coordinating with the War Department relative to this matter.

In accordance with your suggestion, I will advise you as soon as the first list of requirements is received.

*John Mack*  
John E. Mack  
Director of Procurement



Jean Louis Xavier Francois Darlan (1881 - )

### Early Life

J.L.X.F. Darlan was born on August 7, 1881, of a French naval family. His father was a Deputy for Nerac and a member of the conservative Meline Cabinet of 1896 - 1898.

He progressed rapidly in the Navy until 1915, when he applied for shore duty in charge of French naval guns on the Western front. Official British sources say that the reason why he asked for shore duty was dissatisfaction with the prospects of a young French naval officer at sea. He is said to have believed that the predominance of the British navy would always prevent a Frenchman from having a really active and distinguished naval career.

He was ambitious for himself as well as for his Service, and he was jealous of Great Britain. British official sources report that these two characteristics - ambition and hostility toward Britain - have been apparent throughout his career. He is said to have become particularly embittered against Great Britain at the successive post-war naval conferences, where the British expected the French to accept an inferior ratio of naval tonnage. His bitterness against Britain is said to have been further aggravated by the Anglo-German Naval Agreement of 1935 and by the British attack on the French fleet off Oran in 1940.

After the peace settlement of 1918, he commanded several units on the Rhine. In 1920 he returned to sea. He was promoted regularly during the 1920's and 1930's. In 1936 he became Chief of the General Staff of the Navy. In June 1939 he was made Commander in Chief of the French Naval forces, with the rank of Admiral.

### Character

We have no certain information on his character. It is clear only that his domestic politics are conservative and authoritarian, his international views colored by sympathy with authoritarian regimes and dislike for Britain. The view of his character which seems most reasonable to us is expressed by the following statement.

- 2 -

"He has no principles. It would be wrong to attribute to him a pro-German attitude based on any principles. He will lean to the German or English side according to events. He is unstable and very susceptible to influence. He was greatly impressed by the statements and threats of Hitler when he had an interview with the latter at Berchtesgaden. American influence could modify his attitude to a considerable degree."

This is the view of Darlan's character communicated to the Office of Strategic Services by Boris Souvarine, who has considerable knowledge of French politics and personalities.

#### Activity since June 1940

He was - together with Petain and Weygand - one of the three most important authors of the Armistice with Germany. In February 1941 he reached the pinnacle of his power, being made Vice-Premier, Foreign Minister, Minister of Marine and successor to Marshal Petain.

There is no authenticated evidence of any resistance by Darlan to German demands of even the most extreme and humiliating character. There is no evidence that he ever found it repulsive to collaborate with the Germans. Yet the Germans seem consistently to have preferred Laval.

Since early in 1941 many reports have come to U.S. Intelligence officers that Darlan saw that he had put his money on the wrong horse and that he was anxious for U.S. favor. Admiral Fenard, Vichy Secretary-General for North Africa, reported to this effect in October 1941. Alain Darlan, the Admiral's son, also stated that Darlan and Petain felt sure of a U.S. victory and wished to cooperate with the U.S. (April 1942). Darlan was reported, by many sources, to be annoyed at being replaced by Laval and Laval's men. We have no evidence that these testimonials of sympathy for the U.S. and objection to Laval are more than the protective devices of a crafty and self-seeking politician.

It is evident that the Frenchmen who have given most for the cause of a Free France hate Darlan and distrust him. On November 16, 1942, General De Gaulle and the French National Committee issued a formal statement protesting against the

- 3 -

influence of Darlan in North Africa. They protest also against the arrival in North Africa of Flandin and Pucheu, well-known Fascists and German collaborators. The protest was stated in the following words:

"Should these negotiations result in arrangements which would in effect confirm the Vichy Regime in North Africa, such decisions obviously could not be accepted.

"The Union of all French territories overseas in the struggle for liberation should be achieved in conditions consonant with the will and dignity of the French people."

NOT TO BE RE-TRANSMITTEDCOPY NO. 13BRITISH MOST SECRET  
U.S. SECRET

OPTEL No. 399 not received.

OPTEL No. 400

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

1. NAVAL

NORTH ATLANTIC. 15th. One of H.M. Auxiliary Aircraft Carriers sunk by U-boat yesterday 110 miles west of GIBRALTAR while escorting homeward convoy. A transport of 11,300 tons was also sunk and a 6,700 ton U.S. ship torpedoed but still afloat. 16th. A 7,600 ton motor transport ship torpedoed and sunk in homeward convoy west of GIBRALTAR. A French submarine entered CADIZ on 14th and yesterday was reported to have been scuttled just outside.

HOME WATERS. 14th/15th. 3 motor torpedo boats attacked 3 small ships escorted by one trawler off the Dutch Coast. 15th. In the morning E-boats were sighted off the East Coast near LOWESTOFT. One of H.M. Destroyers twice engaged them and severely damaged one E-boat. Light craft also engaged them off HARMICH and claim hits. One of H.M. Submarines is overdue and must now be presumed lost.

WEST ATLANTIC. One of H.M. Canadian Destroyers was in collision with a small Panamanian ship 15th off CAPE RACE. The ship was sunk and the destroyer severely damaged.

MEDITERRANEAN. A naval minesweeper was sunk off BOUGIE yesterday from unknown cause.

BLACK SEA. During night 12th a small party of Russian seamen landed near ANAPA and destroyed gun positions and cut communications.

2. MILITARY

LIBYA. 14th. At noon our armoured forces reported TMIMI clear of enemy but with signs of recent occupation. Our armoured columns were advancing on MARTUBA, BIR HAKEIM and SEGALI. Strategic reconnaissance reported much M.T. movement from JEDABYA to BUERAT.

ALGERIA. 14th. BONE. A mobile column arrived by road supporting troops, and stores by sea were successfully disembarked.

3. AIR OPERATIONS

WESTERN FRONT. 15th. A 4,000 ton ship was torpedoed by 1 Hampden off NORWAY. 15th/16th. 100 aircraft despatched - Genoa 70, examining, BAY OF BISCAY 20, one of latter missing. Weather excellent over GENOA, attack considered very successful.

FRENCH NORTH AFRICA. 13th. Enemy bombers attacked BONE, DJIDJELLI and BOUGIE causing little damage and losing fifteen aircraft. 14th/15th. Wellingtons dropped 25½ tons of bombs on EL AGUINA air field causing considerable damage to buildings and work shops.

LIBYA. 13th. Our fighters successfully attacked enemy M.T. between JEDABYA and EL AGHEILA. At night Liberators and Wellingtons bombed BENGHAZI Harbour & Wellingtons missing.