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Program

World-Wide Radio Broadcast

by

HONORABLE HENRY MORGENTHAU, JR.,
Secretary of the Treasury
and Banquet honoring

CONGRESSMAN ROBERT L. DOUGHTON

Robert E. Lee Hotel, Winston-Salem, N. C.
Saturday, December 12, 1942
6:30 P. M.
To the Secretary of the Treasury

with great appreciation
for your visit and the great
impetus you have given the
sale of War Bonds in NC.

Menu

Fresh Fruit Salad

Roast Turkey with Dressing, Cranberry Sauce

Asparagus Tips  Candied Yams

Mincemeat Pie, Cheese

Hot Tea

Decorations arranged by
Women's Division of War Savings Staff

Program

SONG ................................................... America

INVOCATION ....................................... Dr. W. A. Stanbury,
President Winston-Salem Ministerial Association

DINNER MUSIC .................................... Fort Bragg Orchestra

INTRODUCTION OF GUESTS .................. Robert M. Hanes,
Toastmaster

GROUP SINGING ................................. Led by Mr. A. D. Zanzig,
with Paul Pegram at the Piano

REMARKS........................................ Honorable J. Melville Broughton,
Governor of North Carolina

ADDRESS ......................................... Honorable Robert H. Doughton,
Congressman from the Ninth District of North
Carolina and Chairman of the Ways and Means
Committee of the House of Representatives

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

MUSIC—
Chorus of the Winston-Salem Teachers College

THE NATIONAL ANTHEM

The addresses of Mr. Doughton and Mr. Morgenthau will
be broadcast to the United States and Canada through
the Blue Network and by shortwave to other parts of the
world.

Regraded Unclassified
Committee of Sponsors

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Mr. and Mrs. A. L. Butler
Mr. and Mrs. John C. Whitaker
PROGRAM WAR BOND DINNER

TIME:

6:30 - 6:55  MUSIC BY FORT BRAGG BAND
(At 6:35 Ball Room doors will be opened and crowd will be moving in)

6:55  HEAD TABLE GUESTS ENTER BALL ROOM

6:58  SONG - "AMERICA" - LED BY MR. ZANZIG.

7:00  INVOCATION - DR. W. A. STANBURY, PRESIDENT
WINSTON-SALEM MINISTERIAL ASSOCIATION

7:00 - 7:50  DINNER AND MUSIC BY FORT BRAGG BAND

7:50  TOASTMASTER HANES:
General remarks regarding occasion, special comments regarding Doughton and Morgenthau. Present head table guests not on program.

8:05 - 8:07  2-MINUTE TALK BY COLONEL CHARLES H. ROBERTSON, ADMINISTRATOR
N. C. WAR SAVINGS STAFF

8:08 - 8:10  2-MINUTE TALK BY MISS HARRIET ELLIOTT OF THE WOMEN'S
DIVISION, WAR SAVINGS STAFF, WASHINGTON, D. C.

8:10  HON. J. MELVILLE BROUGHTON, GOVERNOR OF NORTH CAROLINA
(5-minute talk welcoming guests to North Carolina)

8:15  GROUP SINGING LED BY MR. A. D. DANZIG, NOTED SONG LEADER
AND MEMBER OF THE WAR SAVINGS STAFF, WASHINGTON, D. C.
PAT PEGRAM AT THE PIANO

RADIO TIME

8:30  RADIO PROGRAM OPENS FROM NEW YORK AND IS BROADCAST IN
BALL ROOM. RONALD COLEMAN OPENS PROGRAM, EXPLAINS BOND CAMPAIGN AND INTRODUCES MR. DOUGHTON.

8:37  MR. DOUGHTON SPEAKS AND INTRODUCES MR. MORGENTHAU.

8:41  MR. MORGENTHAU SPEAKS.

8:52  PROGRAM GOES OFF AIR BUT MR. MORGENTHAU CONTINUES ADDRESS.

9:00  GROUP SINGING - MR. ZANZIG
JACK ATKINS AND W-S TEACHERS COLLEGE CHORUS
CONCLUDING SONGS - MR. ZANZIG
THE NATIONAL ANTHEM
12 - White Christmas

Dashing thro' the snow
In a one horse open sleigh,
O'er the fields we go,
Laughing all the way;
Bells on bobsled ring,
Making spirits bright;
What fun it is to ride and sing
A sleighing song to-night!

Chorus
Jingle, bells! Jingle, bells!
Jingle all the way
Oh, what fun it is to ride
In a one horse open sleigh
(Repeat)

13 - Jingle, Bells

A mighty fortress is our God,
A bulwark never-failing;
Our Helper He amid the flood
Of mortal ills prevailing;
For still our ancient foe
Doth seek to work us woe,
His craft and power are great,
And, armed with cruel hate,
On earth is not his equal.

Did we in our own strength confide,
Our striving would be lost;
Were not the right man on our side,
The man of God's own choosing;
Dost ask who that may be?
Christ Jesus, it is He!
Lord, Saviour His Name,
From age to age the same,
And He must win the battle.

14 - A Mighty Fortress In Our God

Oh, say can you see, by the dawn's early light,
What so proudly we hailed at the twilight's last gleaming?
Whose broad stripes and bright stars
Then glistened o'er the fields we watched, were so gallantly streaming?
And the rockets' red glare, the bombs bursting in air,
Gave proof thro' the night that our flag was still there.
Oh, say, does that star spangled banner yet wave
O'er the land of the free and the home of the brave?

Oh, thus be it ever when free-men shall stand
Between their lov'd homes and the war's decimation;
Blest with vict'ry and peace, may the heav'n's rescued land
Praise the Power that hath made and preserved us a nation!
Then conquer we must, when our cause it is just,
And this be our motto: "In God is our trust!
And the star-spangled banner in triumph shall wave
O'er the land of the free and the home of the brave.
12 - White Christmas

Dashin' thro' the snow
In a one horse open sleigh,
O'er the fields we go,
Laughing all the way;
Bells on bobtail ring,
Making spirits bright;
What fun it is to ride and sing
A sleighing song to-night.

Chorus
Jingle, bells! jingle, bells!
Jingle all the way.
Oh, what fun it is to ride
In a one-horse open sleigh!
(Repeat)

14 - A Mighty Fortress In Our God

A mighty fortress is our God,
A Bulwark never-failing;
Our Helper He said the flood
Of mortal ills prevailing;
For still our ancient foe
Doth seek to work us woe;
His craft and power are great,
And, armed with cruel hate,
On earth is not his equal.

Did we in our own strength confide,
Our striving would be nothing;
Were not the right man on our side,
The man of God's own choosing;
Doest ask who that man be?
Christ Jesus, it is He;
Lord Sabaoth His Name,
From age to age the same,
And He must win the battle.

15 - The Star-Spangled Banner

Oh, say can you see, by the dawn's early light,
What so proudly we hailed at the twilight's last gleaming?
Whose broad stripes and bright stars,
tho' the perilous fight,
O'er the ramparts we watched, were so gallantly streaming?
And the rockets' red glare, the bombs bursting in air,
Gave proof thro' the night that our flag was still there.
Oh, say, does that star spangled banner yet wave?
O'er the land of the free and the home of the brave?

Oh, thus be it ever when free-men shall stand
Between their lov'd homes and the war's desolation!
Blest with vict'ry and peace, may the heav'n rescued land
Praise the Power that hath made and preserved us a nation
Then conquer we must, when our cause it is just,
And this be our motto: "In God is our trust!
And the star-spangled banner in triumph shall wave
O'er the land of the free and the home of the brave.
1. **AMERICA**

   **OLD NORTH STATE**

   Carolina, Carolina
   Heavn's blessings attend Her
   While we live we will cherish,
   And with her, protect and defend her.
   Though the stormers may sneer at
   And witlings deface her
   Our hearts swell with gladness
   Whenever we name her.

   Hurrah, Hurrah!
   The Old North State forever
   Hurrah, Hurrah,
   The good Old North State.

2. **CASION SONG**

   Over hIll, over dale, as we
   Hit the dusty trail,
   And those caissons go rolling along,
   Up and down, in and out, counter
   March and left about,
   While those caissons go rolling along.
   For its hi! hi! bee! in the Field
   Artillery
   Shout out your numbers loud and strong,
   And where'er you go, you will always
   know
   That those caissons go rolling along.
   KEEP 'EM ROLLING
   That those caissons are rolling along.

3. **BATTLE HYMN OF THE REPUBLIC**

   Mine eyes have seen the glory of the
   coming of the Lord;
   He is trampling out the vintage where
   the grapes of wrath are stored;
   He hath loosed the fateful lighting of
   his terrible swift sword,
   His truth is marching on.

   **Chorus**
   Glory, glory, hallelujah! Glory, glory
   hallelujah!
   Glory, glory, hallelujah! His truth is
   marching on.

   I have seen Him in the watchfires of
   of a hundred circling camps,
   They have builded Him an altar in the
   evening dews and damp;
   I can read His righteous sentence by
   the dim and flaring lamps:
   His day is marching on.

4. **OVER THERE**

   Send the word, send the word over there
   That the Yanks are coming,
   The Yanks are coming,
   The guns rum-tumming everywhere.
   We pray, we pray a prayer,
   In the word, send the word to beware,
   We'll be here in a day or two,
   And we won't be back till it's over,
   Over there.

5. **WHITE CLIFFS OF DOVER**

   East Side, West Side,
   All around the town,
   The girls are singing 'A-Rose,'
   "London Bridge is falling down."
   Boys and girls together,
   We and Maggie O'Rourke,
   Tripped the light fantastic,
   On the sidewalks of New York.

6. **MY BOND'S RIGHT THERE**

   (To the tune of "Tipperary")

   Takes a long time
   To save a million!
   Takes a long time I know.
   Takes a long time
   To raise a billion,
   But Uncle Sammy needs the dough!
   Goodby, Sunday joyrides!
   Farewell, silk-shirt flare!
   When the boss buys Bonds
   On every payday,
   Yes, my boss's right there.

7. **SIDEWALKS OF NEW YORK**

   Every body, every payday
   Buy a Bond the U. S. A. way!
   That's the joke, it's up to you and
   I butcher, baker, banker, scholar,
   Take a dime from every dollar.
   Every one pitch in for victory,
   Every body, every payday,
   Every farmer, every hay-day
   Top the crop with dimes for Uncle Sam.
   Ten percent! That's the rent!
   Every one can pay
   For a home in the U. S. A.

8. **AMERICA THE BEAUTIFUL**

   O beautiful for spacious skies,
   For amber waves of grain,
   For purple mountain majesties
   Above the fruited plain.
   America! America! God shed his grace
   on thee
   And crown thy good with brotherhood
   From sea to shining sea.

   O beautiful for patriot dream
   That sees beyond the years
   Thine alabaster cities gleam
   Undimmed by human tears.
   America! America! God shed his grace
   on thee
   And crown thy good with brotherhood
   From sea to shining sea.

9. **KEEP THE HOME-FIRES BURNING**

   Keep the home-fires burning,
   While your hearts are yearning,
   Though your lads are far away
   They dream of home.
   There's a silver lining
   Through the dark cloud shining,
   Turn the dark cloud inside out.
   Till the boys come home.
Mr. Toastmaster, Secretary Morgenthau, ladies and gentlemen:

Tonight, I am highly honored to appear before this splendid assembly of North Carolinians in Winston Salem and before the thousands of patriotic Americans listening in from every State—all with one purpose of doing our best wherever we are and in every way we can to win the war. In every war of our great republic, our commonwealth, as well as this community, has been in the forefront of the battle when and where duty calls.

Our nation has accepted the challenge to our democracy, our liberty and our lives by the most brutal gangsters who have ever tried to overlord the human race and pollute the stream of civilization.

Our boys are already in the thick of the fight on all the far-flung battle fronts of the world. Hundreds and hundreds of thousands more will soon be on the way. They know what they are fighting for. They will not let us down. We at home will not let them down.

I have not the slightest doubt, nor have you, about winning this war. We have made up our minds and are fighting with indomitable determination. I know — and so do you — that the price will be great in blood and lives, in heartache and suffering, in taxes and loans.

In my own humble judgement we should pay for as much of the cost of the war as we can in taxes. Taxes are heavy. We know they should be heavy — as heavy as can be devised short of strangling enterprise or shattering sound economic stability.

However, much as we can raise in taxes we can pay for only a part of the cost in taxes. A great part — the greater part for the time being — must be raised in loans by all of our citizens to their Government. I am told that already more than fifty million of our people have bought War Bonds and
and Savings Stamps. This War Savings Program appeals to me in many ways --- both for the Government and for our individual people. In one way especially it appeals to me. War Savings calls for thrift and thrift begets economy in our everyday lives and in our Government. I have advocated economy in Government year in and year out since I first went to Congress thirty-two years ago. When you buy War Savings Bonds today you help finance your Government; you put the material for fighting into the hands of our sons over there and you help finance yourselves and your families' security in the days to come, in the days when American industry quits producing engines of war and begins again to produce the goods we need in our daily living.

We are honored and happy to have the Secretary of the Treasury as our principal speaker on this great occasion. We in North Carolina are especially honored that he is going to speak to us from here in Winston-Salem, a great industrial city. He and I are long time friends and co-workers in our joint efforts to raise money to carry on the Government. Our responsibilities have been greatly accentuated since Federal expenditures have become so stupendous for war purposes.

I have never known a more devoted or faithful public servant. He is a friend of the people. He is a patriot in the finest sense. The financial tasks he shoulders are the most gigantic in history.

I have the high honor to present to this great audience the able and distinguished Secretary of the Treasury, The Honorable Henry Morgenthau, Jr.
I am happy to be speaking tonight in the home State and in the home community of one of America's outstanding legislators -- my old friend, the Chairman of the Ways and Means Committee of the House of Representatives, the Honorable Robert L. Doughton. No other committee in Congress carries a heavier burden of responsibility, for this is the committee that originates all tax legislation.

Bob Doughton and I have shared many labors together during these recent eventful years. We at the Treasury are indeed fortunate to be working in partnership with a Chairman who takes his responsibilities so seriously in these grave days.
And I think the taxpayers of the country are equally fortunate in having tax legislation originate under the leadership of a man like Bob Doughton, who is so devoted to his country and to the welfare of its people. It is his wish, and mine, that tax legislation shall always be the product of a meeting of minds, and that it shall always be sound and just and fair to all the taxpayers.

In introducing me, Mr. Doughton spoke with understanding of the burden that rests upon me nowadays as Secretary of the Treasury. That burden has been especially great in this month of December. The Treasury is now in the midst of borrowing nine billion dollars in a single month -- a borrowing operation unequalled in the annals of this or any other Government.
In this Victory Loan drive we are depending upon the voluntary help of almost fifty thousand professional salesmen drawn from the securities, banking and insurance fields. It is their job to find the dollars that lie idle in the hands of individual investors, corporations and custodians of trust funds; it is their job to see that those dollars go to work for their country.

I am delighted to report to the nation that by today, only the twelfth business day of our drive, we have raised more than six and a half billion dollars. We have come more than two thirds of the way toward our goal. This is a magnificent response, another proof of what a free, enlightened and democratic people can do when their country calls upon them.
In this Victory Loan drive and in the War Savings campaign that has brought us together tonight, you in North Carolina are doing great things. From the mountain homes in your western counties to your factories in Winston-Salem and your shipyards on the coast, this State of yours is giving a fine example of the spirit that is being shown in every State at the start of our second year of war. I have come here tonight to pay my tribute of appreciation to the workers and employers of North Carolina for their part in the War Savings campaign. But in paying my tribute to them I want also to pay it to the workers and employers of the United States as a whole.
Great as our war effort this year has been however, we are just beginning to fight.
We are just beginning to show what this country of 130 million people can do when it puts all its heart and mind and muscle into a single job.
This beginning of ours in 1942 has already produced outstanding patriotic service in many fields in this community and every community.

Take, for example, the Payroll Savings program in which you in North Carolina have made such an enviable record. Every large factory in the State now has a Payroll Savings plan. In those factories 99 percent of all the workers are investing in War Bonds week in and week out, by setting aside a part of their regular pay.
In the nation as a whole there were only 700,000 workers on the Payroll Savings plan a year ago, and they were investing only four percent of their earnings every payday. Today more than 24 million workers are setting aside an average of eight and a half percent of their pay, so our soldiers and sailors and flyers can have the weapons they need. This is an achievement "over here" that will give encouragement to our Allies and to our fighting men at battle stations all over the world.
We could never have achieved this success without the untiring effort of our 300,000 volunteer workers who have been the unsung heroes in this grand enterprise. Day in and day out our labor-management committees, of which there are many thousands in the nation today, have also contributed, not only to the speeding up of production but to the success of the War Savings effort as well.

It is my firm belief that the good-will created by the Payroll Savings plan has been felt all along the production line, and will be felt for years to come.
I like to feel that the new relationship between labor and management, which has been shown so magnificently in this War Savings campaign, is helping to build the post-war world right here and now. I like to feel that it is setting the pattern for the post-war years — a pattern of labor and management working side by side for their own good and their country's good.

Important though the Payroll Savings plan is, it represents only one phase of our War Savings campaign. Millions of farmers, the self-employed, and businessmen have put their savings at their country's disposal. All in all 50 million men and women invested in War Bonds during the past year.
These holders of War Bonds are the people who will be buying the products of American industry ten years from now, when the bonds mature. The bonds that are bought today represent new homes, new comforts, new horizons for the common man. They will help to give body and substance to the ideal of "Freedom From Want" in thousands of American communities and in millions of American homes.
To my mind this is a fact of real significance for the post-war years. It means, as Mr. Doughton has said, that more than 50 million Americans now have a direct and personal stake in the finances of their Government. It means that their savings not only bear fruit now, in helping to win the war, but will also help to keep peace-time industry active and strong in the future years. It means that habits of thrift are growing steadily stronger among the American people, with results that will help to finance this People's War and the People's Peace to come.
H12N ON 32 NL

NEW YORK NY DEC 12 1942

HON HENRY MORGENTHAU JR

2434 BELMONT ROAD WASHNDC

JUST LISTENED WITH RAPTURE TO YOUR SPLENDID ADDRESS. I DOUBT IF YOU CAN IMPROVE ON THAT. HEARTIEST CONGRATULATIONS. SAW YOUR MOTHER TODAY WHO IS IN SPENDID SHAPE. LOVE TO ELLIE AND YOU.

HENRY MORGENTHAU SR

1244A
CFA485 11=TDW CHEVYCHASE MD 12 903P

HON HENRY MORGANTHAU JR=

ROBERT E LEE HOTEL WN=

SPEECH CAME OVER BEAUTIFULLY WITH LOTS OF OOMPH ALL THE WAY=

KUHN.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE
While I should like to call on the 156 firms
who have qualified for the Treasury "T" Flag
Award time does not permit so your Local
Committee has selected 5 representative firms,
and I will present this honor flag to them
as representative of all firms who have reached
the goal of 90% of their employees
participating for at least 10% of the gross
pay roll.
WHITE ICE CREAM AND MILK COMPANY
WILMINGTON, N. C.

121 EMPLOYEES

99% PARTICIPATING for 14.5 % of PAYROLL

MR. SUTHER
WILKES HOSIERY MILLS
NORTH WILKESBORO, N. C.

625 EMPLOYEES

100% PARTICIPATING FOR 10% of PAYROLL

Mr. P. W. ESHELMON
Hugh Grey Hosiery Company
Concord, N. C.

200 Employees - 100%

Mr. R. A. Folkman
WRIGHT'S AUTOMATIC MACHINERY COMPANY  
DURHAM, N. C.  

800 Employees  
100% PARTICIPATING for 12.6% of PAYROLL  

MR. L. C. MINCH
HANES HOSIERY MILLS
WINSTON-SALEM, N.C.

1530 EMPLOYEES

100% PARTICIPATING for 10% of PAYROLL

Mr. W. Roy BROOKBANK
You asked for an explanation of these ads.

One of them "Whose Ocean" was prepared by the Advertising Council and is for use in January. 35 magazines and publications of national circulation have already expressed their desire to use this ad.

The other ad "The Greatest Gift of All" was prepared by our own advertising section and is being used during December by 25 publications and magazines of national circulation including such magazines as Vogue, Harpers and so forth.

Incidentally, one of these publications "This Week" is distributed through 21 different newspapers. Next to the American Weekly, it is not only the most widely read publication in the country but also the most expensive advertising medium.
The Greatest Gift of All

This year with over half the homes of the world shaken by the earthquakes of war there can be no greater gift than that which serves your country as well as you.

A gift that will bring security for yourself, for your family, for your home. And not just this year, but for the years to come.

It's a gift guaranteed by the might and power and richness of America. A gift that guarantees freedom from fear ...freedom from want ...freedom of speech... and freedom to worship as you please.

It's a gift that increases in value with each passing year. It's a United States War Savings Bond, the greatest gift of all!

War Bonds may be bought at Post Offices, Banks, Savings and Loan Associations, Mutual Savings Banks, Retail Stores, Radio Stations, Credit Unions, Investment Houses, Security Dealers, or direct from the Treasurer of the United States—wherever you see this sign.→

This Year Give

WAR BONDS and STAMPS
On all the coasts of Europe today there's scarcely a square foot of sand where free children can play in peace.

On every sea of the Seven Seas ships and men are being sent to the bottom by torpedo and gunfire.

In a dozen conquered countries people are starving. American soldiers—our soldiers—American women and children—our own people—are in concentration camps taking orders from the brutal Japs.

Better drop those rose-colored glasses and look at the facts!

A desperate struggle is ahead of us. We must outmatch our enemies, plane for plane, ship for ship, and gun for gun, otherwise our own country will take its place on the long list of defeated nations.

Our choice is a simple one. Fight—or help those who are fighting. Man a gun or pay for that gun. Drop a bomb or pay for the bomb. With War Bonds. With every single nickel, dime or dollar we can.

Join the Pay Roll Savings Plan, whoever you are, wherever you work. Let your employer set aside 10% of your pay every payday. Each time your savings amount to $18.75, you get a bond worth $25.00 in ten years.

That's the way we Americans will do it. We won't sit back indifferent.

We won't "wait and see" until there's nothing left to see. "Do it now!" is a good American slogan. So let's do it!

It's later than you think!

**DO YOU KNOW**

* When you buy WAR BONDS, you're saving, not giving! Series E WAR BONDS are worth 3½ percent more in 10 years! You get back $4 for every $3 you invest!

* These BONDS, when held to maturity (10 years), yield 2½ percent per year on your investment, compounded semiannually!

* Joining a Pay Roll Savings Plan makes savings easy!

* Joining your bank's Victory Club (it works like any Thrift or Christmas Club) is a convenient way to save for War Bonds for those who aren't members of a Pay Roll Savings Plan.

* You can have enough money to do a lot of things you'd like to do, and buy the many things you'll need after the war is over, if you save enough in War Bonds every pay day now!

* You can start buying WAR BONDS by buying War Stamps for as little as 10 cents.

**EVERYBODY EVERY PAY DAY 10% in War Bonds**

This space is a contribution to America's all-out war effort by YOUR NAME HERE
Note:

This letter was not received until January 1, 1943.
THE SECRETARY OF COMMERCE
WASHINGTON

December 12, 1942.

Dear Henry:

Your letter of December 11 has been received. I am enclosing a statement along the lines you suggest.

Sincerely yours,

[Signature]

Secretary of Commerce.

P.S. I found this in a wrong packet—will send again to Mr. Newcomb.

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

[Handwritten note]

If you think I can help—Congratulations on the success of your drive.
It will be the savings and the patriotism of the more than 130,000,000 people which will make it possible for us to finance the war.

Buying war bonds and stamps is one way in which every man, woman and child in the United States can help win the war.

Jane H. Jones
### Federal Reserve Operations in Government Securities

#### Table

<table>
<thead>
<tr>
<th>Last Week</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
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#### Index

<table>
<thead>
<tr>
<th>Description</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
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</table>

#### Summary

- **Marketable issues**:
  - Market purchases
  - Net increase
  - Special one-day certificates
  - Total net increase (+) or decrease (-)

- ** Marketable securities**:
  - Market purchases
  - Direct purchases from Treasury
  - Nominations
  - Special one-day certificates
  - Total net increase (+) or decrease (-)

- **Taxable securities**:
  - Certificates
  - Total net increase (+) or decrease (-)

- **Treasury notes**
  - Total net increase (+) or decrease (-)

- **Treasury bonds**
  - Total net increase (+) or decrease (-)

- **Guaranteed securities**
  - Total net increase (+) or decrease (-)

- **All taxable securities**
  - Market purchases
  - Net increase
  - Special one-day certificates

---

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

*Original figures revised.*

*Less than $50,000.*

*Transactions are entered as of the day following to which they apply, since data are not available until the following morning.*

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*Regraded Unclassified*
<table>
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<th>Monday</th>
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<td>Dec. 6</td>
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### Treasury notes

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### Treasury bonds

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### Guaranteed securities

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### All tax-exempt securities

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<td>All tax-exempt securities</td>
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</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.  
* Original figures revised.  
< Less than $50,000.  
\footnote{Purchases and sales recorded as of day of transaction and not day of delivery. Transactions after 4 o'clock are included in the next day.}
Mrs. Daniel Judson Callaghan

acknowledges with sincere appreciation

your kind expression of sympathy
MEMORANDUM

To: The Honorable Henry Morgenthau
From: E. R. Stettinius, Jr.
Subject: Executive Reports

Transmitted herewith, for your information, are copies of the Executive Reports on lend-lease operations, as of November 30, 1942.

Attachments
**Statement of Allocations, Obligations, and Expenditures of Funds Appropriated to the President**

Monthly Report as of Nov. 30, 1942

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Appropriation Category</th>
<th>Adjusted Appropriations</th>
<th>Cumulative to November 30, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Allocations</td>
</tr>
<tr>
<td>Ordnance and Ordnance Stores</td>
<td>$2,026,454</td>
<td>$1,859,996</td>
</tr>
<tr>
<td>Aircraft and Aero. Material</td>
<td>2,917,000</td>
<td>2,829,390</td>
</tr>
<tr>
<td>Tanks and Other Vehicles</td>
<td>1,060,115</td>
<td>795,906</td>
</tr>
<tr>
<td>Vessels and Other Watercraft</td>
<td>2,416,668</td>
<td>2,203,546</td>
</tr>
<tr>
<td>Misc. Military Equipment</td>
<td>477,300</td>
<td>453,492</td>
</tr>
<tr>
<td>Production Facilities</td>
<td>1,162,764</td>
<td>1,148,641</td>
</tr>
<tr>
<td>Agric. and Indus. Commodities</td>
<td>6,831,335</td>
<td>6,654,752</td>
</tr>
<tr>
<td>Servicing, Repair of Ships, etc.</td>
<td>513,470</td>
<td>459,068</td>
</tr>
<tr>
<td>Services and Expenses</td>
<td>977,694</td>
<td>449,679</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>20,000</td>
<td>16,256</td>
</tr>
<tr>
<td>Total</td>
<td>$18,397,000</td>
<td>$16,870,726</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Procuring Agency</th>
<th>Adjusted Limitations</th>
<th>Cumulative to November 30, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Allocations</td>
</tr>
<tr>
<td>War Department</td>
<td>$ 6,917,727</td>
<td>$ 6,220,583</td>
</tr>
<tr>
<td>Navy Department</td>
<td>3,138,169</td>
<td>3,158,218</td>
</tr>
<tr>
<td>War. Com. and War Shipping Admin.</td>
<td>2,154,238</td>
<td>1,801,931</td>
</tr>
<tr>
<td>Treasury Department</td>
<td>3,189,481</td>
<td>2,714,461</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>2,982,100</td>
<td>2,961,189</td>
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<tr>
<td>Other</td>
<td>15,285</td>
<td>14,344</td>
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<tr>
<td>Total</td>
<td>$18,397,000</td>
<td>$16,870,726</td>
</tr>
</tbody>
</table>

Funds for freight and other necessary charges are not included in obligations.

"This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, U.S.C. 50, 31 and 32. The transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law."
### STATEMENT OF LEND-LEASE AID

Monthly Report as of Nov. 30, 1942

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Cumulative to Nov. 30, 1942</th>
<th>Month of November</th>
<th>Month of October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Transferred</td>
<td>$5,854,003</td>
<td>$620,018</td>
<td>$679,664</td>
</tr>
<tr>
<td>Servicing, Repair of Ships, etc.</td>
<td>256,144</td>
<td>12,087</td>
<td>-15,706</td>
</tr>
<tr>
<td>Rental of Ships,</td>
<td>795,868</td>
<td>116,900</td>
<td>120,133</td>
</tr>
<tr>
<td>Ferrying of Aircraft, etc</td>
<td>544,032</td>
<td>55,133</td>
<td>79,271</td>
</tr>
<tr>
<td>Production Facilities in U. S.</td>
<td>45,927</td>
<td>5,371</td>
<td>20,401</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td></td>
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<tr>
<td>Total Services</td>
<td>$81,641,971</td>
<td>$189,491</td>
<td>$235,511</td>
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<tr>
<td>Total Goods and Services</td>
<td>$7,495,974</td>
<td>$809,509</td>
<td>$915,175</td>
</tr>
</tbody>
</table>

Data on Goods Transferred include value of goods procured from lend-lease appropriations to the President and to the Army and Navy.

N.B. This report excludes data on the value of Goods in Process. At August 31, 1942, the amount from appropriations to the President was $1,360,195,000, comprised of the items "Articles Awaiting Transfer or Use" and "Articles in Process of Manufacture." It is not possible to determine the value of Goods in Process from appropriations to the Army and Navy.

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Cumulative to November 30, 1942</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Br. Empire</td>
</tr>
<tr>
<td>Goods Transferred</td>
<td>$4,464,047</td>
</tr>
<tr>
<td>Servicing, Repair of Ships, etc.</td>
<td>229,791</td>
</tr>
<tr>
<td>Rental of Ships,</td>
<td>619,460</td>
</tr>
<tr>
<td>Ferrying of Aircraft, etc</td>
<td>-</td>
</tr>
<tr>
<td>Production Facilities in U. S.</td>
<td>32,021</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>-</td>
</tr>
<tr>
<td>Total Goods and Services</td>
<td>-</td>
</tr>
</tbody>
</table>

"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50; 31 AND 32. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."
**Office of Lend-Lease Administration**

**DETAIL OF ARTICLES TRANSFERRED**

**Monthly Report as of Nov. 30, 1942**

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Br. Empire</th>
<th>China</th>
<th>U.S.S.R.</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordnance (Excl. Ammunition)</strong></td>
<td>$257,647</td>
<td>$14,640</td>
<td>$27,796</td>
<td>$37,416</td>
<td>$337,499</td>
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<tr>
<td><strong>Ammunition and Components</strong></td>
<td>$458,626</td>
<td>$19,491</td>
<td>$132,445</td>
<td>$14,189</td>
<td>$624,751</td>
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<tr>
<td><strong>Aircraft</strong></td>
<td>$386,982</td>
<td>$34,778</td>
<td>$299,329</td>
<td>$12,183</td>
<td>$733,272</td>
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<tr>
<td><strong>Aircraft Engines, Parts, etc.</strong></td>
<td>$267,479</td>
<td>$1,861</td>
<td>$5,758</td>
<td>$622</td>
<td>$275,720</td>
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<tr>
<td><strong>Combat Vehicles</strong></td>
<td>$284,078</td>
<td>$922</td>
<td>$199,218</td>
<td>$8,708</td>
<td>$492,926</td>
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<tr>
<td><strong>Non-Combat Vehicles</strong></td>
<td>$174,298</td>
<td>$25,504</td>
<td>$120,471</td>
<td>$5,979</td>
<td>$326,252</td>
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<tr>
<td><strong>Watercraft and Parts</strong></td>
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*THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50; 31 AND 32. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.*
With the compliments of British Air Commission
who enclose Statement No. 63 - Aircraft Despatched
- for week ended December 8, 1942.

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

December 12, 1942.
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* Temporarily for tests.

As Fifteen Catalina 13 listed in report No. 62, week ended December 1st, as being in Bermuda enroute U.K., please note that six of these aircraft were retained in Canada for operational purposes.

Movements Division, British Air Commission.
December 12th, 1942.
OPTEL No. 430.

Information received up to 7 a.m. 12th.

1. NAVAL.

Last night off Dieppe 6 destroyers engaged a southbound enemy convoy of 2 ships with 4 escorts. One ship sunk. Other probably sunk and 2 escorts sunk. One of H.M. destroyers and a Dutch destroyer damaged. One of H.M. destroyers sunk by U-boat off Oran 11th.

2. MILITARY.

Tunisia. 10th. The enemy launched an attack directed on Medjes El Bab with tanks supported by infantry one column advanced down the Tebourba Road and was counter attacked successfully. A number of enemy tanks being destroyed. Another column attacked from the east and reached a point one and a half miles from the town but withdrew after meeting opposition from French and Allied artillery and from fighter aircraft. Enemy losses considerably higher than ours. Bad weather continues to restrict wheeled movement off roads.

3. AIR OPERATIONS.

Western Front. 11th. Our aircraft flew harassing patrols over northern France and carried out Anti-U-Boat operations. Ten enemy aircraft penetrated our southeast coast. Enemy casualties one, nil two, ours two, nil nil. 11th/12th. 118 aircraft set out Turin 82 sea mining 26 leaflets 10. Three are missing and 2 crashed.

Preliminary reports Turin indicate unfavourable weather. 22 enemy aircraft operated off the east coast the majority making shallow penetrations. A few H.E. and incendiaries were dropped in Durham and Yorkshire and a few casualties occurred at Hartlepool.
**Tunisia.** 10th/11th. Wellingtons dropped nine tons of bombs on Tunis docks. 11th. Fighters from Malta intercepted 32 Northbound escorted JU 52’s south of Lampione Island. Enemy casualties 13, 1, 6, ours 1, nil, nil.

**Libya.** 10th. Fighter bombers attacked Marble Arch airfield and Military objectives in the Marsa Brega Area. Enemy casualties 4, 1, 4, ours 2, nil nil.

**India.** 10th. 24 escorted enemy bombers attacked Chittagong causing only slight damage. Enemy casualties 3 nil, nil, ours 3, nil nil, two pilots safe.
Information received up to 7 A.M., 13th December, 1942.

1. NAVAL

ALGIERS. In an attack believed by human torpedoes upon the harbor about 1:30 A.M. 12th a small ship was sunk and 3 others totalling about 18,500 tons were damaged. 16 Italian prisoners were taken. Eight empty ships and a tanker have safely reached PORT SAID and ALEXANDRIA from MALTA. They experienced only slight air attack and no damage. A 10,000 ton British ship from LIVERPOOL to ALEXANDRIA with war stores is making for the AZORES having suffered considerable damage in heavy weather.

2. MILITARY

LIBYA. 11th. Activity by our patrols continued.

TUNISIA. 10th. The enemy in his attack lost 18 tanks. We lost some light tanks. Weather has slightly improved but many roads in forward area are still impassable.

3. AIR OPERATIONS

WESTERN FRONT. 11th/12th. TURIN. Weather conditions very bad. 58 tons of bombs dropped.

12th. 78 U.S. Fortresses were sent to attack an aircraft park at ROMILL SUR SEINE but found objective completely obscured by cloud and did not bomb. As alternative the railway centre at ROUEN was bombed by 17 aircraft. Enemy casualties unconfirmed 19, 10, 2. U.S. 2, nil, nil. Fighters provided escort for this operation and flew other offensive sorties. Enemy casualties 6, 1, 8. Ours 5, nil, 1.

12th/13th. 15 aircraft sent sea-mining, all returned.

ITALY. 11th. 18 U.S. Liberators from LIBYA attacked NAPLES, at least one ship was hit and many fires reported. Reports from 9 aircraft still outstanding.

SICILY. 11th/12th. 11 Wellingtons bombed PALERMO docks.

LIBYA. 11th. 36 Fighter bombers attacked the landing ground at NOFILIA and enemy M.T. in this district.
December 14, 1942
9:30 a.m.

GROUP

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

H.M.JR: Herbert?

MR. GASTON: I haven't anything.

MR. SULLIVAN: I want to see you later on the space situation.

H.M.JR: How are you coming on your recruiting of the fifty-six hundred?

MR. SULLIVAN: Very well, indeed. I can get you a report later today if you want it.

H.M.JR: Could I have one by districts?

MR. SULLIVAN: Yes. I know that ten days ago twenty-eight of the sixty-four districts had all of their people. That was ten days ago. I will get that for you.
H.M.JR: Could you give me a little report on how we are coming along to be ready for the Victory Tax?

MR. SULLIVAN: Yes, sir.

H.M.JR: It seems to be bothering them. Odegard isn't here.

Now, what happened - you and Odegard were to meet about this question on the schools.

MR. SULLIVAN: We met Thursday morning with Mr. Gaston and Commissioner Helvering.

H.M.JR: But you didn't have Wagner there, and he is the enthusiast on this.

MR. SULLIVAN: I didn't know that we were supposed to.

H.M.JR: I told that to Odegard, but for some reason he left him out.

MR. GASTON: I think he was out of town.

H.M.JR: No, he was here. He is the enthusiast. He is the fellow who said that it could be done. You see, he is a high school teacher himself.

MR. SULLIVAN: Anyway, we met and discussed it quite a while, and then Peter and the Commissioner were doing a memorandum for you. That is to be ready today.

H.M.JR: I have got Lemmon and Thomas down for ten o'clock tomorrow. That is a matter of public relations. I don't know whether they can help, but I would like to have them in. So, why couldn't we start off the meeting with this question of schools, because it is very much in my mind.

MR. SULLIVAN: Sure.

Now, don't you want that man down from New York?
H.M.JR: I don't know; you see, I gave Peter a couple of names that we got from Mr. Lewisohn. Are we ready to bring that man down?

MR. SULLIVAN: I think so, don't you, Herb?

H.M.JR: Which one of those? There is one that does publicity. You see, I have had no report.

MR. SULLIVAN: Let me talk with Peter.

H.M.JR: Will Peter be in today?

MR. GRAVES: No, tomorrow morning.

MR. SULLIVAN: Could I get him on the phone?

MR. GRAVES: Yes.

MR. SULLIVAN: I will talk with Peter on the phone; and if he thinks they should both be here, will he call them?

H.M.JR: Which both? He can't call very easily from there. Do you want to have them for the day?

MR. SULLIVAN: Yes.

H.M.JR: But I would like to meet with you and Helvering and Gaston, and I would like Mager to sit in on it. Are you in on this, Ferdie?

MR. KUHN: I have been with Peter, and with Harold Thomas.

H.M.JR: I would like you to sit in on it.

MR. SULLIVAN: That is at eleven?

H.M.JR: Yes. Miss Elliott isn't here, I am sorry - I don't know whether she is here or not; but if she is here, ask her to come. If not, the next time, because she will be good on this. But let's start - no, that is at ten - let's start off with this thing because I did a
little sounding - let me just take a minute and make a little speech. Then Ted can - Mr. Roosevelt has got to do something about this Administration's contact with the people in the communities.

MR. SULLIVAN: Correct.

H.M. JR: And the thing which Ted was frank enough to tell me - the others weren't - that he picked up - it is a sort of new angle. The people no longer say, "Well, it is the damn OPA," or so forth, but, "It is Henderson." But Mr. Roosevelt has appointed this fellow. Now, he is responsible. Am I right?

MR. GAMBLE: Yes.

H.M. JR: "And fellows like Hopkins and Morgenthau around here and other people - why do they have a man like Henderson? Why do they do it so badly? After ten years they ought to know how to do it."

MR. SULLIVAN: The growing tendency is to say that the whole thing is a mess.

H.M. JR: The easiest way to counteract this thing is for Mr. Roosevelt to move soon because coming back in the plane with us was Doughton, who had never flown with us. He said two things - first, "This is the best day of my life," and then he said, "Maybe the Republicans and some of the Democrats are going to push us around too far, and it may react against him." In other words, he was talking as a member of the Administration. Isn't that interesting? "They are going to push us; when can I see the President?"

And it is just - I don't know whether Bell felt that way, but I felt when we went up before that committee on appropriations that there are so many things that I haven't had time to study. I mean, my memorandum for the Byrd committee was good last year, but what has happened since, I just don't know; I mean, I am so rusty.

I don't know, for instance, what happened to this organization which Frank Walker had where he had an information man in each State. I don't know what they called it.
MR. BELL: Emergency Council.

MR. GASTON: That was liquidated.

H.M.JR: Is any of that left?

MR. GASTON: No, except in the Office of War Information.

H.M.JR: Is any of it left there?

MR. GASTON: I think War Information has some branch offices, but not administration offices.

MR. SCHWARZ: They did have one in every State. Now they have regional.

MR. BELL: I expect some of the people that they employed are now in War Information.

H.M.JR: I mean, here is a city with seventy-five thousand people, and they were talking about the farmers. I want to take a little time, because it is the benefit that I get out of a trip like this. "At least, why can't the Farm Bureau office be the place where the farmer can go and find out the various things he has to do to work his farm. That isn't true." He said, "At least there is a Farm Bureau representative in every county, but if he wants this or that and the other thing - " and they list them - "There is no central place that he can go." They went on to explain - Mr. Clay went into it very frankly. He said that the top price on a basket of tobacco, let's say, is fifty-five dollars. Then he said, "This is the situation we found: We have to buy a third of all the tobacco in order to keep going, because that is what we use." Then the auctioneer stands up, and he said, "I know just what has happened. I know that Thurman Arnold would be right to put us in jail. The auctioneer stands up, and there will be ten buyers. The price is fifty-five, and everybody simultaneously bids fifty-seven dollars, so the auctioneer takes turns, and he goes around the room and every tenth sale goes
for the school teacher. We will do our little bit, and try to do it well. Does anybody know of any group working for Mr. Roosevelt that is trying to work on the home front to keep the people in a good frame of mind?

MR. SULLIVAN: Yes, I know one.

H.M.JR: Who?

MR. SULLIVAN: War Bonds. That is the only one.

H.M.JR: Well, I said, "We in a little way," but I mean, Herbert, is that the job of OWI? Is it the job of OCD?

MR. SCHWARZ: It is the job of OCD.

MR. KUHN: It is OCD in this way, that where an agency of the Government has no publicity organization around, no community organization, they are supposed to go to OCD, and OCD is given that job, and they have done it very inadequately. The regional offices you were mentioning used to be under Lowell Mellett's charge, and we used to get reports of what they reported back to headquarters about the feeling in the communities, but they were very superficial and were poor reports.

H.M.JR: I was amazed to find out that Flynn evidently sent out a telegram a week or two ago to three prominent citizens in Winston-Salem asking them to give him all the complaints. He must have done that for the whole country. But I am so bold as to say that if Mr. Roosevelt would put his mind to this thing or tell somebody to put his mind to it, the thing could be turned to his advantage. It could be turned to his advantage, because there was every group - I don't know what proportion of the people in the room voted for him, but by the time they got through they were solid; they were pulling as a team. You could have asked them for anything in the world. Old man Doughton said, "Now, Henry -" I said to him, "What are you going to do?" He said, "As soon as the Congress is organized we are going to
to every tenth person," and he says, "From the standpoint of Reynolds Tobacco we are short. We can't get it from the standpoint of conclusive" - is that the word?

MR. GASTON: Preclusive.

M.M. JR: "... bidding. We are breaking the law, and we all know we are breaking the law, and the auctioneer is breaking the law. We don't get it." But, I mean, you hear all of these different things. That is just one example. What I think is so necessary is that they have got to do something about getting into the community where somebody would know and would explain these various things, because I asked and they just pour it on.

Now, Ted spent the night with a group, and one of them was a sales manager for Reynolds Tobacco that has over a thousand salesmen all over the country. A little tobacco store - he wouldn't even come to our meeting at first. He was completely washed up and finished.

MR. GAMBLE: That is right, and he announced to all the assembled guests that first evening that he wasn't coming.

M.M. JR: But he came, he saw, and he was conquered. (Laughter) It is a lot of work, but it isn't my job. I mean, I can only do it in a very small way. I am going to see Mr. Roosevelt just as soon as I can, and he has just got to put his mind on it. I mean, I listened, for instance, last night, to Drew Pearson, and this whole thing about the Congress and the story about Eddie Flynn being - I don't know how many of you listened to it last night - Eddie Flynn squawked, hung up the phone, and said that as far as he was concerned he never wanted to see the President again. All those things - it is being manufactured, it is all very troublesome, and in conducting the war as Commander-in-Chief it is going to be more and more difficult for the President.

Does anybody in this room know of any agency that is doing something - now, we are talking about doing
get together on this question of how to raise the money. You know more about it than anybody else in town, and we are not going to do anything until you sit down and tell us what you want."

MR. PAUL: May I make a suggestion here?

H.M. JR: Could you hold your thought one minute?

MR. PAUL: Sure.

H.M. JR: I mean, that is the difference, and he was just as suspicious and scary as a one-year-old colt. I mean, he thought we were trying to put something over on him, and I was just as nervous as a cat. I didn't know what he was going to do.

Ted wanted to take him into the dining room, and he did not know why the dining room instead of the coffee shop. I wanted him for lunch, and he thought that was funny. I did not know until the last minute what he was going to say and how he was going to act.

I did not know how all of these very rich people down there were going to act towards me. It is a very, very rich group, controlling large wealth, and everything, and I did not know how they would act, but there was not an unpleasant incident, with one very minor exception, the whole day.

But when I left I felt, "Now, here is a community" - to show you, for instance, how a thing can grow - I want to take time, because I want everybody to think about it, because, after all, Mr. Roosevelt has got to conduct a peace. We don't want to have happen to him what happened to Woodrow Wilson. He has to conduct a peace.

Hanes said, "Now, let me tell you, for instance, about a bank up in the corner of North Carolina. We went to them and said, 'Do you want to buy some bonds?' They said, 'No.' He says, 'I am a Republican, and this is the Democrats' war; let the Democrats finance it."
I am not going to buy a bond." I said, "Now, that is an isolated case. What will you do?" Hanes said, "We are going to take care of him, don't you worry."

But supposing a thing like that spreads. They actually hired people - Brooks hired people in Chicago - women - to go from house to house and say, "This is Mr. Roosevelt's war. He is killing your sons. Do you want to vote for him?" They actually hired people to go from house to house in Chicago. They had thousands of women going from house to house in Chicago. It is a proven, known fact.

And we sit here, a group of us, and with the exception of the little push we can give - and it is so small and isolated - in War Bonds - I mean the thing, it is just going to run right away from us.

Mr. Paul.

MR. PAUL: I get mail from time to time - and I am sure others do here - making complaints. It seemed to me that there might be some common clearing house, and after such letters are answered they could be forwarded to somebody.

Such letters might be routed after they have been answered to somebody who would gain a better cross-section of the complaints; and having gained a knowledge of the complaints we could more effectively deal with the underlying problem.

H.M.JR: Are you talking for the Administration?

MR. PAUL: No.
H.M.JR: You mean--

MR. PAUL: Just for us. We all answer them now.

It is all right to answer them separately, but nobody gets any common denominator of the adverse opinion.

H.M.JR: I am supposed to get it from Mrs. Forbush's mail - the reports, which I don't always--

MR. PAUL: That is all right if they come to you, but suppose they come to the others.

H.M.JR: Don't you see her weekly report?

MR. PAUL: Yes.

H.M.JR: I never know what is done with them.

MR. PAUL: I don't know what is concluded.

H.M.JR: Do you see her report?

MR. PAUL: I see that weekly report of favorable and adverse comment, if that is what you mean.

H.M.JR: What else could you do?
MR. PAUL: My point is that I don't think she gets all the mail, but just that which is addressed either to the Treasury or to you.

MR. BELL: He is talking about the mail addressed to us in our individual capacity.

H.M.JR: She is supposed to get it all.

MR. BELL: No, she doesn't get a letter addressed to me, for instance.

H.M.JR: You raised something, but that would again be just the Treasury. What I am thinking of is getting the Treasury to move on the home front. I don't think he has thought about it at all. I think he is worried, and I don't think that the people around him are thinking; I know they are not thinking about it.

MR. SULLIVAN: That is right.

MR. BELL: I don't think the other departments, Mr. Secretary, take as seriously as we do the complaints that we get. We have had a number from the country on War and Navy activities, and I have always sent them to those departments. I had one in particular that came from a banker up in - I think it was Connecticut - in which he said he could not sell war savings bonds because there was a large Navy project going on and the contractor would build these large concrete forms, you know, out of lumber, and then pour the concrete, and then tear down the forms and burn them, and then go across the street and build new forms out of new lumber. I sent that to Forrestal and he turned it over to Admiral Moreell. Admiral Moreell made a trip up there and as much as told this banker that he had investigated it, and it wasn't any of his business. This banker wrote back and told me that; and that he guessed there wasn't anything to do about it. They were going ahead and doing it, and it was affecting their bond sales in the district.
H. M. JR: Well, I am going to ask to see the President Wednesday morning, and I am confident - the trouble is, as I say, we do it - there are very few people in Washington that think of the President first. That is the trouble - people who aren't thinking of something else all the time - I mean, there are very few. After all, he brought me down here as his friend, but I am looking ahead, and if this thing keeps growing, the people, after a while - you see, it is a manufactured process - it is being manufactured, and if it keeps going on, after a while they are going to believe it. There is nothing wrong; there is nothing but what can be corrected. I mean in this one little thing, the good preparation that Gamble did, and his people - your people, Harold - we went down there and we left that community solid. So it can be done. But I had a nice feeling. You all think about it, anyway.

How smart a fellow is this fellow Casey up in Massachusetts?

MR. SULLIVAN: Joe is a pretty smooth boy.

H. M. JR: What is that?

MR. SULLIVAN: He is a pretty smooth boy.

H. M. JR: How would he be on a thing like this for the President?

MR. SULLIVAN: Do you mean National Chairman?

H. M. JR: No, no, I don't mean that. No, because that has been pretty well settled.

MR. SULLIVAN: You mean for the entire Administration?

H. M. JR: Yes, I mean as a fellow, trouble smoother, and so forth - smoothing people over. I mean, he and Ray McKeough are the best fellows, because they both lost seats on account of that, and they know what the complaints are.
Was Casey in the House?

MR. SULLIVAN: Casey was in the House just as McKeough was. Both of those men could have been elected to the Senate if there had been any interest in their candidacy.

H.M.JR: How old is Casey?

MR. SULLIVAN: He is about thirty-nine.

H.M.JR: What is his background?

MR. SULLIVAN: He was a lawyer in Leominster, I believe, right near Clinton, Dave Walsh's town.

H.M.JR: How was he on the war?

MR. SULLIVAN: A hundred percent.

H.M.JR: Everybody speaks very highly of him.

MR. SULLIVAN: I think he had somewhere around forty to sixty thousand votes.

H.M.JR: Instead of having a fellow like Dave Niles over there, if they had a man - I don't know whether Casey is the man, but they need somebody over there.

MR. SULLIVAN: They need somebody very badly. Marvin McIntyre is aware of the situation you are discussing, and he thinks just the same as you do about it.

H.M.JR: Well, it is interesting. I wanted to make a report to you all, and I am not discouraged because I think there is still time.

How far did I get?

MR. SULLIVAN: You got to me, and we had not yet decided whether you wanted those men - those names you gave to Peter Odegard - down here tomorrow.
H.M.JR: If Peter thinks they are possibilities, let him have them down.

MR. SULLIVAN: I will talk with Peter and if he thinks we should have them, I will call those men myself.

H.M.JR: Don't let's have them here at ten; have the Commissioner here.

MR. SULLIVAN: And Miss Elliott, and Herbert, and Mager; then I will have them in later in the day or later in the morning.

H.M.JR: That is right - right after that.

MR. SULLIVAN: Ten-thirty or eleven?

H.M.JR: Something like that.

MR. BUFFINGTON: Do you want to talk about the possibility of that radio program today?

H.M.JR: Talk it over with Bell and some of the other people first, will you?

MR. BUFFINGTON: Yes, that is all.

MR. PAUL: I have nothing.

MR. KUHN: Mr. Grant and his group were in here on Friday. George Buffington saw them in the morning on the Victory Loan, and then they came back after lunch and wanted some late reports on E Bonds. I spent about an hour with them, and they had some comments on the whole campaign that they wanted me to pass along to you. I can do that any time when you have some time.

H.M.JR: Aren't they going to come back?

MR. KUHN: They are going to make some recommendations to you for the future. I think they are going to see you on Thursday.
H.M.JR: Would you mind writing it out to save me time?

MR. KUHN: Surely.

You asked for "The Stars and Stripes," and it is going to be sent to you regularly, now.

H.M.JR: Did that go over?

MR. KUHN: It went over. I sent it teletype to New York.

H.M.JR: How does that go?

MR. KUHN: It goes over their official cable that furnishes "The Stars and Stripes" with news.

MR. SCHWARZ: They use the OWI wire service.

H.M.JR: Would you mind letting me see the cable you sent them? Does Chick know how it goes?

MR. KUHN: Every bond in there was a war bond ad -

Pearl Harbor. (Newspaper shown to the Secretary.)

H.M.JR: You are a week late.

MR. KUHN: I didn't know whether you had seen it.

H.M.JR: Not only that, but it went to the President of the United States. I sent him three different papers. Somebody brought them in and I sent them over to him. I don't know who brought them in.

MR. GAMBLE: I have nothing, sir.

MR. BLOUGH: I am also a week late. You sent me a clipping of Mr. Griswold's speech on the Ruml plan and asked me to see you at some convenient time.
H.MJR: Well, that is my fault. I am going to have Paul and Blough stay afterwards.

MR. BLOUGH: I have another point; I will wait until then.

H.M.JR: George?

MR. HAAS: I have nothing this morning.

H.M.JR: George, if you will come here (exhibiting article from the Herald-Tribune of December 12, 1942) - "This is a thumbnail sketch of American wartime financing as amputated from 'Investment Banking' in December." It gave me an idea. I wish you would go through the various financings and let me know right down to date - (reading) "The Revolution: Financed by 'the best salesman of all time for the American way,' Benjamin Franklin, who raised $11,710,000 abroad. War of 1812. The only issue for this unpopular war, one of $16,000,000, was a failure, with the underwriters forced to take $10,000,000 of it - at 88 for 6s."

I would like to have something on that; put somebody on that; bring it right down to date, including the World War.

I mean, they write up Benjamin Franklin - I never knew he floated a loan at eighty-eight for six.

MR. GASTON: In Europe?

H.M.JR: I don't know - from that thing--

MR. BELL: I think it was Europe; we had several loans in Europe at that time.

MR. GASTON: Cook's is an interesting history.

H.M.JR: Will you go ahead - have you got enough people?

MR. HAAS: I can make a review of the whole picture.
H.M.JR: Right down through the Liberty Loan - because we might be able to use it in some speech or something.

MR. SCHWARZ: I talked with May Craig, who participated in that broadcast with the girls Thursday night. I told her it was very unfair to make such comments - she hadn't been here for at least a year. She agreed to come in today or Thursday and that she would give her impressions now. She said that she had gotten them from talking with some of the men. I asked who, and the men she mentioned haven't been here for two or three years. She picked the wrong men.

H.M.JR: With all due respect, I think the Washington newspapermen are the laziest men I have ever met anywhere. I never saw people so lazy.

MR. SCHWARZ: The OWI asked if they could have a hundred words for a year-end statement, which will be looking ahead - shall I work with Herbert and Ferdie--

H.M.JR: And Mager.

Mr. White?

MR. WHITE: You asked me to speak to you about that McKittrick business.

H.M.JR: I will give you an appointment to clean up this stuff - I will give you an appointment. I just can't tell you when, Harry, but I will put you on the list, here.

MR. WHITE: This letter from you--

H.M.JR: I will let you know a little later on.

MR. WHITE: This letter from you to Secretary Hull on the Spanish thing--

H.M.JR: We will do all of those things.
MR. WHITE: There are a couple of other things that can be settled at that time.

H.M. JR: Right.

Harold?

MR. GRAVES: I would like to have an appointment with you, sir, today if possible.

H.M. JR: What is on your mind?

MR. GRAVES: We are holding some regional conferences this week of our War Bond people - one here Wednesday, one in New York Thursday, and one in Chicago Friday. There are several things I would like to take up with you before we go into those conferences.

H.M. JR: All right.

MR. GRAVES: Today, if feasible, because tomorrow we have our hearings before the House Committee on Appropriations.

H.M. JR: I will see you.

MR. BELL: If you are going to change the limitation on Series E Bonds it ought to be done not later than tomorrow. That is, if you are going to do it as of January 1.

MR. GRAVES: That is one of the things I have on my mind.

H.M. JR: We will settle it today. What else, Dann?

MR. BELL: In our drive for new War Loan depositaries we have fourteen hundred and twenty-six new ones, with designation of four hundred and six million dollars; three hundred and ninety-one old ones asked for an increased designation of one billion four hundred and sixty-eight million. That makes a total of four thousand seven hundred depositaries, with the potential balance of eight billion four hundred and twenty-nine million.
H.M.JR: Very good.

MR. BELL: Yes, it is very good.

We got about seventy-five million Saturday on those three issues, making a total of six billion eight.

H.M.JR: You handled the press very well Friday night.

MR. BELL: We made the front page on one of them.

You asked me to talk to you about Mary Hayworth's article suggesting that we have some sort of a Treasury paying agent at the Union Station.

H.M.JR: Yes, or at least answer it; tell her why you can't.

MR. BELL: I think that is probably a little bit - I don't know whether we could cash everybody's Treasury check or not.

H.M.JR: United States checks?

MR. BELL: I don't know that it is altogether United States checks. She wants to take care of these soldiers' wives that come in here with Treasury checks and every other kind of check.

H.M.JR: Why not try it with just Government checks?

MR. BELL: I don't know whether we ought to do that or not. I would like to think about it.

H.M.JR: Think about it, but don't think about it too long.

MR. BELL: The Red Cross has been trying to get the names of corporations that file income tax returns of certain amounts. Of course, we have declined to give it to them. I wonder if we couldn't give them the names of the corporations that have pay roll savings plans; there are about, I think, thirty thousand of them.
H.M.JR: To solicit?

MR. BELL: Yes, to solicit funds.

MR. BLOUGH: They not only want the names, but they are interested in some notion of the size so they can put them down for a certain sum.

MR. BELL: They would have to look up--

MR. GASTON: There are plenty of sources of information of that kind; they don't have to come to the Treasury.

MR. SULLIVAN: They can get the annual report of the companies. I am afraid of that, Dan, for the same reason I was against it on the income tax.

MR. BELL: There was a reason for it on the income tax, I see that, but did we make those public at all, George?

MR. HAAS: No, they are acquired from the State administrators and the list is given back to the States, but that is all. It is not public.

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

MR. GASTON: Very

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

MR. BELL: That is all I have.

H.M.JR: How are you feeling?

MR. BELL: Good.

Oh, I have that report of the Comptroller's.
H.M. JR: I would like very much to see it.

(Report handed to the Secretary by Mr. Bell.)

MR. BELL: This is a summary of it by Federal Reserve districts, and these are the actual telegrams. Do you want the telegrams?

H.M. JR: No, just the summary.

MR. BUFFINGTON: We were having that briefed for you.

H.M. JR: Between you and George, can I get this over to Eccles and from Eccles to the twelve districts?

MR. BUFFINGTON: I am having that prepared, and I will talk to Dan.

H.M. JR: Will you talk to Dan?

MR. BUFFINGTON: Yes.

H.M. JR: I thought a letter should go from me to the President of each of the twelve banks and say, "Here it is, and after reading it, I would like to have your reaction."

MR. BELL: Very good.

H.M. JR: I don't want to apologize for it; I don't know what is in it. "My dear Mr. Sproul: I am sending you herewith enclosed report from these men, and after you have read it, I would be very pleased to have your comments."

MR. BELL: I haven't read it yet; I just got it.

H.M. JR: I would get it out fairly soon.

MR. THOMPSON: December 25 is the regular payday for the Treasury and several other agencies. We are
proposing the 24th for payday.

H.M.JR: Is that for everybody?

MR. THOMPSON: For everybody who is normally paid on the 25th.

H.M.JR: Do you mean the whole Government?

MR. THOMPSON: The Treasury and four or five other agencies. Under the staggered payment dates we fall under that date.

H.M.JR: Yes, sir. (Memorandum to Disbursing Officer signed by the Secretary.)

O.K.
TO Secretary Morgenthau
FROM Ferdinand Kuhn, Jr.

Here is a copy of the story that was teletyped on Saturday morning to the New York office of the O.W.I., for cabling to The Stars and Stripes in London. Prior arrangements were made by telephone with Mr. Hamblett of the O.W.I., who said that his office would be very glad to send the story along.

P.S. - The story was cabled in full.

F. K.
SECRETARY MORGENTHAU SAID TODAY THAT THE ACHIEVEMENTS OF 90,000,000 WAR BOND BUYERS IN THE UNITED STATES "WILL GIVE ENCOURAGEMENT TO OUR ALLIES AND TO OUR FIGHTING MEN AT BATTLE STATIONS ALL OVER THE WORLD." THE SECRETARY SPOKE IN WINSTON-SALEM, N. C., AT A CEREMONY PRESENTING TREASURY "T" FLAGS TO NORTH CAROLINA COMPANIES IN WHICH AT LEAST 90 PER CENT OF THE EMPLOYEES WERE INVESTING AT LEAST TEN PER CENT OF THEIR EARNINGS IN WAR BONDS EVERY PAY DAY.

"IN THE NATION AS A WHOLE THERE WERE ONLY 700,000 WORKERS ON THE PAYROLL SAVINGS PLAN A YEAR AGO, AND THEY WERE INVESTING ONLY FOUR PER CENT OF THEIR EARNINGS EVERY PAY DAY," THE SECRETARY SAID. "TODAY MORE THAN 24,000,000 WORKERS ARE SETTING ASIDE AN AVERAGE OF EIGHT AND A HALF PER CENT OF THEIR PAY SO OUR SOLDIERS AND SAILORS AND FLOWERS CAN HAVE THE WEAPONS THEY NEED. INCLUDING THOSE ON PAYROLL SAVINGS MORE THAN INVESTED IN WAR BONDS DURING THE PAST YEAR.

"THESE HOLDERS OF WAR BONDS ARE THE PEOPLE WHO WILL BE XXXXXXX BUYING THE PRODUCTS OF AMERICAN INDUSTRY TEN YEARS FROM NOW WHEN THE BONDS MATURITY. THE BONDS THAT ARE BOUGHT TODAY REPRESENT NEW HOMES, NEW CONFORMS, NEW HORIZONS FOR THE COMMON MAN. THEY WILL HELP TO GIVE BODY AND SUBSTANCE TO THE IDEAL OF "FREEDOM FROM WANT" IN THOUSANDS OF AMERICAN COMMUNITIES AND IN MILLIONS OF AMERICAN HOMES."

MORGENTHAU PAID TRIBUTE TO THE WORK OF THOUSANDS OF LABOR-MANAGEMENT COMMITTEES IN HELPING TO PUSH THE PAYROLL SAVINGS PLAN IN AMERICAN FACTORIES.

"I LIKE TO FEEL," SAID MORGENTHAU "THAT THE NEW RELATIONSHIP BETWEEN LABOR AND MANAGEMENT WHICH HAS BEEN SHOWN SO MAGNIFICENTLY IN THIS WAR SAVINGS CAMPAIGN, IS HELPING TO BUILD THE POST-WAR WORLD RIGHT HERE AND NOW. IT'S MY JOB TO FEEL THAT IT IS SETTING THE PATTERN FOR THE POST-WAR YEARS--A PATTERN OF XXXXXXX LABOR AND MANAGEMENT WORKING SIDE BY SIDE FOR THEIR OWN GOOD AND THE COUNTRY'S GOOD."

MORGENTHAU ALSO ANNOUNCED THAT IN THE $9 BILLION DOLLAR VICTORY FUND DRIVE, BEGUN ON NOVEMBER 30 TO RAISE MONEY FROM LARGE INVESTORS AND CORPORATIONS, MORE THAN SIX AND A HALF BILLION HAD BEEN RAISED IN THE FIRST TWELVE BUSINESS DAYS OF THE CAMPAIGN. HE DESCRIBED THE RESULT AS "ANOTHER PROOF OF WHAT A FREE, ENLIGHTENED AND DEMOCRATIC PEOPLE CAN DO WHEN THEIR COUNTRY CALLS UPON THEM."

"GREAT AS OUR WAR EFFORT THIS YEAR HAS BEEN, WE ARE JUST BEGINNING TO FIGHT," HE SAID. "WE ARE JUST BEGINNING TO SHOW WHAT THIS COUNTRY OF 130 MILLION PEOPLE CAN DO WHEN IT PUTS ALL ITS HEART AND MIND AND MUSCLE INTO A SINGLE JOB."

SIGNED MUN

CORRECTION PLEASE IN SECOND PARAGRAPH LIND BEGINNING INCLUDING THOSE SHOUL READ AS FOLLOWS

INCLUDING THOSE ON PAYROLL SAVINGS MORE THAN 50 MILLION MEN AND WOMEN HAVE INVESTED IN WAR BONDS DURING THE PAST YEAR.

WILSON END IF IT IS CLEAR TO YOU GA PLEASE MIN
OR M WILL MAKE CORRECTION
THANK YOU WILSON ENGENE END
December 14, 1942
10:15 a.m.

INFLATION

Present: Mr. Bell
Mr. Paul
Mr. Blough
Mr. White
Mrs. Klotz

H.M.JR.: I am making another speech; I am full of speeches. I want to keep this very much in the room. As a result of the meeting the other night, which we had here in the Treasury, my thinking went out on an entirely different line, and that was, are the Army and Navy correct in their estimates of what they need in the way of men under arms, ships, tanks, and guns, and so forth, and so on.

I can say this, and I am one of the very few people that can raise this to the President of the United States without being accused of being an isolationist or defeatist. They tell me that the people are afraid to bring this question to his attention.

I am having Nelson here for lunch. I told him what I wanted, and he is bringing Bob Nathan with him. He said that he had had these figures for about three days, for the first time. He has just gotten them from the General Staff - the amount of soldiers they need, how much they can transport, how many tons of ships, how many ships they have for protection, and so forth, and so on.

The man who really raised this in my mind for the first time was Wilson of General Electric.

Tomorrow General Somervell is coming, and I have told him what I want. I am going to check it from the
Army side. I have put him on notice as to what I want. But if my hunch is right, that these fellows - and I imagine the President in shooting for nine million men - and that is what he is shooting for instead of seven - and if you are going to have a couple of million here under arms for a year with no place to go and nothing to do, again the impact on a domestic economy just aggravates this whole thing and makes it that much more difficult for him. My hunch may be all wrong, but if they were just over-estimating what they needed by five billion dollars and you could have five billion dollars more civilian goods manufactured, it would make all the difference in the world with our job.

MR. PAUL: Certainly it would.

H.M. JR: And they tell me that nobody is willing to go to the President and bring this to his attention for fear he will say - somebody told me that they spoke to Hopkins about it - I don't know who said it - and Hopkins just jumped on him and said, "You are just a defeatist; I won't talk to you." He said that Hopkins was just cruel about it.

MR. PAUL: There is a very good reason why the Army is overdoing the job. They don't want these arms and supplies sent to the other people where there is manpower already over there; they want to build up our Army and they don't want to let loose of lend-lease materials.

H.M. JR: I put the question differently, Paul. The way I am putting the question is this: How much stuff - how many ships, using the best estimates that we have - how many tons of ships have we got to deliver men and goods, war goods, all over the world, and how many escort vessels have we got, with a minimum number of escort vessels to escort these people.

MR. PAUL: You want to get a practical question of how much manpower should we take away from the civilians and put on a military front where they will be idle.
H.M.JR: That is right, and I wondered if anybody had any thoughts, or if I were overlooking any bets. I am putting it on the basis that Land knows how many tons of ships he can expect for '43 and '44 and that the Navy knows how many escort vessels they have. Frank Knox tells me he doesn't begin to have enough escort vessels. He says he just can't do the job. After all, supposing they build - the orders are to build eighty thousand planes, and let's say they build--

MR. PAUL: With spare parts?

H.M.JR: I suppose so. Let's say that half of them stay here. In six months they are all out of date.

MR. BLOUGH: As I understand it, that basically is the difficulty now between WPB and the War Department.

H.M.JR: I don't know; I will know by tomorrow night.

MR. BLOUGH: WPB wants to look at the whole situation and allocate supplies in light of the whole situation, and the War Department wants what they want.

MR. BELL: Didn't I hear that they were building planes just in order to say that they were manufacturing them, and the minute they rolled out of the plant they take the parts off of them and send the spare parts to other fields?

H.M.JR: What they are doing, Dan, is this, as I understand it; there are literally hundreds of planes outside the factories in the United States which are waiting for one or two spare parts.

MR. BLOUGH: There are a lot of them waiting in these - where they change them over for special purposes.

H.M.JR: Yes, government factories which change them over because they have defects.
MR. BLOUGH: They have to be fitted for Alaska or some place else.

H.M.JR: Did you say that Lauch Currie was working on this?

MR. PAUL: Lauch Currie doubts very much the figures of national expenditure. The present figure is eighty-five billion altogether, including non-war, and he doesn't think it can go very much higher than that, and perhaps it can't even be maintained at that level. In other words, he thinks--

MR. BLOUGH: At present prices?

MR. PAUL: At present prices, yes.

MR. BEIL: Smith had done some work on it. He brought some figures together, and he showed that we are on a schedule which will manufacture twelve thousand tanks more than we will have men for in all the United Army. That includes the replacements.

MR. PAUL: That is the basic reason why Lauch is not so fearful of inflation as some other people, because he thinks that whole thing is going to break down, and you are not going to be able to spend.

H.M.JR: Yes, but supposing it breaks down and they say, "This is what the President ordered; we didn't want it, but the President ordered it." Again it is something that flies in his face, you see.

MR. WHITE: Of course that is true about planes; the President ordered more planes than anybody who knew anything about them said there was any sense in ordering. There were more than could be used, more than could be produced, and so on, so the responsibility in planes does lie there. The technicians working on it all say that the program is terribly unbalanced in this way, that the data which could be collected together would show absurdities like these attacks that there aren't
enough ships, or things of that character. But how much data you could get to support your thesis is a different story.

H.M.JR: Nelson says that Robert Nathan can give it to me. He has had it for two or three days. He got it from the Combined Chiefs of Staff, so I told him to bring him along. Nathan certainly is a good man.

MR. WHITE: Before you talk to the President, let me make a suggestion, and after that, if you like, if that is something you want to go to town on and be saturated with - if you could save a meeting, I could get together four or five men who have been working on it for many months. You could ask questions to get their opinions. I think before you raise an issue of that kind with the President you have got to know a lot of the factual material. Otherwise, you are liable to be confronted with a few answers that--

H.M.JR: Well, here is the trouble, Harry; this is what is bothering me. Supposing Nelson - he will give me the stuff at lunch today. Maybe he will say, "All right, Mr. Morgenthau, this is yours, but you can't tell anybody."

MR. WHITE: The men whom I have there know much more than Nelson knows about it.

H.M.JR: More than Robert Nathan?

MR. WHITE: At least as much. They are the ones who supply a good deal of the material. I know one or two that will know the over-all picture. Some of the others will only know segments, but I think you could merely ask questions rather than tell them.

H.M.JR: Let me see how I fare at lunch. I will let you people know. I got a most peculiar note from the President. I understand that it was addressed to
Jimmy Byrnes and me. It said that the Director of the Budget would show me the budget in due time.

MRS. KLOTZ: Message.

H.M.JR: Then he added something in pen, "Under no circumstances are you to show this to any subordinate without the permission of the Director of the Budget so that this time there won't be any leaks." Is that about it?

MRS. KLOTZ: That is right.

H.M.JR: That is about what it was.

MR. BELL: Harold told me the other night at the meeting that he was sending that along and the President had added this note. There was a leak last year, apparently. One of the years there was a leak.

H.M.JR: You know who Harold blames? You know who he was shooting at?

MR. BELL: No.

H.M.JR: He blames Lauch Currie; he told me so. I mean, I never bothered to ask Lauch. It is a White House fight. I can't be bothered with too many fights, but he claimed that Lauch Currie talked.

MR. WHITE: He plays with Lauch Currie?

H.M.JR: He claimed that Lauch Currie talked. The thing is directed at Lauch Currie. He claimed that Lauch Currie talked out of turn.

MR. BELL: He said this year that of course you would see it and Jimmy Byrnes' crowd would have to see it. He said too many people would see it if he didn't use that caution.

H.M.JR: Anyway, don't you people think that where we are talking about this net gap that for me just to sit
here and take the figures without questioning them and challenging them I am not doing my whole job, and it is up to me to question it? If the figures of the Army and Navy and the Maritime Commission were five billion dollars too much, it is just a difference of day and night.

MR. PAUL: It certainly is. It takes a lot of taxes and savings to absorb five billion.

H.M.JR: And another thing, again, I am going to approach it from the standpoint of the civilian population; the attitude toward the President and everything else.

MR. BLOUGH: May I make a suggestion?

H.M.JR: I mean, the night we were there at the banquet--

MR. PAUL: They will take any sacrifices that they think are necessary and evenly distributed, but they are going to be mad if they see a lot of soldiers doing nothing, and they are short of manpower, and all that sort of thing.

H.M.JR: That is going to make - I tell you what is going to make them much madder; If a Congressman in his district sees a thousand tanks in a parking lot rusting.

MR. BELL: Or piled up at the seacoast when oil and gasoline might be transported.

H.M.JR: That is what is going to make them a lot madder and it is all going back on the President. As I said, I am thinking of what Woodrow Wilson went through and everything else, and it is entirely unnecessary. I think that I can render him a real service.

MR. BLOUGH: May I make a suggestion?

H.M.JR: That is what this conference is for.
MR. BLOUGH: It seems to me there is a collateral point which needs a great deal of emphasis, which I assume has been given. That is, a good deal more effort is going to have to be taken than has been taken to see that the supplies we do have are distributed where the people need them and when they need them. You can't let private enterprise take care of such things as meats and foods and gasoline and fuel oil, and so on, because the distribution just isn't being made. Someone was telling me about somebody in Ogden, Utah, that had to send out notices to suppliers begging them to come and sell them some goods, places that have not had meat for some days or weeks, and things like that, which will be very hard on civilian morale. We may have the supplies, but if we don't get them where the people want them and when they want them, it will have the same kickback as the other.

H.M. JR: Just now the war news is good. I think it is going to continue to be good. If we had a reverse on top of this, it would be just terrible.

MR. WHITE: I think you are right in your judgment, but the trouble - the thought that disturbs me a bit is this: when you speak of the reaction of the public, I think that is something you can find plenty of evidence, plenty of support on. There is no reason why there shouldn't be some big agency tagged to take care of the public relations, which I think is grossly neglected.

When you approach the other problem of the proper balance in production, either you have got to be wholly right or you get into a lot of trouble and come out at the short end. Now, in order to be wholly right you have to know a very great deal about it, much more than the other people who will defend themselves. Now that is difficult, and I think almost impossible.
There is another alternative, in which you don't pretend to know the basis for these things. You take the expert opinion. If Nelson says this is so, and if he says it clearly, if he gives it to you in the kind of memorandum in which - "There it is," and then you can say, "Mr. President, I don't know how good Mr. Nelson's figures are, but if this is the situation - and this is the fiscal picture" - but if you attempt to go behind that--

H.M.JR: No, no, go behind it? That is what you were suggesting?

MR. WHITE: I am thinking it over more carefully. You might listen and get some facts, but on second thought, I think you have either got to take the position that you don't know anything about these things--

H.M.JR: Harry, I was going to argue with you alone, but that was my reaction. This is what I would like to do, go to the President and say, "Now, look, I have just gone far enough into this thing - I have seen Nelson and General Somervell; I don't know if the figures are right or wrong, but they raise this whole question. What I am suggesting is that you raise the whole question." But if I go to these half dozen fellows - do you check?

MR. WHITE: Yes, I do.

H.M.JR: And it gets around town and then if Somervell and Nelson tell me - I will simply say, "Here they are. I don't know, but certainly it is important enough that you raise it. Now, I don't know whether you want Admiral Leahy to raise it, or who you want, but I would like to sit in when the
thing is raised, and I would do it quick before the Budget Message--"

MR. WHITE: "What I have here shows the discrepancy of five or ten billion dollars, which will make all the difference in the world on a lot of other problems."

H.M.JR: That is how I was going to go at it.

MR. WHITE: You were right.

H.M.JR: Because I mean, I would be - I can’t move without somebody saying - well, Somervell might say, "Why is Morgenthau checking up on me? If the President wants to check up, O.K.""

Now, I don't know what these figures are going to be.

MR. WHITE: My guess is that they will not be quite in the form which will lend themselves for you to come to a quick conclusion on that. The suggestion is that if he can leave something with you and give you a chance to study it, then you can see the discrepancies. I don't think the discrepancies will be in such form that you can look at them and say that there is a difference of five or six or ten billion too much productive effort going in or that this Army is too big. I think that the figures will be very complicated and that the Army will say, "How do you know how many casualties; how do you know how the shipping is going to be? We are going to cut down on the sinkings, and maybe we won’t have to send through the Far East except through Gibraltar." They may raise questions like that which may not be the correct answers but will require study.
H.M.JR: From what I understand - I understand that they have got the whole thing worked out on a definite, firm basis.

MR. WHITE: Fine. If it is in that form, then you can go right to town; if it isn't, I think you want to study them, and by asking the right kind of questions after you have had a chance to study it, you can force Nelson to give you the answers. But you have got to come to the President with Nelson's answers.

H.M.JR: That is what I was going to do.

MR. WHITE: I think you are right.

H.M.JR: O.K. Well, anyway, it would be very interesting, and I will let you people know.

Then the last thing I want to say is, I think that this group here - I would like to suggest that somebody here, and I think it ought to be Roy - ought to draft for me, and then we can take it up together - a message which should go in the President's statement. The way I feel today--

MR. BELL: You mean the Budget message?

H.M.JR: I don't want to say what the remedies should be; I just want to state the case - you see? I think it is too early. But what I would like to do, Roy - you do it, and then consult with these people before I see it - and with George Haas. But I would like this week, definitely, to state the problem, and my thought is to have the President lay the problem in Congress' lap and not give any remedies.

MR. BLOUGH: You mean the problem you have been talking about here?

H.M.JR: No; the gap; that would be the way I would like to approach it - the gap. From what remarks he has dropped, I think that is the way he would like to do it.
Doughton said, "I will sit down with you after Congress and my committee is organized. Then, from the President's standpoint, I personally would like to hear" - I mean, I think that is the way he should do it - state the problem without stating any formula.

MR. WHITE: Why was Doughton so thrilled over that day?

H.M.JR: He was thrilled because I don't think that ever in his life has he had such tribute paid to him in his own community. He had the whole State coming there; it was like an obituary, as I told him. (Laughter)

MR. WHITE: The man is dead and doesn't know it? (Laughter)

H.M.JR: I know, I said, "Bob, at your age and my age, why, isn't it nice" - I put it that way - "isn't it nice to say the things that I feel about you while you are alive."

MRS. KLOTZ: You are not rushing him. (Laughter)

MR. BELL: Here is your coat, huh? (Laughter)

H.M.JR: I don't think he has ever had anything like that in his life.

MR. BLOUGH: It was a nationwide hookup, wasn't it?

H.M.JR: I don't know that he has ever been on a nationwide hookup before. The platform shook so - he trembled so, and I was five or ten feet away from him - my chair literally went up and down - the poor old boy trembled so. (Laughter)

MR. BLOUGH: I listened to the program; it was good, but he had a terrible time with that manuscript.

H.M.JR: He practically dropped it, he was so nervous. And then he felt that--
MRS. KLOTZ: This certainly will give him a heart attack if nothing else will. (Laughter)

H.M.JR: His son was there. He said, "The old man is certainly excited." Doughton wouldn't tell me until three minutes before we left whether he was coming back with us or not, and then he said he would. The reason he couldn't find his son was, I think, because his son was tight. Anyway, he said, "Do you ever take any short trips with this?"

I said, "Oh, occasionally."

He said, "Do you think you could take Mrs. Doughton and me for a ride next time?"

I said, "Sure." He said, "I would like Mrs. Doughton to have a ride sometime."

MR. BELL: She didn't come back?

H.M.JR: No. I don't think he had ever been in a plane before; he came back with us.

MR. WHITE: Is that why he hesitated to tell you whether he was coming back - a new experience?

H.M.JR: He wanted to stay with his son, and I guess his son didn't want him. I think his son was tight, besides everything else. He couldn't find him and he got all flustered and everything else.

MR. BLOUGH: Let's keep it up. It takes more than one-- (Laughter)

MR. PAUL: His son certainly has a lot of problems with his drinking.

MR. WHITE: Maybe you can take Byrd for a ride.

MRS. KLOTZ: Byrd will take you for a ride. (Laughter)

H.M.JR: It will end up that way.
MR. PAUL: Literal rides - not figurative.

H.M.JR: That is the last thing; I will let you people go back to work. I think what I am talking about is fairly important. I hesitated, but finally I said I didn't want to talk shop.

I said, "By the way, Bob, do you know anything about this letter that Walter George sent us, whereby he wants a monthly report on Foreign Funds?"

He said, "What is Foreign Funds?" So I tried to explain it to him; he didn't know.

I said, "Did George consult you?" He said, "No."

I said, "When you send out a letter like that, don't you always consult the leaders?" and he said, "Sure."

I said, "Our attitude in the Treasury is, if anybody like you or Walter George wants to know what we are doing we will show you our books; but to report to you once a month - that has got me kind of wondering what it is all about."

He said, "I don't know what it is about," and I said, "I will bring the letter up to you."

I haven't had a chance to see you (Paul).

MR. PAUL: Do you think I ought to show him that letter?

H.M.JR: Yes. I promised I would go - we will go up together. I promised him I would go. Have they the legal right?

MR. PAUL: I don't know. I am checking that. I just got back this morning.

H.M.JR: All right. Doughton knows nothing about it so whatever it is, it is on the Senate side. But don't
you people think that this is all important, and all reflects on the attitude of the people of the country towards the President?

MR. BLOUGH: I do. I think the people won't stand any more of this war than they can see through.

H.M.JR: I will put it the other way - that the people of the United States will stand everything that is necessary.

MR. BLOUGH: That is what I mean by "see through" - everything they can see that is necessary.

MR. WHITE: If necessary, they will stand it cheerfully; and they won't stand half as much if they think it is unnecessary - twice as much, cheerfully, if they see sense in it. Like myself - I was willing to fill in all the information they wanted about the draft, but when they asked me to fill in about the rubber tires I could see no sense to it - to crawl around and find the numbers on my tires-- (Laughter)

H.M.JR: It was bad enough to find the number on the engine. Could you find the number on your engine?

MR. WHITE: I looked at my old license.

H.M.JR: Is it on there? We had the darnedest time finding the number of the engine. What do they want to know the number of the engine for?

MR. BLOUGH: To make sure you don't violate the law.

MR. BELL: Two of my tires were turned around and the numbers were on the inside. We had to crawl around. The fellow that put those on didn't know we were going to have a rationing board. (Laughter)

MR. WHITE: I have asked a couple of people why this, and the reasons they give are very inadequate, so I am waiting to see somebody who is--
MR. BELL: I agree with what Harry says about those tires. I have six tires on my car and two of them are so darned old they weren't worth anything; I have had to turn one of them in, and it leaves a hole on one side where the fender well is. That was worth a lot more to me than it was to the Government to hold that fender well.

H.M.JR: You have got an assignment.

MR. BLOUGH: Will my being in Boston tomorrow and New York on Wednesday interfere? We will certainly have something by Friday for you.

MR. BELL: This Budget message has already been written - I will tell you that - but how far it has gone - whether it has gone to the President, I don't know. It has been written and agreed upon, as far as the Budget Bureau is concerned.

MR. PAUL: If it is more important - I can go up there and give that thing in Boston, if it is more important that you be here.

H.M.JR: I think it is very important.

MR. BLOUGH: I can fly up tomorrow and come back on the night train.

H.M.JR: Can't the fellow from Harvard take Boston?

MR. PAUL: He is no treat in his own home town.

H.M.JR: I think--

MR. PAUL: Would you prefer that I go up there and that Roy stick here?

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

MR. BELL: I think you had better get on top of this because I think you are going to get it before long.
H.M.JR: There is your answer.

MR. BELL: Normally the President wouldn't get it until sometime Christmas week, but they are trying to get ahead this year.

MR. BLOUGH: I would be one day out if I go.

MR. PAUL: I would prefer not to go up there - two nights and then two nights more, that would be four nights on the train.

MR. WHITE: Why don't you get some kind of a draft up, and then the day you are gone we can go over it?

MR. BLOUGH: I can get the draft up today, be gone tomorrow, and be back here Wednesday morning; that will cut out the New York side of it.

H.M.JR: Do that. I am going to set the time for Wednesday afternoon that I will see you. You (Paul) have been doing your share of travelling.

MR. PAUL: Will you make that reasonably early? That is Wednesday, isn't it?

H.M.JR: Three-fifteen.

MR. PAUL: I have to take a train around six.

MR. BLOUGH: Three-fifteen?

H.M.JR: Three-fifteen. That is the great advantage of my going out every so often. You can't get it sitting here.

MR. PAUL: I have gotten a lot of experiences something like yours.

MR. WHITE: I have never seen you fail to come back with something. (Laughter)
H.M.JR: I want to do something concrete and fast to stem this tide and turn it around in the favor of the President.

O.K.

MR. BLOUGH: For the time being, we will let this RumI plan clipping go.

H.M.JR: Yes, everything.
December 14, 1942
3:30 p.m.

WAR BONDS

Present: Mr. Bell
Mr. Haas
Mr. Gamble
Mr. Buffington
Mr. Graves
Mr. Murphy

H.M.JR: Mr. Graves wants a couple of things settled. Now, if you will put them in the order that you put them for me, we will give you one, two, three; and these people can say their bit and then hold their peace if I disagree with them.

MR. GRAVES: The first thing that I have recommended to you is that the limit on the E Bond be increased to ten thousand dollars maturity value, which puts that bond where the predecessor bonds were, so far as the limit is concerned, to individuals.

I recommended to you, also, that that bond be again made available within that limit, ten thousand dollars maturity value, as the predecessor bonds were, to corporations other than commercial banks. As I recall it, the predecessor bonds were available to commercial banks.

H.M.JR: What do you mean by "predecessor"?

MR. GRAVES: The Series A to D, which preceded the E Bond; that is, the old savings bonds, before May, 1941.

MR. BELL: I think you have to go back further than that to get them available to the banks, but they were available to non-banking investors, besides individuals.
H.M.JR: Did you say to make them available to banks?

MR. GRAVES: No, no, to corporations and associations, and organizations other than banks.

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

MR. BELL: What are your reasons, Harold, for wanting it increased to ten thousand - main reasons?

MR. GRAVES: The main reason, Dan, that I would like to do that is to help with the feeling, spirit, and morale of the people that are working in the War Savings organization. They have all urged that as a sort of compensation for the loss of the F and G Bond. We have computed, with the help of Mr. Haas' people, the probable increase in volume that would result from the increase in the limit on the individual purchase. We figure a quarter of a billion dollars a year.

MR. BELL: That about takes up the F and G's - a little less.

MR. GRAVES: Not much less. We used to sell that much of F and G's in a month.

MR. BELL: Oh, a whole year?

MR. GRAVES: In a whole year we figured that the increased volume of E Bond sales, if we raised that limit - I am talking about individuals, now - would be about a quarter of a billion dollars - two hundred and fifty million. Your excess interest factor there, four tenths of a percent, that would mean an increase in the interest charge over what you would have if you kept the F and G of about a million dollars a year.

H.M.JR: A billion dollars a year?

MR. GRAVES: A million - one million dollars a year. Now, I think it is worth that amount in the spirit of the organization to give them that increase in the limit and widen their market by that much.
MR. BELL: I think the whole question, Mr. Secretary, is whether it is worthwhile to increase it to help the morale and spirit of the Savings Staff people. I don't think it is necessary to get the current funds, and it is a question of whether you - I don't have any strong feeling one way or the other.

H.M.JR.: This is what bothers me - you have got a pretty good division now as between these boys (Buffington's) and these boys (Graves'). I am going to decide - make the decision here today. I have already, that I am not going to let these fellows go below five hundred dollars. That, I think, is the correct decision to make.

But on the other hand, the thing that bothers me is if I go from five to ten thousand dollars, you fellows will be competing with each other. I mean, there will be a definite overlapping - I mean, on the assumption that they can sell this two and a half percent tap bond to the people that you are going to, to sell the ten thousand dollar bond.

MR. GRAVES: I think that is a fair assumption. I think you are right about that.

MR. BELL: There really is some complication in the five thousand limit.

MR. GRAVES: Yes, I think you are right about that. I would not press that point as much as I would press the other one which I mentioned.

H.M.JR.: Which is that?

MR. GRAVES: To get a security that can be sold by the War Savings Staff, to organizations of the type that has been accustomed to cooperating in our program. We are not - I don't think anybody is promoting F and G Bonds, and if it is not advisable to make the E Bond available to others than individuals, with such restrictions as you and I talked about, I think that we ought to think about keeping the F and G Bond on a basis where we can sell it in our organization.
If you have in mind withdrawing it, as has been suggested, I think it would be a good move to keep it instead of withdrawing it, and reduce the limit on that to, say, ten thousand dollars, and use it only for organizations of the type that we have been accustomed to sell that bond to; that is, your labor unions, your societies, your clubs and lodges, and for investment of small surplus funds. Most of those people, I feel, won't invest in a bond that will fluctuate. They are anxious to keep their principal certain, and I don't think you could interest them in an open-market security. I don't think they are smart enough to keep investing and reinvesting their funds in open-market securities. I think that there is a field for--

(Mr. Tickton entered the conference.)

MR. HAAS: They need a tax note.

MR. GRAVES: Many of these are not taxable people, such as labor unions and ladies' aid societies.

MR. HAAS: They could use the dual purpose of the tax notes.

MR. GRAVES: The ideal bond for those people is the F Bond. Then we, too, have an interest, I think, in keeping the F Bond for an organization, George, that is chiefly interested in the preservation of its funds and the integrity of its funds against possible market fluctuations and depreciation.

Then we also, I think, ought to have an income bond like the G Bond for small savers who want income. You, yourself, have made that point more than once. You will recall, we had Mr. Tickton make an exploration of that. Certain people buy the G Bonds on pay-roll savings. That point has been made over and over again, that we ought to have something that can be promoted by the War Savings Staff to meet those two situations.

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MR. BELL: In other words, you want to raise Series E to ten thousand, then have something like F and G---

MR. GRAVES: I can see the Secretary's point on that. He said that on the other end he wants to block the thing at five hundred dollars; and I think he is right in saying that if you raise the limit on the E Bonds to seventy-five hundred dollars you bring us into competition. I was withdrawing on that and agreeing with him.

H.M. JR: You are withdrawing?

MR. GRAVES: On the other matter of raising the limit for individuals.

H.M. JR: Did you realize he had withdrawn?

MR. BELL: No, I didn't, and that is the reason I asked the question.

H.M. JR: Neither did I, Mr. Bell.

MR. BELL: It was a surprise to me.

H.M. JR: I was surprised, too.

MR. GRAVES: But on the matter of finding some security that we can sell to organizations, I think that is very important.

Mr. BELL: It would be your idea to have the F and G's limited to ten thousand dollars, then promote them entirely by the War Savings staff, and eliminate it for all other purposes?

MR. GRAVES: Eliminate it for all other purposes.

MR. BELL: I was just about prepared to recommend that we do away with F and G's altogether.

MR. GRAVES: I am asking that you keep them for that very restricted purpose. It would not be a volume operation - at least, I don't think it would be a volume operation.
MR. BELL: No, that means another decision on F and G's within thirty days.

MR. GRAVES: I didn't know any decision had been made.

MR. BELL: Well, the switch from the War Savings Staff to the Victory Fund Committee--

H.M.JR: Now look, Harold, I have read about one Federal Reserve district here, and I think that this should be made available to Harold so that he knows everything that is going on in the Treasury. They are going to a hundred and fifty cities in the United States and study this - what we are reaching and what we are not - I think that you saw it. You know at least as much as I do, then, which isn't very much.

Here is the thing - I don't want to be pushed between now and tomorrow. It looks now as though, with any kind of luck, we don't have to go ahead with another drive until the first of April; certainly during the months of January and February we will be studying what we are going to do, beginning with the first of April. We don't know.

I am not going to be very short-sighted and make any commitments today or tomorrow - until we are through. We have more studying like this; we have other people out in the field; how we are going to reach it isn't just - I mean, we have got to look at this thing. Everybody here is - we are all working together. How can we cover the United States? We can cover every little community whether it is five hundred people or five hundred thousand, and we have not the answers, yet. Neither organization is doing it completely. This thing shows that up. I don't know what the answer is.

Mr. Grant and his group are making the study, and I take it some of the advertising people are making a study. The only chance for the volunteer plan to survive
is if I can demonstrate that we can, in every community, reach the butcher, baker, and candlestick maker, which we are not doing. Now, just settling this thing quickly because you have a meeting Wednesday, Thursday, and Friday, I think would be a mistake.

I can say this to you - and I am sure Mr. Bell will back me up on it - that as far as the Victory Fund is concerned, that is clear in my mind. I don't want them to go below the five hundred dollar limit - I mean, I made that very plain. But when it comes to saying to you, one, your first request, that we should permit up to ten thousand dollars on E Bonds and two point nine - you changed - you don't want that, you want the F and G--

MR. GRAVES: I understood you to say that you didn't want that.

H.M. JR: I didn't say I didn't want it; I felt by doing that--

MR. GRAVES: The competition?

H.M. JR: There will be competition - you people will be crossing lines.

MR. GRAVES: That is right, and I conceded your point there. I think that is right.

H.M. JR: Now, Harold, outside of the City of New York and that New York City crowd, the places that I have been to, like Winston-Salem, having taken this F and G away from them, they are perfectly satisfied; they said so. The county chairman - there is a good group down there; they are satisfied, aren't they?

MR. GAMBLE: There is no friction - no feeling there.

H.M. JR: And the F and G sales this month are running about twenty percent ahead of last month. Now, I am not going to say today what I am going to do about F and G, because I don't know. So you say, "Well, what can I say,
Mr. Morgenthau, to my people? What is the future?"
That is what you want to know.

MR. GRAVES: That is right - as far as we can, at this time, predict.

H.M.JR: Now, all you can say to them - is their first meeting going to be here?

MR. GRAVES: Here - on Wednesday.

H.M.JR: I am perfectly willing to come and talk to them. All you can say to those people is this, that through the War Savings group it is our job to get just as many people of the medium income group subscribing on the volunteer plan as is possible, and give as good a coverage as possible. Now, we can't go beyond that, Harold, and if these people - if you lose a few people from your organization, I won't blame you. You see what I mean? Here is the problem, put very simply, which I am facing: Until I know what the President is going to do, I can't talk. It is your job to come after me, and all that, but on the other hand, I must not make commitments that I cannot live up to.

The national income paid out to individuals - this is no news to me - they figure a hundred and twenty-five billion; you deduct fifteen billion of taxes and you get a net of a hundred and ten; and the volume of consumer goods and services available for civilians is seventy billion dollars, leaving forty billion dollars; normal savings, twenty-five; and you have got a gap to close of fifteen - a net gap, as I call it, of fifteen billion dollars.

Now, the President of the United States can say to me, "How are you going to do it?" and the answer is, "I don't know." That is my big problem, how I am going to close that fifteen billion dollar net gap. Until I know more about which way he is going, and everything else, I don't want you to make any commitments on my behalf.
MR. GRAVES: I had no intention.

H.M. JR.: No, you are asking me. All you can say - and I am perfectly willing to come in and set the pattern and have them ask me - between the two organizations, you are working - you are selling the people's bond, and this fellow over here (Buffington) is selling the bond for the classes, and there is a distinction.

MR. GRAVES: I think you have done a good deal when you said your intention is to stop that two and a half step at a denomination of five hundred dollars, because I think that settles a good many things. You said that before, but before I said that was your settled policy, I wanted to speak to you again.

H.M. JR.: There is no question in my mind - is there any in yours, Dan?

MR. BELL: I don't think that it is so terribly important, but I think there is some money down there that you could get in that hundred dollar bond that you are not getting in the war bonds - particularly the conscientious objectors won't go into that bond. They would go into that bond, and they can't buy a five hundred dollar bond. How many other people don't want a savings bond, but were taking coupon bonds, I don't know, but I think there is some money there.

MR. GAMBLE: The small amount of money you would get through that - wouldn't the confusion-

H.M. JR.: Well, I am satisfied now that I have got as clean-cut a demarcation as I can make it. Buffington isn't satisfied.

MR. BUFFINGTON: What made you think I wasn't satisfied? I am always satisfied. There is one point which Harold makes here, which has merit, and that is this; that as yet there is not a clear feeling between the two organizations of what their relative positions are, and I think that it may be causing some people not to those who don't know whether they want to stay War Savings Staff or Victory Fund Committee - to make the decision.
I think the sooner that an over-all pattern could be set out that was going to clearly define the two things, once and for all, the better it would be for--

H.M.JR: It would be better - I would love it. I wish I knew what the pattern was for the next two years, but Mr. Doughton said to me, "I am going to have six new Democratic members on my committee. I don't know who they are until I get them - until I get my committee organized."

MR. BELL: Republicans, aren't they?

H.M.JR: No, he told me they are six Democrats.

MR. BELL: I thought he would have six new Republicans.

H.M.JR: No, he is going to have six new Democrats. He said, "Until I get those organized, I don't want to talk to you." He wasn't brusque about it, but he said, "I would like to talk to you after I get organized about this compulsory savings and volunteer plan," which takes us until the middle of January.

MR. GRAVES: I wasn't raising any question here about the compulsory savings; I know all the difficulties there.

H.M.JR: I am reviewing for my own mind - my own self. What is the problem? How difficult is it? What should you tell your people? Should I make up my mind about the tap? I don't think I should. But I think you can say with full emphasis that Mr. Morgenthau said that as far as the Victory Fund Committee is concerned, he is stopping them at the five hundred dollar level - from that down is yours. Say he wants the pay-roll deduction thing stressed, he wants the farmers, he wants just as many people reached as possible; we have not done that yet. There is a lot of work to be done. We have come from seven hundred thousand to twenty-four million, which is an amazing record; now, if we can go from twenty-four to thirty, that also will be most pleasing. But even after we have done that, that is the pay roll, there are still a great many people that have not been reached.
As you reach the saturation point it is more and more difficult. I don’t think, Harold, you can go beyond that.

MR. GRAVES: Well, that is all right.

H.M.JR: And then as we study this thing, what will come out of it - whether we will continue the F and G or whether we will change it, I don’t know; but I don’t think I would go much beyond that.

MR. BELL: I would hate to change the F and G now and in thirty days make any decision on it - eliminate it altogether.

MR. GRAVES: I made my suggestion, Dan, because I supposed that you would be dropping the F and G or would be thinking about dropping the F and G altogether.

I have the feeling that there is a definite market. It ought to be pretty much restricted for a bond of that type - that a lot of people have gotten used to those bonds for limited investment purposes, that you won’t be able to interest in any fluctuating security.

H.M.JR: Look, Harold, talking to you as the head of the War Bond organization--

MR. GRAVES: One of the heads.

H.M.JR: No, as the head.

MR. BELL: Have you got a lot of them? (Laughter)

H.M.JR: No, he is the head of it. Just as long as I can see Tickton’s chart keep going up percent-wise, dollar-wise, and number-wise, I am perfectly happy. There is a lot of work to be done. If in this process, while we are sort of treading water, you are going to lose a few thousand people, either they don’t lose their interest, or they want to go to the Victory Fund Committee, or they want to go to OCD, or something else, we can’t help it. There can be no complaint from me.
MR. GRAVES: I want to keep that down to a minimum, and the more certain we can be in talking to them about the future of our program, the better chance we will have of retaining them.

H.M. JR: I will be very glad to come in there and expose myself and let them go after me.

MR. GRAVES: They won't go after you.

H.M. JR: That is all right. But I think, as of today - you can raise it with me once a week. Do you think we can go much further, Dan?

MR. BELL: No, I think we have got to decide two things, one, as to whether or not we want to go to ten thousand dollars on Series E Bonds, when we know very well that five thousand will take up all of the current income of the group we are after; and two, whether we should not allow the people who have funds to invest in F and G Bonds, or push them into the coupon bond and keep them out of the demand obligation. Those people that normally go into F and G Bonds are regular investors and have got sense enough to go into marketable securities, and maybe we ought to push them into that - keep them out of the demand field.

MR. GRAVES: I don't agree with that, Dan. The very few people I am talking about are people who aren't professional investors; that is my point exactly, that the fellows in the labor unions - charged with managing the funds of the labor unions - are not professional investors.

MR. BELL: It is nothing new to them; they have had those funds for the last twenty-five or thirty years.

MR. GRAVES: But not Government securities.

MR. BELL: That is what John Lewis has always wanted.

H.M. JR: You don't expect us to settle that today?
MR. GRAVES: Oh, no.

H.M.JR: You didn't get what you wanted, other than I am giving you assurance on the five hundred dollars. When you have your crowd, let me know and I will come in. I will do the best I can. But there is plenty for both organizations to do.

MR. BELL: The other thing is delayed, then, until we see where we stand after this drive, and we study the whole thing in January?

H.M.JR: Yes.
December 14, 1942
4:37 p.m.

HMJr: How are you, Herbert?

Herbert Lehman: Fine, thank you.

HMJr: Herbert....

L: Yes.

HMJr: ....I don't know whether this phase would interest you, but whether it does - we do the buying of the clothing and all the non-military things for Lend-Lease....

L: Yes.

HMJr: ....and particularly the things for Africa.

L: Yes.

HMJr: And if and when you'd care to have Mr. Mack - M-a-o-k, who does that, call on you and tell you what we're doing, I'd be glad to have him do it.

L: Well, I'd be very glad indeed to have him do it very shortly.

HMJr: Well, when you're ready.

L: I'll give - shall I ring you or ring him?

HMJr: You can call me. It's Clifton Mack, and I think you might like to know that end of the business.

L: I would and I'd like to meet him too, if he's the man in charge.

HMJr: Yes, he - we do all - irrespective - I mean we do all Lend-Lease other than food.

L: Yes.

HMJr: We don't do food.

L: Yes.
But for the Red Cross and Lend-Lease we do all the non-military buying.

I just left a meeting of Lend-Lease. Stettinius had a - a staff meeting there, and I - I attended it and I asked about that, and they told me that you were doing all the buying.

And to give you some idea, it runs to about $30 million dollars a day, our buying.

Really?

Yes.

My goosh!

Yes, it's quite an operation.

(Laughs) I'll say it is.

And I think you'd like Mack. He's a very able fellow.

Well, I'm very anxious to meet him just as soon as I can, Henry.

Well, all right.

And I'm going to - I haven't got the letter before me now unfortunately, but just wait one moment if I - as long as I've got you on the telephone. You know I spoke to you about some agricultural....

Yes.

[Silence]

, you said.

What?

?

Yes, but I have a letter now from Raymond Fosdick....
HMJr: Yes.

L: ...in which he mentions a man by the name of Dr. Frank Forrest Hill.

HMJr: What....

L: Do you know him?

HMJr: No.

L: I see. Do you know Dr. F. A. Pearson? I've met him, as a matter of fact.

HMJr: Pearson? Oh, is that the Pearson who worked with Warren?

L: That's right. He's written some books.

HMJr: No.

L: I see.

HMJr: I wouldn't - I - I don't - he's a man of a limited specialty.

L: Yes.

HMJr: No, I - he - I don't think he has any imagination.

L: I see. You don't know a man by the name of T. W. Schultz, do you, at Iowa State College?

HMJr: No.

L: Case?

HMJr: No.

L: And Hobson?

HMJr: No. (Laughs)

L: All righty.

HMJr: (Laughs) All right.
L: Thanks very much.
HMJr: Be seeing you.
L: All right, I'll be seeing you. Thanks a lot, and I'll - I'll ask Mr. Hack to come over here.
HMJr: Right.
L: Soon as I can. Thanks.
December 14, 1942

Dear Ed:

Thank you for your letter of December 11, which enclosed an advance copy of the President's Report to Congress on Lend-Lease Operations.

I am glad to have this and appreciate what you said of the help that was given you through Clifton Mack's office.

Sincerely,

(Signed) Henry

Mr. J. R. Stettinius, Jr.
Administrator
Office of Lend-Lease Administration
515 - 22d Street, Northwest
Washington, D. C.

Envelope marked "Confidential"
File in Diary
OFFICE OF LEND-LEASE ADMINISTRATION
FIVE-FIFTEEN 22D STREET NW.
WASHINGTON, D. C.

E. R. Stettinius, Jr.
Administrator

December 11, 1942

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

Dear Mr. Secretary,

I am sending you herewith an advance copy of the President's Seventh Report to Congress on Lend-Lease Operations.

We greatly appreciate the assistance of the Treasury Department in the preparation of this report, especially the contributions of Mr. Eberly, in Clifton Mack's office, whose suggestions and criticisms of the various drafts were most constructive.

Sincerely yours,

E. R. Stettinius, Jr.

Enclosure
SEVENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 11, 1942

DECEMBER 11, 1942.

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis, or intimation to be published or given out until the READING of the President's Message transmitting this report has begun in the Senate or the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY,
Secretary to the President.
SEVENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 11, 1942

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]
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PRESIDENT'S LETTER OF TRANSMITTAL

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

I am transmitting herewith the seventh quarterly report on operations under the Lend-Lease Act.

Since the last report, the war has entered a new phase. United Nations' forces attacking from Egypt and North Africa are contesting with the Axis for control of the African coast line of the Mediterranean. The Soviet Army, having held with stubborn bravery at Stalingrad, has now assumed the offensive. The Japanese have been recklessly expending ships and men in the Solomons, a battleground of our own choosing.

The Axis Powers have, temporarily at least, lost the initiative. We must do all we can to keep them from regaining it.

We must bring the full strength of all the United Nations to bear directly against the enemy. We must bring together our joint productive capacity and our material resources, our finished munitions and our fighting manpower; and we must do this in accordance with a single world strategy. That we are making good progress in this direction I think is shown by recent developments, and by this report on the part played by lend-lease.

We also have another task, which will grow in magnitude as our striking power grows, and as new territories are liberated from the enemy's crushing grip. That task is to supply medicines, food, clothing, and other dire needs of those peoples who have been plundered, despoiled and starved.
The Nazis and Japanese have butchered innocent men and women in a campaign of organized terror. They have stripped the lands they hold of food and other resources. They have used hunger as an instrument of the slavery they seek to impose.

Our policy is the direct opposite. United Nations' forces will bring food for the starving and medicine for the sick. Every aid possible will be given to restore each of the liberated countries to soundness and strength, so that each may make its full contribution to United Nations' victory, and to the peace which follows.

FRANKLIN D. ROOSEVELT.

The White House,
December 11, 1942.
$6,526,000,000. The current rate of assistance is approximately $10,000,000,000 annually. This is about 15 percent of the current rate of spending on the over-all United States war program. Thus, we are now putting about one-seventh of our total effort into lend-lease aid to the other United Nations. Monthly lend-lease aid is shown in Chart 1.

**Goods Transferred and Services Rendered**

<table>
<thead>
<tr>
<th>CUMULATIVE SINCE MARCH 1941 (Millions of Dollars)</th>
<th>Million $ Monthly 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>5,854</td>
</tr>
<tr>
<td>Services</td>
<td>1,642</td>
</tr>
<tr>
<td>Total</td>
<td>7,496</td>
</tr>
</tbody>
</table>

**Chart 1**

**Goods Transferred**

Goods transferred total $5,854,000,000; this constitutes 78 percent of total lend-lease aid. Transfers fall into three categories: (a) military items such as planes, tanks, ships, guns and ammunition; (b) industrial items such as steel, petroleum products, machinery and machine tools; (c) foodstuffs and other agricultural products.

In the past, transfers have generally been made to lend-lease countries before goods were loaded aboard ship. Consequently not all goods recorded as transferred have actually been exported. About 10 percent is still in this country awaiting shipment. Starting December 1st, transfers are being recorded as the goods are loaded and the figures for goods transferred will hereafter approximate lend-lease exports.

Chart 2 shows the monthly value of lend-lease goods exported, by category. Exports of military items have risen much more rapidly than exports of non-military items. For the month of September 1941 total lend-lease exports were $85,000,000. Only 25 percent of that amount was for arms, the balance consisting of foodstuffs and industrial materials. For the month of October 1942 (the last month for which export figures are available) lend-lease exports were $537,000,000, of which military items comprised 56 percent.

While total monthly lend-lease exports increased over six times, lend-lease exports of military items increased fourteen times. Although the percentages of food and industrial materials to total exports have declined, the actual amounts shipped increased greatly as shown in Chart 2.

The export figures do not include the great quantities of supplies sent to our forces abroad.
Services Rendered

Services rendered total $1,642,000,000; this constitutes about one-fifth of total lend-lease aid. In terms of making our aid effective, the relative importance of these services is considerably greater than the dollar amount indicates.

Lend-lease supplies are of no use to our allies until they reach the places where they are needed. About 50 percent of expenditures for services is for shipping and supply services—mostly for the rental and charter of ships to carry the goods, and the balance for the development and operation of air ferry routes and supply bases abroad.

We have supply lines extending over many thousands of miles of submarine-infested oceans, and across jungles, deserts and hitherto inaccessible mountain ranges. We have to go around to the far places, where transport facilities are generally primitive. Lend-lease has played a large part in keeping these lines open and in increasing the volume of shipments over them.

At the receiving ends of many of these routes, it has been necessary to develop harbors, build and equip docks, warehouses, assembly plants, and supply depots. Camel trails have been made over into truck highways and railroad facilities have been either created or enlarged. Scores of newly developed airfields are way-stations on the bomber-ferry routes. American participation with the Russians, the British, and other allies in this development program has been carried out in important measure through lend-lease.

Another 15 percent of the funds spent for services has been used to repair in our yards hundreds of allied merchant and naval vessels damaged by enemy action. Similar repair services are being rendered for damaged American warships and merchant vessels abroad, under reciprocal lend-lease.

The balance of 35 percent of services rendered represents expenditures for production facilities—factories and shipyards—built in the United States to manufacture certain types of lend-lease articles.

Where Lend-Lease Supplies Are Going

Chart 3 shows exports of lend-lease goods by area of destination. In October 1942 approximately 40 percent of lend-lease exports went to the United Kingdom, 39 percent to the Middle and Far East and other areas, and 21 percent to U. S. S. R.

The chart also shows the higher proportion of lend-lease shipments to the Middle and Far East and U. S. S. R. during 1942. Since January 1942, monthly exports to the United Kingdom and to the Middle and Far East have more than doubled. October shipments to U. S. S. R. were nine times those in January, when goods were first exported to Russia under lend-lease (as distinct from direct purchase exports).

Part of the military equipment exported to the United Kingdom has been sent by the British to U. S. S. R., Egypt, India and other areas of the Middle East. In addition, Great Britain has sent a major share of its own production of war supplies to these fronts.

The United States and Great Britain have between them shipped (not delivered) to U. S. S. R. during the past year, over
the northern route alone, more than 3,000 planes, more than 4,000 tanks, more than 30,000 trucks, jeeps and other vehicles and hundreds of thousands of tons of food, industrial raw materials, medical supplies and other products. Not all of these supplies have arrived. Convoys over the North Atlantic route have been subjected to heavy punishment by Nazi air, surface and undersea raiders.

Shipments by the southern route to the Red Sea-Persian Gulf area have had to travel ocean distances of 10,000 to 13,000 miles and there are long additional overland distances to be covered before our supplies reach bases and front lines in the U. S. S. R. In the Red Sea-Persian Gulf area, ports, unloading and assembly facilities, roads and railroads were either inadequate or non-existent. They have been greatly improved with the aid of lend-lease funds.

Supplies aggregating nearly 2,500,000 tons have been shipped over all routes from the United States to U. S. S. R. in the past year under lend-lease and direct purchase. Although transportation to U. S. S. R. continues to present extraordinary difficulties, we are succeeding in delivering the great majority of our shipments.

The part played in the Egyptian campaign by the increased lend-lease exports to that area is described in Chapter 3. In addition, considerable shipments have gone to India and other strategic points in the Middle East, to Australia and New Zealand.

Lend-lease exports to China have always been limited by a transportation bottleneck that was made still tighter when the Japanese took Burma. Until that time, we were able to move a thin but steady stream of supplies over the Burma Road. With lend-lease funds we had considerably increased the capacity of the road, supplied thousands of trucks, and assisted China in building a railroad which would have provided, when completed, a supplementary supply line from Lashio to Kunming.

Since the loss of Burma, air transport across the Himalayas from India has been the only direct means of bringing lend-lease supplies into China. United States Army and China National Airways cargo planes are plying this dangerous route regularly but the quantities they have been able to carry so far have been small. We shall find ways to send more.

Lend-Lease Exports and Direct Cash Purchases

In addition to lend-lease aid, the United States has supplied the other United Nations with weapons and other materials purchased by them for cash, just as they have supplied us, both by direct purchase and reciprocal lend-lease.

From the point of view of effective pooling of United States resources with those of other United Nations, the distinction between lend-lease and cash exports has little significance. For in the winning of the war, what counts is that our supplies—by whatever method they are provided—reach the hands of those who need them in order to fight our enemies. This is equally true of the supplies we receive from our allies.

From March 1941 through October 1942, cash purchase exports to our allies totaled $6,450,000,000, compared to lend-lease exports of $4,685,000,000. The proportion of lend-lease
exports to total U.S. exports has risen from 1 percent in March 1941 to 70 percent in October 1942 as shown by Chart 4.

Other Forms of Aid

The entire story of the aid rendered by the United Nations to one another cannot be told in statistical terms alone. It would be impossible to attempt a mathematical appraisal of many of the respective contributions of the allied nations or to evaluate the role each is playing in encompassing the defeat of the Axis. The principle followed is one of mutual assistance in waging a coalition war.

Our own contribution is of course not limited to the proportion of the output of our farms and workshops which is exported to our allies. American troops fight side by side with those of the other United Nations; our navies engage in joint as well as independent operations. Supplies, equipment, and ammunition are fully shared on the battlefield. An American tanker, during combat, will service any allied destroyer requiring fuel. Our aircraft carriers have brought sorely needed planes to posts exclusively manned by our allies. We have assumed the responsibility for defending some of the distant outposts of the world to relieve veteran allied troops for more active theaters. We have been the recipient of similar aid from our allies. The United Nations are not engaged in a series of separate wars; ours is a joint enterprise with one goal.

Notes.—Previous reports have carried figures for lend-lease “goods in process.” These were expenditures made for completed equipment that had not yet been transferred and for equipment still in process of manufacture. In the Sixth Report to Congress the dollar volume of such goods was estimated at $1,360,000,000. This figure, however, included only expenditures made from lend-lease funds appropriated directly to the President. It did not include expenditures made by the War and Navy Departments from funds appropriated to them. Military items procured by these departments are not generally separated as between those for our own forces and those for lend-lease purposes until manufacture is completed and final assignments are made by the Combined Munitions Assignments Board. This Board assigns all military items produced in the United States. It is therefore impossible to determine with any degree of accuracy the lend-lease proportion of expenditures made on goods in process by the War and Navy Departments. Since any figure on lend-lease goods in process which does not include these amounts fails to give a complete picture of such expenditures, the category of goods in process will no longer be included in these reports.

Chapter 2

U.S. PRODUCTION AND THE UNITED NATIONS

Combining United Nations Resources

All available resources of the United Nations are dedicated to the common end of winning the war. It is in the joint interest of the United Nations to equip and supply all their armed forces, to maintain the flow of industrial materials to war factories everywhere, and to meet the essential war-time civilian needs of all anti-Axis peoples. In this task they are, within the limits of their resources, supplying both their own needs and the needs of each other.

We are dependent upon each other in many ways. Although the United States has the greatest resources for the production of war materials and civilian supplies, many of our own vital requirements are being obtained by purchase from our allies. Certain raw materials, essential to making planes and tanks, come from many parts of the British Empire, Latin America and other United Nations. For example, ninety-five percent of our nickel comes from Canada and our mica from India and Brazil. We are still getting precious supplies of tungsten from China.

Our troops overseas are receiving many important supplies and services from Great Britain, India, Australia, New Zealand, and Fighting France under reciprocal lend-lease.

Up to six months ago, Great Britain and Russia were producing more arms than we were. Great Britain has supplied the larger part of its own needs and has furnished quantities of certain types of equipment to the fighting forces of Russia and of the governments in exile. Great Britain has also provided most of the merchant ships and transports which carry United Nations supplies and troops overseas.
Plainly Russia is able to send few supplies to its allies, but the greatest land fighting of the war has been carried on for two years principally with Russian equipment. Russian planes and bombs and tanks have destroyed many times the number of enemy troops killed in all the other war theatres combined.

Our principal allies have reached the maximum rate of their war production. American war production—already the greatest in the world—will rise much higher still before reaching its peak. Supplies from the United States have had an important part in the war effort of the United Nations. From now on, our production will play an increasingly decisive role. But only by a vast increase in our output can we obtain the overwhelming superiority over the Axis which is needed for victory.

Distribution of American Production

Most of our production is used to supply our own armed forces and civilian population. The proportion of war weapons that goes to our Army and Navy and the proportion that goes to our allies is determined by the strategic decisions of global warfare. United Nations war production strategy determines how much we should send abroad of our supply of industrial materials. The food we produce—and food is a weapon of war—is allocated to meet the needs of American armed forces and civilians, and, so far as possible, the essential food requirements of our allies.

Military Supplies

About 15 percent of our present total production of military items is being exported to the other United Nations under lend-lease and direct purchase. These items include ordnance, ammunition, aircraft, tanks, motor vehicles, and spare parts, but do not include merchant and naval vessels.

The proportion of some combat weapons going to our allies is considerably higher than the over-all average. Thus, we are sending them about 30 percent of our production of combat planes and 35 percent of our production of tanks. On the other hand, there are many articles which we make entirely for our own forces.

Although exports of military items have greatly increased during the past year, our rate of munitions production has increased still more rapidly. Consequently, a smaller percentage of our total military output is now being exported. Chart 5 shows how the percentage of exports has declined from 30 percent of total output in March 1941 to approximately 15 percent in the past five months.

A large part of the munitions retained for our own forces has been transported with our troops to bases abroad for use in recent campaigns and in battles now being waged. These shipments are not included in the export figures in Chart 5.

Industrial Materials

The United States is exporting industrial materials to our allies, particularly the United Kingdom, Canada and Russia. The quantities which we send them are necessary to maintain
their production of weapons and ships, but are relatively small
in relation to our own total production of these materials.

The following percentages show the relationship of our lend-
lease and direct purchase exports of the more important
materials to total United States new supply of the indicated
industrial materials during the first six months of this year:

**EXPORTS IN PERCENT OF U. S. NEW SUPPLY**

<table>
<thead>
<tr>
<th>Material</th>
<th>Percent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td>2.7</td>
<td>Petroleum Products</td>
</tr>
<tr>
<td>Copper</td>
<td>12.2</td>
<td>Steel</td>
</tr>
<tr>
<td>Cotton</td>
<td>5.0</td>
<td>Tin</td>
</tr>
<tr>
<td>Nickel</td>
<td>3.5</td>
<td>Zinc</td>
</tr>
</tbody>
</table>

These are percentages of United States production plus
imports during the period. If our stock piles were taken into
account the export percentages would be smaller.

The percentages shown are for exports of these materials in
a form ready for use in the production of war equipment. Thus
in the case of steel, exports were 11 percent of our total new
supply of shapes, plates, bars, sheets, etc. They were con-
siderably less than 11 percent of our new supply of steel in the
form of ingots. On the other hand, the export percentages do
not include the steel and other materials in finished products
such as tanks and guns.

**Foodstuffs**

United States exports of food, nearly all of which are under
lend-lease, have been particularly important to the United
Kingdom and to Russia. Yet our exports have been small in
relation both to their total food supply and to ours. The United
Kingdom, for example, now produces about 60 percent of its
own food as the result of an intensive three-year farm program,
and the major share of its food imports comes from sources
other than the United States. Nevertheless, the part of Great
Britain's food that comes from the United States has meant the
difference between enough to sustain the British people’s inten-
sive war effort and too little with which to carry on. Likewise,
American food supplies are saving thousands from starva-
tion in Russia and the Middle East.

The following percentages show the relationship of exports
to the total United States supply of important foodstuffs for
the year ended June 30, 1942:

**EXPORTS IN PERCENT OF SUPPLY**

<table>
<thead>
<tr>
<th>Material</th>
<th>Percent</th>
<th>All Milk Products (expressed in terms of fluid milk equivalent)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef and Veal</td>
<td>0.5</td>
<td></td>
<td>3.9</td>
</tr>
<tr>
<td>Lamb and Mutton</td>
<td>0.0</td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td>Pork</td>
<td>13.0</td>
<td>Corn and Corn Products</td>
<td>1.0</td>
</tr>
<tr>
<td>Canned Fish</td>
<td>21.0</td>
<td>Wheat and Wheat Products</td>
<td>1.0</td>
</tr>
<tr>
<td>Eggs</td>
<td>8.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheese</td>
<td>23.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Of the five meats now under voluntary rationing, we have
retained for our own armed forces and civilians more than 99
percent of all but pork, in which case the percentage retained
is 87 percent. And pork production has increased enough to
cover our exports and still leave a normal supply for our own
uses. Civilian shortages of these meats are due primarily to
the needs of our soldiers and sailors and to increased civilian
consumption.

We have exported under lend-lease 1,263,882,000 pounds of
evaporated milk, powdered milk and cheese. However, in
terms of fluid milk equivalent, this is approximately 4 percent
of our record-breaking milk supply. All the rest is going to
United States armed forces and civilians. Our exports provide
two out of every five ounces of the cheese which Britons eat.
Chapter 3

THE AFRICAN OFFENSIVES

The present campaigns in Egypt and North Africa illustrate how United Nations resources can be pooled in the execution of an offensive strategy. For both offensives, supplies and shipping services were provided on a great scale in accordance with the principles of lend-lease and reciprocal aid.

Egyptian Campaign

In the Egyptian campaign, British and American equipment was used and troops from the United Kingdom, the Dominions, Greece, Poland, France, and the United States took part, but British troops, planes, and ships did the bulk of the fighting, under British command. It was in the field of transportation and supplies that United States assistance played its major role.

German and Italian forces could be supplied from their home bases by shipping or flying their equipment a few hundred miles across the Mediterranean. Supplies from the United Kingdom or this country, on the other hand, had to travel 12,000 miles by water, around the Cape of Good Hope and up the Red Sea, before reaching the fighting zone. Even if sent by air from the United States, a bomber or a cargo of urgently needed materials must be flown over 9,000 miles via Brazil across the Atlantic and over the jungles and deserts of Africa.

Nevertheless, in spite of all difficulties of weather, terrain, and enemy action, our supply lines functioned so well that at the crucial moment United Nations forces were able to take the field with clear superiority in armored strength, artillery, and air power.

This was possible because of action taken many months before the offensive began, when it was decided that these supply lines must be bolstered and improved in every way possible.

United States and British funds, engineering skill and labor have been used to build, reconstruct or enlarge supply bases,
docks and naval facilities, air fields, and repair and assembling shops in the Red Sea area and in Egypt. Work done under this program has made it possible to unload cargoes and repair damaged ships more quickly. And the facilities for assembling of trucks, tanks, and planes have speeded the flow of weapons to the fighting front.

Air ferry routes have been created across Africa. In places where a few years ago no planes were ever seen, huge bombers and transports now land daily, are fueled, and continue to their destinations.

Together with the British and Fighting French, we have built or improved air fields all the way from the Atlantic coast of Africa to the Anglo-Egyptian Sudan, and the Red Sea. These fields have been used by planes on their way to Egypt, to Iran and Russia, and to India.

The United States funds spent in these enterprises, and for the necessary shipping, have come from lend-lease appropriations and funds appropriated to the War Department for its own use.

Over these improved supply lines, the United States exported to Egypt during the period from February to November over 1,000 planes, many hundreds of tanks, of which more than 500 were mediums, 20,000 trucks and hundreds of pieces of artillery. Our British allies have emphasized the importance of these weapons in the success of the campaign. In addition to the American planes furnished the British, hundreds of planes were sent to Egypt for the use of our own air forces. One out of every five United Nations planes operating during the desert offensives was flown by American crews or pilots.

American technicians have also been instructing the British, South Africans and Australians in the maintenance and repair of American equipment, and an increasing number of American mechanics have been assisting in this work.

North African Campaign

The invasion of North Africa, even more than the campaign in Egypt, has been a combined operation in the fullest sense of the word. Neither the United States nor Great Britain could alone have carried out at this time a task requiring the greatest single overseas expeditionary force in history.

Hundreds of British and American cargo, transport and naval vessels were pooled for the enterprise. The ground forces include many British as well as American troops. The United States Army Air Force and the Royal Air Force are both taking part in this offensive, and each nation's air force has been using, to some extent, planes manufactured by the other, provided either under lend-lease or reciprocal lend-lease. Most of the equipment of our troops was American-made, but large quantities of miscellaneous supplies were lend-leased to us by Great Britain.

In all phases of the campaign—in the careful work of preparation as well as in the more spectacular moments of battle—the United States and Great Britain have shared their resources and operated under unified command.
Chapter 4
LIBERATED AREAS

Less than a week after our landings in North Africa, the Lend-Lease Administrator was instructed, in cooperation with General Eisenhower and the State Department, to extend aid to those areas in French Africa occupied by United Nations forces.

The policy of the United States, already announced, is to provide food, medicines, and other necessities to alleviate the hunger and suffering of the people in any territory occupied by our forces, so far as it is humanly within our power to do so. Weapons will be furnished to the armed forces of these territories to hasten the defeat of the Axis.

Methods of carrying out this policy will differ between areas, and different methods may be necessary within the same area. Where commercial channels of supply have been cut off, lend-lease can be the instrument for renewing them. Where relief distribution is necessary, lend-lease can supply the materials of relief.

Steps have already been taken with respect to North Africa in execution of this policy. About $5,000,000 worth of civilian goods have been purchased for shipment to that area. Many times that amount will be procured during the coming months, to be sent as shipping space becomes available. So long as military operations continue in this area, the amount of available shipping space cannot accurately be predicted. Cargoes necessary to maintain our armies in the field will have top priority on shipping, but civilian supply will come next on the list.

Items purchased, or to be purchased, under this program include: Medical and hospital supplies ranging from anaesthetics to operating knives, sulfa drugs and antitoxins; sugar, powdered and evaporated milk, and cheese, to meet the most urgent food needs; cotton textiles, ready-made new and used clothing, and shoes; copper sulphate to increase the production of vegetables and fruits for the consumption of our troops as well as the inhabitants; coal for transportation and kerosene for lighting. The United Kingdom will participate in this program with the United States.

The United Nations will help the victims of war in liberated territories, not only out of common humanity, but for the most urgent political and military reasons. Expansion of the agricultural production of the reoccupied regions and the improvement of their transportation facilities will be of great value to our military forces. Increased food production on the spot will enable us, after meeting the requirements of the civilian population, to supply our forces with some foodstuffs, thus saving valuable shipping space. Similarly any aid that we can furnish North Africa in maintaining and increasing its exportable production of certain strategic materials, such as phosphate rock, manganese, and high-grade iron ore will be of great value to the United Nations war effort.

The program of reoccupation will require the joint efforts of many agencies of this government, and the fullest cooperation with the other United Nations. Relief and rehabilitation of the reoccupied areas will be the common responsibility of all the United Nations, and must be a combined operation in the same sense as the military operations themselves. Success in restoring the countries we free will be a powerful factor in shortening the war, giving the liberated peoples their chance to share in the victory.

The United Nations have shown that they are capable of military teamwork of a high degree. In the field of relief and rehabilitation, they have an opportunity to develop a constructive program that will have a most direct bearing on the problems of the peace.
APPENDICES

Appendix I

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2.

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3.

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of conveying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.
Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5.

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6.

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, March 11, 1941.
Appendix II

LEND-LEASE APPROPRIATIONS AND TRANSFER AUTHORIZATIONS

Lend-lease aid is provided from: (a) funds appropriated directly to the President for lend-lease purposes; (b) appropriations to the War Department, Navy Department, and Maritime Commission which contain authorization for maximum amounts that may be used for lend-lease purposes.

Detailed information on the maximum amount of lend-lease aid which can be provided by existing legislation is given in the following table.

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<th>Appropriations to the President</th>
<th>Amount</th>
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<tr>
<td>First Lend-Lease Appropriation</td>
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<tr>
<td>Second Lend-Lease Appropriation</td>
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<td>Third Lend-Lease Appropriation</td>
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<td><strong>Total</strong></td>
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<td>War Department—Sixth Supplemental, 1942</td>
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<td>War Department—Military Appropriation Act, 1943</td>
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<td>Navy Department—Second Supplemental, 1943</td>
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<td>Maritime Commission—First Supplemental, 1942</td>
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<td>Maritime Commission—Fifth Suppl. (Approp. Funds), '42.</td>
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<tr>
<td>Maritime Commission—Fifth Suppl. (Contr. Auth.), 1942</td>
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<td>Departments other than War—Third Supplemental, 1942</td>
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<td><strong>Total</strong></td>
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</table>

**Maximum Amount of Aid That Can Be Provided** | **$59,526,650,000**

*Does not include the value of ships which may be leased by the Navy for the duration of the emergency.
†Value of ships which may be leased.

Appendix III

STATUS OF NATIONS

Twenty-nine nations have signed the United Nations Declaration, pledging their full resources to the fight against the Axis powers, and agreeing not to make a separate peace with the enemies. Of the 42 nations which have been declared eligible for lend-lease aid by the President, 30 have signed lend-lease agreements. Formal agreements providing for reciprocal lend-lease aid have been entered into by four of these nations with the United States. Full information concerning the status of the various nations is shown by the following chart.
Appendix IV

DECLARATION BY UNITED NATIONS

A Joint Declaration by the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, Yugoslavia.

The Governments signatory hereto,

Having subscribed to a common program of purposes and principles embodied in the Joint Declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland dated August 14, 1941, known as the Atlantic Charter,

Being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world, DECLARE:

(1) Each Government pledges itself to employ its full resources, military or economic, against those members of the Tripartite Pact and its adherents with which such government is at war.

(2) Each Government pledges itself to cooperate with the Governments signatory hereto and not to make a separate armistice or peace with the enemies.

The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism.

Done at Washington
January First 1942

The Republic of Costa Rica
by Luis Fernandez
The Republic of Cuba
by Aurelio F. Concheso
Czechoslovak Republic
by V. S. Hurban
The Dominican Republic
by J. M. Troncoso
The Republic of El Salvador
by C. A. Alfaro
The Kingdom of Greece
by Cimon P. Diamantopoulos
The Republic of Guatemala
by Enrique Lopez-Herrarte
The United States of America
by Franklin D. Roosevelt
The United Kingdom of Great Britain and Northern Ireland
by Winston Churchill

On behalf of the Government of the Union of Soviet Socialist Republics
by Maxim Litvinoff,
Ambassador
National Government of the Republic of China
by Tse Vung Soong,
Minister for Foreign Affairs
The Commonwealth of Australia
by R. G. Casey
The Kingdom of Belgium
by Cte. R. v. d. Straten
Canada
by Leighton McCarthy
The Grand Duchy of Luxembourg
by Hugues Le Gallais
The Kingdom of the Netherlands
A. Loudon
Signed on behalf of the Govt. of the Dominion of New Zealand
by Frank Langstone

The Republic of Nicaragua
by Leon DeBayle
The Kingdom of Norway
by W. Munthe de Morgenstierne
The Republic of Panama
by Jaen Guardia
The Republic of Poland
by Jan Ciechanowski
La Republique d’Haiti
par Fernand Dennis
The Republic of Honduras
by Julian R. Caceres
India
Girja Shankar Bajpai
The Union of South Africa
by Ralph W. Close
The Kingdom of Yugoslavia
by Constantin A. Fotitch

Note: Mexico, The Commonwealth of the Philippines and Ethiopia have since adhered to the Declaration by United Nations.

Appendix V

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;
And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace.

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objec-
tives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day’s date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[Seal]

SUMNER WELLES,
Acting Secretary of State of the United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[Seal]

HALIFAX
His Majesty’s Ambassador Extraordinary and Plenipotentiary at Washington.
December 14, 1942

Mr. Joseph J. O'Connell, Jr.
Treasury Department
WASHINGTON, D. C.

Dear Mr. O'Connell:

Thank you very much for sending me copies of the exchange of correspondence between Senator Allen J. Ellender and Secretary Morgenthau on the Lend-Lease program.

We are working on a reply to the Senator.

Sincerely yours,

[Signature]

E. R. Stimson, Jr.
We all know what grand things are being done by our fighting men "over there." But I think we have been keeping faith with them "over here." Let me give you an example in the record of the War Bond campaign in our first year of war. We had only 700,000 workers on the payroll savings plan a year ago, and they were investing only 4 percent of their earnings every payday. Today more than 24,000,000 workers are setting aside an average of 8½ percent of their pay, so our soldiers and sailors and fliers can have the weapons they need. This is an achievement "over here" that will give encouragement to our Allies and to our fighting men at battle stations all over the world. Let's keep it up.
We all know what grand things are being done by our fighting men "over there". But I think we have been keeping faith with them "over here". Let me give you an example in the record of the War Bond campaign in our first year of war. We had only 700,000 workers investing only 4 percent of their earnings every pay-day.

Today more than 24,000,000 workers are setting aside an average of 3½ percent of their pay, so our soldiers and sailors and fliers can have the weapons they need. This is an achievement "over here" that will give encouragement to our Allies and to our fighting men at battle stations all over the world. Let's keep it up!
/Try make more Dec 14
I should like to tell you the progress we have made in the past twelve months in our War Bond program. A year ago we had only 700,000 workers investing only 4 per cent of their earnings every pay-day.

Today more than 24,000,000 workers are setting aside an average of 8-1/2 per cent of their pay, so our soldiers and sailors and fliers can have the weapons they need. This is an achievement "over here" that will give encouragement to our Allies and to our fighting men at battle stations all over the world. Let's keep it up!
To Secretary Morgenthau

FROM Harold Graves

Complying with your request this morning, I attach a partial report covering the distribution of the Christmas poster, "The Present With A Future."

Upon receipt of further information, I shall give you a final report.

Two million envelopes for bonds to be given as Christmas gifts were printed. The distribution of these envelopes was made to issuing agents through the 12 Federal Reserve Banks.
TO  Mr. Harold N. Graves
FROM  John M. Daleshanby

A complete report tabulating all shipments of Christmas posters and receipt of deliveries by State Administrators will be ready this afternoon. In the meantime, here is a preliminary tabulation of what the report will show:

1,593,000 posters were shipped to 400 points for use by the Victory Display Committee and to 75 points for use by State Administrators, beginning November 26. Shipments to the states were completed December 8th.

Wires from 33 State Administrators have been received, including Alaska and Hawaii. No shipments were made to Alaska or Hawaii because of lack of time.

All shipments have been received and almost complete distribution made in the following states:
Arkansas, California, Delaware, D.of C., Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New York, New Hampshire, North Carolina, Rhode Island (partial), South Carolina, South Dakota, Tennessee, Washington, Wisconsin, West Virginia.

Posters have not yet been received in the following states:
Arizona (shipped December 1), Florida (shipped December 1), Maryland (shipped December 6), Virginia (shipped December 8).

Reports have not yet been received from the following states:
Comparison of December sales to date with sales during the
same number of business days in November and October, 1942

(At issue price in thousands of dollars)

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<th>Cumulative sales by business days</th>
<th>December as percent of November</th>
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<td></td>
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<tr>
<td></td>
<td>sales</td>
<td></td>
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<td>December 1942</td>
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<tr>
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Office of the Secretary of the Treasury,
Division of Research and Statistics.

Source: All figures are deposits with the Treasurer of the United States on account
of proceeds of sales of United States savings bonds. These figures have been
adjusted on the basis of wire reports and therefore will not agree with the
Treasurer's accounts.

Note: Figures have been rounded to nearest thousand and will not necessarily add
to totals.
Sales of United States savings bonds, Series E
December 1 through December 12, 1942
Compared with sales quota for same period

(At issue price in millions of dollars)

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<td>16</td>
<td></td>
<td>326.3</td>
<td>340.8</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>385.5</td>
<td>402.3</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td>426.2</td>
<td>457.9</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td>472.7</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td></td>
<td>518.4</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td>551.3</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td>585.3</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td>650.0</td>
<td></td>
</tr>
</tbody>
</table>

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

December 14, 1942.

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.
Attached is a set of the tables comparing the burden under the present law and the plan to raise $18 billion of additional revenue -- $3 billion from the income tax and $15 billion from compulsory lending.
Plan I. A Revenue Program for 1943 to raise $18 billion from individual net income tax ($3 billion) and compulsory lending ($15 billion)

Plan I would involve substituting for the present income and Victory tax the combined income tax and compulsory lending rate scale shown in Table 1.

Exemptions: The exemptions for the new levy would be $400 for a single person, $800 for a married couple, and $200 for each dependent.

Rates: The rates begin at 33 percent on the first bracket above exemptions and rise to a maximum of 95 percent on the "over $500,000" bracket.

Refundable part of the levy: A large part of the new levy would be treated as compulsory lending, to be refundable after the war. For a married couple with no dependents, the refundable part would equal:

- 100 percent of the first $100 of the levy,
- 50 percent of the next $2,000, and
- 25 percent of the next $10,000.

For single persons, the amounts to which the above percentages apply would be halved; for each dependent the amounts would be increased by 25 percent.

Tax part of the levy: Because all of the levy is refundable at the very bottom, the tax part would begin only for incomes somewhat higher than the exemptions. The tax part of the levy would apply only on incomes above $547 for single persons; $1,094 for married couples, and an additional $274 for each dependent.

Relation to present income and Victory tax: The combined tax and compulsory loan is substantially above the existing combined income and Victory tax at all levels of income, except at the very bottom where the Victory tax would apply but the new levy would not. However, the tax part of the levy alone is slightly less than the present income tax and Victory tax combined for married couples with no dependents who have incomes below $3,012; for single persons with no dependents who have incomes below $2,305; and for married couples with two dependents who have incomes below $1,867.

Treasury Department,
Division of Tax Research

December 14, 1942
Table 1: Income tax rates under present law and Plan I (combined income tax and compulsory lending to replace present income tax and Victory tax and yield $3 billion additional tax and $15 billion additional compulsory lending)

Married couple - no dependents

<table>
<thead>
<tr>
<th>Net income after personal exemptions</th>
<th>Combined normal rate</th>
<th>Surtax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$201 - $600</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>$601 - $1,000</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>$1,001 - $2,000</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>$2,001 - $3,000</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>$3,001 - $4,000</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>$4,001 - $6,000</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>$6,001 - $8,000</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>$8,001 - $10,000</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>$10,001 - $12,000</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>$12,001 - $14,000</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>$14,001 - $16,000</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>$16,001 - $18,000</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>$18,001 - $20,000</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>$20,001 - $22,000</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>$22,001 - $24,000</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>$24,001 - $26,000</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>$26,001 - $30,000</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>$30,001 - $32,000</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>$32,001 - $38,000</td>
<td>24%</td>
<td>0%</td>
</tr>
<tr>
<td>$38,001 - $40,000</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>$40,001 - $44,000</td>
<td>27%</td>
<td>0%</td>
</tr>
<tr>
<td>$44,001 - $50,000</td>
<td>29%</td>
<td>0%</td>
</tr>
<tr>
<td>$50,001 - $60,000</td>
<td>31%</td>
<td>0%</td>
</tr>
<tr>
<td>$60,001 - $70,000</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>$70,001 - $80,000</td>
<td>35%</td>
<td>0%</td>
</tr>
<tr>
<td>$80,001 - $90,000</td>
<td>37%</td>
<td>0%</td>
</tr>
<tr>
<td>$90,001 - $100,000</td>
<td>39%</td>
<td>0%</td>
</tr>
<tr>
<td>$100,001 - $150,000</td>
<td>41%</td>
<td>0%</td>
</tr>
<tr>
<td>$150,001 - $200,000</td>
<td>43%</td>
<td>0%</td>
</tr>
<tr>
<td>$200,001 - $500,000</td>
<td>46%</td>
<td>0%</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>49%</td>
<td>0%</td>
</tr>
</tbody>
</table>

1/ For Plan I, brackets for single persons are half of those shown; and for families with dependents, larger than those shown.

2/ Excludes Victory tax, which is 5 percent of gross income in excess of $524; for married couples with no dependents, 40 percent of this amount is treated as a post-war credit.

MFr. December 14, 1942

Regraded Unclassified
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents

<table>
<thead>
<tr>
<th></th>
<th>Gross income</th>
<th>$839</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income 1/</td>
<td></td>
<td>$800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan I</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>law</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plan I</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NON-REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$8</td>
<td>-</td>
</tr>
<tr>
<td>Federal income tax</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$3</td>
<td>-</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>$3</td>
<td>-</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$3</td>
<td>-</td>
</tr>
<tr>
<td>REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$9</td>
<td>$9</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>$71 2/</td>
<td>- 2/</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$85</td>
<td>$9</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>$93</td>
<td>$9</td>
</tr>
<tr>
<td>Effective rate</td>
<td>(11.6%)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$13</td>
<td>-</td>
</tr>
<tr>
<td>Effective rate</td>
<td>(1.6%)</td>
<td>-</td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
### Income Taxes, Compulsory Lending, Payroll Tax and War Bond Deduction

#### Married Person Without Dependents

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$1,111</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Present Law</th>
<th>Plan I</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-REFUNDABLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$15</td>
<td>-</td>
</tr>
<tr>
<td>Federal income tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$15</td>
<td>-</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$15</td>
<td>-</td>
</tr>
<tr>
<td><strong>REFUNDABLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$11</td>
<td>$11</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>-</td>
<td>66</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>89</td>
<td>-</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$110</td>
<td>$77</td>
</tr>
</tbody>
</table>

#### Grand Total

<table>
<thead>
<tr>
<th>Effective rate</th>
<th>Present: $125</th>
<th>Plan I: $77</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12.5%)</td>
<td>(7.7%)</td>
<td></td>
</tr>
</tbody>
</table>

#### Total Federal Income and Victory Tax

<table>
<thead>
<tr>
<th>Effective rate</th>
<th>Present: $25</th>
<th>Plan I: $66</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2.5%)</td>
<td>(6.6%)</td>
<td></td>
</tr>
</tbody>
</table>

---

**Treasury Department, Division of Tax Research**

December 10, 1942

---

1/ Net income before deduction of New York State income tax.

2/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

<table>
<thead>
<tr>
<th>Married person without dependents</th>
<th>Gross income</th>
<th>$1,667</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income 1/</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NON-REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$ 31</td>
<td></td>
</tr>
<tr>
<td>Federal income tax</td>
<td>48</td>
<td>$ 76</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$ 79</td>
<td>$ 76</td>
</tr>
<tr>
<td>New York State income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$ 79</td>
<td>$ 76</td>
</tr>
<tr>
<td>REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$ 17</td>
<td>$ 17</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td></td>
<td>175</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>133 2/</td>
<td>3/</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$171</td>
<td>$192</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective rate</td>
<td>(16.7%)</td>
<td>(17.9%)</td>
</tr>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>$250</td>
<td>$268</td>
</tr>
<tr>
<td>Effective rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$400</td>
<td>$251</td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research  
December 10, 1942

1/ Net income before deduction of New York State income tax.

2/ 8 percent of gross income.

3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.

Regraded Unclassified
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents

| Gross income | $2,222 |
| Net income \(^{1/}\) | 2,000 |

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>law</td>
<td>I</td>
</tr>
</tbody>
</table>

**NON-REFUNDABLE**

- Victory tax, net
- Federal income tax
  - Total non-refundable Federal taxes
- New York State income tax
  - Total non-refundable

**REFUNDABLE**

- Payroll tax (old-age contribution)
- Victory tax credits, maximum
- Income tax (compulsory lending)
  - War bond deduction
    - Total refundable

**GRAND TOTAL**

- Effective rate
- Grand total excluding New York State income tax
  - Effective rate
- Total Federal income and Victory tax, refundable
  - and non-refundable
    - Effective rate

---

1/ Net income before deduction of New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.

Treasury Department, Division of Tax Research

December 10, 1942

Regraded Unclassified
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

**Married person without dependents**

| Gross income | $2,775 |
| Net income | 2,500 |

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-refundable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$65</td>
<td></td>
</tr>
<tr>
<td>Federal income tax</td>
<td>232</td>
<td>291</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>297</td>
<td>291</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>297</td>
<td>291</td>
</tr>
</tbody>
</table>

| Refundable | | |
| Payroll tax (old-age contribution) | $28 | $28 |
| Victory tax credits, maximum | 43 | - |
| Income tax (compulsory lending) | - | 391 |
| War bond deduction | 222 | 3 |
| Total refundable | 293 | 219 |

| Grand total | $590 | $710 |
| Effective rate | (23.6%) | (28.4%) |
| Grand total excluding New York State income tax | $590 | $710 |
| Effective rate | (23.6%) | (28.4%) |
| Total Federal income and Victory tax, refundable and non-refundable | $740 | $682 |
| Effective rate | (13.6%) | (27.3%) |

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of the New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents
Gross income $2,333
Net income $2,333

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>law</td>
<td>I</td>
</tr>
<tr>
<td>NON-REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$81</td>
<td>-</td>
</tr>
<tr>
<td>Federal income tax</td>
<td>$322</td>
<td>$403</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$403</td>
<td>$403</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$411</td>
<td>$411</td>
</tr>
<tr>
<td>REFUNDABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>$54</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>-</td>
<td>503</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>267 2/</td>
<td>- 3/</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$331 2/</td>
<td>$533 3/</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective rate</td>
<td>(25.4%)</td>
<td>(31.5%)</td>
</tr>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>$764</td>
<td>$944</td>
</tr>
<tr>
<td>Effective rate</td>
<td>(25.1%)</td>
<td>(31.2%)</td>
</tr>
<tr>
<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$457</td>
<td>$906</td>
</tr>
<tr>
<td>Effective rate</td>
<td>(15.2%)</td>
<td>(30.2%)</td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of New York State income tax.

2/ 8 percent of gross income.

3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents

| Gross income | $4,444 |
| Net income | $4,000 |

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victory tax, net</td>
<td>$115</td>
<td>-</td>
</tr>
<tr>
<td>Federal income tax</td>
<td>526</td>
<td>642</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$641</td>
<td>$642</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$667</td>
<td>$658</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REFUNDABLE</th>
<th>Present</th>
<th>Plan I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>76</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>-</td>
<td>741</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>356</td>
<td>3/</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$462</td>
<td>$771</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>GRAND TOTAL</th>
<th>Present</th>
<th>Plan I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective rate</td>
<td>$(28.2%)</td>
<td>$(36.0%)</td>
</tr>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>$1,103</td>
<td>$1,413</td>
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<td>Effective rate</td>
<td>$(27.6%)</td>
<td>$(35.3%)</td>
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<tr>
<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$717</td>
<td>$1,383</td>
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<tr>
<td>Effective rate</td>
<td>$(17.9%)</td>
<td>$(24.6%)</td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of New York State income tax.
2/ 3 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents

| Gross income | $5,556 |
| Net income | $5,000 |

<table>
<thead>
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<tr>
<td><strong>NON-REFUNDABLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$148</td>
<td>-</td>
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<tr>
<td>Federal income tax</td>
<td>735</td>
<td>893</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>883</td>
<td>893</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>49</td>
<td>49</td>
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<tr>
<td>Total non-refundable</td>
<td>932</td>
<td>942</td>
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<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$30</td>
<td>30</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>99</td>
<td>-</td>
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<tr>
<td>Income tax (compulsory lending)</td>
<td>444</td>
<td>993</td>
</tr>
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<td>War bond deduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total refundable</td>
<td>573</td>
<td>$1,023</td>
</tr>
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<table>
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<th>Plan</th>
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<td><strong>GRAND TOTAL</strong></td>
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<td></td>
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<tr>
<td>Effective rate</td>
<td>$1,505</td>
<td>$1,965</td>
</tr>
<tr>
<td>(30.1%)</td>
<td>(39.1%)</td>
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<tr>
<td>Grand total excluding New York State income tax</td>
<td>$1,456</td>
<td>$1,916</td>
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<td>Effective rate</td>
<td>(29.1%)</td>
<td>(38.3%)</td>
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<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$982</td>
<td>$1,886</td>
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<td><strong>Effective rate</strong></td>
<td>(19.6%)</td>
<td>(37.7%)</td>
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</table>

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of New York State income tax.
2/ 5 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

<table>
<thead>
<tr>
<th>Married person without dependents</th>
<th>Gross income</th>
<th>$6,667</th>
<th>Net income 1/</th>
<th>6,000</th>
</tr>
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<tr>
<td>NON-REFUNDABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$181</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal income tax</td>
<td>973</td>
<td>$1,234</td>
<td></td>
<td></td>
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<tr>
<td>Total non-refundable Federal taxes</td>
<td>$1,154</td>
<td>$1,234</td>
<td></td>
<td></td>
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<tr>
<td>New York State income tax</td>
<td>75</td>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$1,229</td>
<td>$1,309</td>
<td></td>
<td></td>
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<tr>
<td>REFUNDABLE</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$30</td>
<td>$30</td>
<td></td>
<td></td>
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<tr>
<td>Victory tax credits, maximum</td>
<td>121</td>
<td>-</td>
<td></td>
<td></td>
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<tr>
<td>Income tax (compulsory lending)</td>
<td>533 2/</td>
<td>- 3/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>War bond deduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total refundable</td>
<td>$684</td>
<td>$1,208</td>
<td></td>
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<td>GRAND TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Effective rate</td>
<td>(31.9%)</td>
<td>(42.0%)</td>
<td></td>
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<tr>
<td>Grand total excluding New York State income tax</td>
<td>$1,878</td>
<td>$2,442</td>
<td>(30.6%)</td>
<td></td>
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<tr>
<td>Effective rate</td>
<td></td>
<td></td>
<td>(40.7%)</td>
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<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$1,275</td>
<td>$2,412</td>
<td>(21.3%)</td>
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<tr>
<td>Effective rate</td>
<td></td>
<td></td>
<td>(40.2%)</td>
<td></td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research

December 10, 1942

1/ Net income before deduction of the New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

**Married person without dependents**

<table>
<thead>
<tr>
<th>Gross income</th>
<th>$8,889</th>
<th>Net income</th>
<th>$8,000</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Plan 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>law</td>
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</tr>
<tr>
<td></td>
<td>I</td>
<td></td>
</tr>
<tr>
<td><strong>NON-REFUNDABLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$248</td>
<td>-</td>
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<tr>
<td>Federal income tax</td>
<td>1,431</td>
<td>$2,042</td>
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<tr>
<td>Total non-refundable Federal taxes</td>
<td>$1,739</td>
<td>$2,042</td>
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<tr>
<td>New York State income tax</td>
<td>139</td>
<td>139</td>
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<td>Total non-refundable</td>
<td>$1,878</td>
<td>$2,181</td>
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<td><strong>REFUNDABLE</strong></td>
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<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$30</td>
<td>$30</td>
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<td>Victory tax credits, maximum</td>
<td>165</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>-</td>
<td>1,447</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>711/2</td>
<td>3/</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$906</td>
<td>$1,477</td>
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</table>

**GRAND TOTAL**

<table>
<thead>
<tr>
<th>Effective rate</th>
<th>Present</th>
<th>Plan 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>(34.8%)</td>
<td>(45.7%)</td>
</tr>
<tr>
<td>Effective rate</td>
<td>$2,645</td>
<td>$3,519</td>
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<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>(33.1%)</td>
<td>(44.0%)</td>
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<tr>
<td>Effective rate</td>
<td>$1,904</td>
<td>$3,489</td>
</tr>
<tr>
<td></td>
<td>(21.6%)</td>
<td>(43.6%)</td>
</tr>
</tbody>
</table>

**Treasury Department, Division of Tax Research**

December 10, 1942

1/ Net income before deduction of the New York State income tax.

2/ 8 percent of gross income.

3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
### Income Taxes, Compulsory Lending, Payroll Tax and War Bond Deduction Under Present Law and Alternative Plan: Amounts and Effective Rates

**Married Person Without Dependents**

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$11,111</th>
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<tbody>
<tr>
<td>Net Income 1/</td>
<td>10,000</td>
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<table>
<thead>
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<th>Plan:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>law:</td>
<td>I:</td>
</tr>
<tr>
<td><strong>Non-Refundable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$315</td>
<td>-</td>
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<tr>
<td>Federal income tax</td>
<td>$2,079</td>
<td>$2,878</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$2,394</td>
<td>$2,878</td>
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<tr>
<td>New York State income tax</td>
<td>218</td>
<td>218</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$2,612</td>
<td>$3,096</td>
</tr>
</tbody>
</table>

|                  |          |        |
| **Refundable**   |          |        |
| Payroll tax (old-age contribution) | $30 | $30 |
| Victory tax credits, maximum | 210 | - |
| Income tax (compulsory lending) | - | 1,726 |
| War bond deduction | 889 | 2/ | - 3/ |
| Total refundable | $1,129 | $1,756 |

|                  |          |        |
| **Grand Total**  |          |        |
| Effective rate   | $3,741   | $4,852 |
| (37.4%)          | (48.5%)  |
| Grand total excluding New York State income tax | $3,523 | $4,634 |
| Effective rate   | (35.2%)  | (46.3%) |
| Total Federal income and Victory tax, refundable and non-refundable | $2,604 | $4,604 |
| Effective rate   | (23.0%)  | (46.0%) |

**Treasury Department, Division of Tax Research**

December 10, 1942

1/ Net income before deduction of New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents

| Gross income | $22,222 |
| Net income 1/ | 20,000 |

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<th>Plan</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td>I</td>
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<table>
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<tr>
<th>NON-REFUNDABLE</th>
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<tbody>
<tr>
<td>Victory tax, net</td>
<td>$ 0.643</td>
<td>-</td>
</tr>
<tr>
<td>Federal income tax</td>
<td>6,072</td>
<td>$ 7,419</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$6,720</td>
<td>$ 7,419</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>731</td>
<td>731</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$7,451</td>
<td>$ 8,150</td>
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</table>

<table>
<thead>
<tr>
<th>REFUNDABLE</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$ 30</td>
<td>$ 30</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>432</td>
<td>-</td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>1,772</td>
<td>3,239</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>2,240</td>
<td>3,269</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$9,691</td>
<td>$11,419</td>
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<table>
<thead>
<tr>
<th>GRAND TOTAL</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Effective rate</td>
<td>(48.5%)</td>
<td>(57.1%)</td>
</tr>
<tr>
<td>Grand total excluding New York State income tax</td>
<td>$8,960</td>
<td>$10,658</td>
</tr>
<tr>
<td>Effective rate</td>
<td>(44.8%)</td>
<td>(53.4%)</td>
</tr>
<tr>
<td>Total Federal income and Victory tax, refundable and non-refundable</td>
<td>$7,152</td>
<td>$10,666</td>
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<tr>
<td>Effective rate</td>
<td>(35.8%)</td>
<td>(55.3%)</td>
</tr>
</tbody>
</table>

Treasury Department, Division of Tax Research  
December 11, 1942

1/ Net income before deduction of New York State income tax.

2/ 8 percent of gross income.

3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
Income taxes, compulsory lending, payroll tax and war bond deduction under present law and alternative plan: amounts and effective rates

Married person without dependents
Gross income $111,111
Net income 1/ 100,000

<table>
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<th>Plan</th>
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</thead>
<tbody>
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<td></td>
<td>law</td>
<td>I</td>
</tr>
<tr>
<td><strong>NON-REFUNDABLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victory tax, net</td>
<td>$4,524</td>
<td></td>
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<tr>
<td>Federal income tax</td>
<td>59,968</td>
<td>$68,292</td>
</tr>
<tr>
<td>Total non-refundable Federal taxes</td>
<td>$64,492</td>
<td>$68,292</td>
</tr>
<tr>
<td>New York State income tax</td>
<td>4,931</td>
<td>4,931</td>
</tr>
<tr>
<td>Total non-refundable</td>
<td>$69,423</td>
<td>$73,223</td>
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<tr>
<td><strong>REFUNDABLE</strong></td>
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<td></td>
</tr>
<tr>
<td>Payroll tax (old-age contribution)</td>
<td>$1,30</td>
<td>$30</td>
</tr>
<tr>
<td>Victory tax credits, maximum</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Income tax (compulsory lending)</td>
<td>8,889</td>
<td>3,600</td>
</tr>
<tr>
<td>War bond deduction</td>
<td>9,919</td>
<td>3,630</td>
</tr>
<tr>
<td>Total refundable</td>
<td>$79,342</td>
<td>$76,853</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**

- Effective rate
  - Grand total excluding New York State income tax
    - (79.3%) (76.9%)
  - Total Federal income and Victory tax, refundable and non-refundable
    - (65.4%) (71.9%)

Effective rate:
- Treasury Department, Division of Tax Research, December 11, 1942

1/ Net income before deduction of the New York State income tax.
2/ 8 percent of gross income.
3/ Assuming that compulsory lending under Plan I will replace voluntary purchase of war bonds.
MEMORANDUM

From Mr. BRUère

Date Dec. 14, 1942

To
Henry Morgenthau, Jr. Esquire.

You may be interested in seeing some of our publicity.

Henry
Schedule of Appearances of
THE BOWERY SAVINGS BANK
NEWSPAPER ADVERTISEMENTS

T A X E S

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday</td>
<td>December 15</td>
<td>Times</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mirror, World Telegram</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Herald Tribune, Journal-American</td>
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<tr>
<td></td>
<td></td>
<td>News, Post</td>
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<td></td>
<td>16</td>
<td>World Telegram, Sun</td>
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<td></td>
<td>17</td>
<td>Journal-American, Times</td>
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<td></td>
<td>18</td>
<td>Post, Mirror</td>
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<td>21</td>
<td>Sun, Herald Tribune</td>
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<tr>
<td></td>
<td>29</td>
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</tr>
</tbody>
</table>

Note: The attached proofs show two advertisements, each divided into two parts. The smaller part appears in the front of the newspaper, the other part in the back. In the tabloids only the larger part appears.

Regraded Unclassified
TAXES

Unmarried
No dependents
Salary '35 a week

About what will Federal income and Victory taxes cost her in 1943?

See Page —
of this paper

BOWERY SAVINGS BANK

Save for Taxes

* * * * * * *
If you are single, have no dependents, and earn $35 a week, you may count upon the Federal income tax and Victory tax costing you around two months’ pay in 1943.

Your income tax will be about $218. The Victory tax, deducted from your salary, will amount to $57.20. Total cost, $275.20.

Your first income tax payment will be due March 15. That is not very far away. Come to The Bowery now—and SAVE for taxes!

**BOWERY SAVINGS BANK**

110 East 42nd Street

130 Bowery

Fifth Avenue at 34th Street

Save for Taxes
TAXES

Man and wife
No children
$5000 yearly income

About what will Federal income and Victory taxes cost them in 1943?

See Page—
of this paper

BOWERY SAVINGS BANK

Save for Taxes

* * * * * *
If you and your wife make $5000 a year, and have no children or dependents, your combined Federal income and Victory taxes in 1943 will be around $860.

Of this, about $220 will be deducted from your salaries as a Victory tax. The remainder, around $640, must be paid by you as income taxes.

Your taxes buy cannon. So you, of course, wish to pay. But paying $860 out of $5000 income is going to be hard. Realize this. Plan in advance... save in advance. Come to The Bowery—and SAVE for taxes!

**BOWERY SAVINGS BANK**
110 East 42nd Street 130 Bowery
Fifth Avenue at 34th Street

*Save for Taxes*

---

Regraded Unclassified
MEMORANDUM

December 14, 1942.

TO: The Secretary
FROM: Mr. Sullivan

The bill coordinating the Federal Reporting Services contained a provision exempting the Treasury Department as it was passed by the Senate. This exemption was stricken out in the House. A compromise satisfactory to the Treasury Department was made by the conferees and both houses have now passed the Bill.

The final bill states that this Act shall not apply to the obtaining or releasing of information by the Bureau of Internal Revenue, the Comptroller of the Currency, the Bureau of the Public Debt, the Bureau of Accounts, and the Division of Foreign Funds Control of the Treasury Department. Also exempt is the obtaining by any Federal bank supervisory agency of reports and information from banks. This latter exemption is made in behalf of the Federal Deposit Insurance Corporation and the Federal Reserve System.

Regraded Unclassified
TO
SubJec t: THE TREASURY DEPARTMENT
IN TERNAL COM M U N I CATI ON
Secret a r
Mr. H a a
The business situa tion,
Week ending December 12, 1942.

Summary
Retail food prices: Continue upward. BLS index of retail
food prices in mid-November 1.2 percent higher than a month
earlier. This further advance extended the rise in food
prices to 40.2 percent since outbreak of the war in 1939.

Wholesale prices: Strength in prices of farm products last
week carried BLS index of basic commodities to a new high
71.4 percent above pre-war level of August 1939. Adjourn-
ment of Congress, however, will remove inflationary threat
of new farm parity proposal until next session.

Food shortages: Reports of maldistribution and shortages of
essential foodstuffs increasing. OPA said to be rushing
preparations for rationing of meats, cheese, dairy products
and possibly canned goods.

Retail trade: Department store sales in week ended December 5
rose 9 percent above year-earlier levels under stimulus of
heavy Christmas buying. Sales of 28 leading chain and mail
order companies in November ran 9 percent above the corre-
sponding month in 1941, with widest gains shown by apparel,
grocery, and general merchandise chains.

Consumer goods: Further curbs on civilian goods supplies fore-
cast by WPA. Steel available for civilian use in 1943 will
be only 15 percent of the 1940 total, and practically no
high grade aluminum will be available for such use.

War construction: Government-financed construction for war
purposes in October declined further from the August peak.
The total for October was estimated at $1,473,000,000, a
decline of 4 percent from the previous month.
Retail food costs up 1.2 percent

Food prices are continuing to rise. As of mid-November, the BLS index of retail food prices has risen 40.2 percent since the outbreak of the war in 1939. (See Chart 1, upper line.) Its advance of 1.2 percent from a month earlier presages another rise in the BLS cost-of-living index.

Living costs as a whole, according to our estimate based on BLS and Conference Board data, advanced 0.6 percent between mid-October and mid-November. Components other than food costs remained practically unchanged. (Shown on Chart 1.)

Commodity prices rise sharply

Staple commodity prices were increasingly buoyant last week. Continued heavy Government orders for textiles and foods lent strength to markets already affected bullishly by the bill to include wage costs in the farm parity formula. Moody's index of spot prices rose to its highest level in two months, and the Dow-Jones commodity futures index advanced to its highest point since July. (See Chart 2.) Prices receded somewhat at the end of the week, as the prospective adjournment of Congress threatened to kill the new farm parity bill.

Prices of basic farm products rose sharply last week, and the BLS index of 9 uncontrolled commodities again reached a new peak, carrying with it the combined index of 28 basic commodities. (See Chart 3.)

Grain prices were strong, with flaxseed leading the market. The statistical situations for flaxseed and other oilseeds are growing more bullish. Wheat prices were strengthened by small offerings by farmers, who have been slow to market their grain. Prices for livestock increased as demand for meat products continued in excess of production. Cotton prices reached their highest since July in response to additional Government textile orders and anticipation of more to come.

Reports are current that the flour price ceilings (with no ceiling on wheat) are making it unprofitable for millers to produce flour, and that many millers are planning to adjust their operations to enable them to produce granular flour for conversion into alcohol. The National Millers Federation has informed Economic Stabilization Director Byrnes and Food Administrator Wickard that 80 to 90 percent of the country's mills find it impossible to offer flour for deferred shipment at the ceiling level, because of the recent upturn in cash wheat and the lack of "free" grain.
In the week ended December 5 the general level of wholesale prices, as measured by the BLS index of nearly 900 commodities, remained unchanged at the average of 100.1, the 16-year peak prevailing since November 14. This level is 33% percent above that of August 1939.

Further rise in living costs indicated

Some further increases in living costs under OPA regulations continue to be indicated. Moderate rises in wholesale prices of beef will be allowed in an order, effective December 16, which sets specific dollar-and-cents ceilings for meat packers, by ten zones. Although retail meat ceilings were not changed, but are still pegged at each dealer's highest March price, the OPA has stated that changes in retailers' ceilings will come whenever necessary to prevent too great a narrowing of their profits. The remedy will be an order specifying fixed margins over cost. Press reports indicate that such action probably will be necessary within a month, and in some instances will necessitate increases in retail prices.

A one-cent per quart increase in the retail price of grade-A milk in seven Western New York counties has been authorized by the OPA. The authorization was made to prevent possible shortages of milk products. It was reported that in many cases farmers have withdrawn dairy products from local markets and sold them to distributors in the Buffalo area for higher prices.

Distributors of canned vegetables and fish, and dried fruit, have been granted another month in which to take advantage of the alternative pricing method which was effective October 15. This extension allows wholesalers until December 31 to calculate maximum prices for these items, and retailers until January 31. Since adjustments under this method will be upward, the extension has the effect of spreading out this rise in food costs. Placing bituminous coal mining on a six-day week, which is anticipated early in 1943, will result in an average price rise of 20 to 23 cents a ton, according to a producer's estimate reported by the press.

Action against price control violations

As living costs continue to rise the suspicion is growing among consumers that widespread violations of retail
ceilings are occurring. In some degree this is evidently true, and it appears that the OPA faces the greatest enforcement problem since Prohibition. OPA investigators, according to press reports, have found that 40 percent of 12,000 meat and grocery stores, and 70 percent of 500 Eastern gasoline stations are breaking regulations. In an effort to stem this tide, legal action is now being taken on a broad front.

The OPA last week took its first action against department stores, charging two leading Washington stores (Hecht’s and Woodward and Lothrop) with violations of the general maximum price regulation, including the sale of items priced above their March ceilings. In addition, six restaurants in New York were charged with understating their coffee inventories. An injunction suit was filed by the OPA against a steel corporation for paying higher than ceiling prices for scrap metal. A rent enforcement drive was begun when the Department of Justice brought charges alleging violations against 60 landlords in widely scattered defense areas.

Food shortages point to need for rationing

As the Department of Agriculture is being reorganized to deal with war-time food production and distribution, widespread reports of maldistribution and shortages of essential food products are appearing in the press. Principal causes continue to be the increased purchasing power of industrial workers, war-time shifts in population, lend-lease and other foreign requirements, and purchases for the armed services.

Most meat-packing houses in Detroit and some in other cities were reported to be closing down until after the holidays, largely because packers have already used up most of their quotas for the remainder of 1942. In New York, meat supplies are being drawn upon by the Army for emergency buying, depleting civilian supplies. Food maldistribution is reported on the Pacific Coast, and in such Eastern cities as Cleveland, Philadelphia, and Pittsburgh. Supplies of butter, canned goods, and meats have for some weeks been informally restricted by grocers in many cities throughout the country. As a result, the OPA is reported to be rushing preparations for rationing of meats, cheese, and dairy products, and possibly of canned goods.

1942 cotton forecast reduced

The 1942 cotton crop is now estimated at 12,982,000 bales, according to the Department of Agriculture’s report.
as of December 1. A decline of 347,000 bales from the
November estimate, amounting to 2.6 percent, was ascribed
to damage from unfavorable weather and insects and inability
of some growers to obtain adequate harvesting help. The
yield averages 275.1 pounds per acre, a record for this
country.

Retail trade at new peak

Under the stimulus of heavy Christmas buying, department
store sales in the week ended December 5 rose sharply to a
new high for the year and exceeded year-earlier levels by
9 percent. (See Chart 4.) Preliminary reports indicate that
further sales expansion occurred in the past week, and that
the seasonal peak will be reached during the current week.
It now appears likely that the current week's sales will set
an all-time record, although it is barely possible that this
year's earlier-than-usual Christmas shopping may cause results
to fall slightly short of the record set in the week ended
December 20, 1941.

Chain store sales higher in November

Preliminary reports covering November sales of 28 lead-
ing chain and mail order companies reveal an aggregate in-
crease of around 9 percent over the corresponding month in
1941. Apparel, grocery, and general merchandise chains made
the strongest showing, with the last 2 groups recording gains
of 26 and 22 percent, respectively. On the other hand, chain
stores in the automotive supplies and men's wear groups
showed sharp declines from year-earlier levels, in reflection
of automotive restrictions and the large number of men in
the armed services. Sales results in the mail order field
were mixed, with Sears, Roebuck showing a decline of 4 percent
and Montgomery Ward reporting a gain of 8 percent.

Further curbs on consumer goods indicated

In contrast with the soaring sales levels of recent
months, indications continue to point toward a diminished
volume of consumer buying during the coming year. In addition
to the restrictive effects of heavier taxes, war bond buying
and rationing, further curbs on civilian goods supplies were
forecast last week by the new director of the WPB's Civilian
Supply Branch. Among other factors he pointed out that the
amount of steel available for civilian uses in 1943 will be
only 1½ percent of the 1940 total. Practically no high grade
aluminum is expected to be available for civilian use in 1943.
Steel situation improved

Although steel operations have declined from the peak reached at the end of October, operations improved moderately to 98.6 percent of capacity last week, and trade sources report that the industry has benefited recently from controls imposed on consuming industries and the perfecting of allotment orders. (See Chart 5.) Due partly to the shorter month, steel ingot production in November was 400,000 tons below the record October peak of nearly 7,600,000 tons. Production, however, was still about 200,000 tons above the 1941 level.

With the peak in war plant construction passed, pressure on the steel industry from this source has relaxed to the extent that requirements for structural steel shapes are being set at 325,000 tons a month as compared with 480,000 tons monthly in mid-summer. During the past week it was revealed that Government-financed construction for war purposes showed a further decline in October from the August peak. The total for October was estimated at $1,473,000,000 as compared with $1,534,000,000 in the previous month.
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

Regraded Unclassified
MOVEMENT OF BASIC COMMODITY PRICES

PERCENTAGE CHANGE DEC. 6, 1941 TO DEC. 4 AND DEC. 11, 1942

19 Controlled Commodities

9 Uncontrolled Commodities

Office of the Secretary of the Treasury
Division of Research and Statistics
DEPARTMENT STORE SALES
1935 - '39 = 100. Unadjusted

Chart 4

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

Regraded Unclassified
STEEL INGOT PRODUCTION

Per Cent of Capacity

PER CENT

100
90
80
70
60

JAN  MAR  MAY  JUN  JUL  AUG  SEP  OCT  NOV

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

C-419
I hear that Prontiss Brown told a friend that he had been offered the position of Under Secretary of the Treasury, but that he didn't think he would take it because he didn't want to be held responsible for Treasury fiscal policies. He said Wickard had offered him an Assistant Secretaryship, but he didn't think he could be confirmed. Jesse Jones has offered him anything he wants, including a bank job in Michigan, which he thinks he will take if he finds he can't get Byrnes's former place on the Supreme Court, which is the one thing he really wants.

FROM: MR. GASTON
Treasury Department
Office of the Under Secretary

Date: 19/12

To: The Secretary

From:

I believe you will be interested in reading attached letter on colored situation in our Chicago office. SCWB
Dear Mr. Broughton:

In accordance with the plans which were made in your office three weeks ago, Mr. Jesse Thomas of the War Savings Staff arrived in Chicago on Thursday, December 10, to participate in a conference with certain local citizens who were interested in our policy with regard to negroes. Mr. Claude Barnett, of the Associated Negro Press, was out of the city and not available for this meeting. Miss Charlotte Carr felt it would be better if she did not attend. It seems that the committee with which she had been working was rather displeased with the fact that she had written to Mrs. Morgenstau, and since Mr. Morris Allen (who is the chairman of the committee with which she has been working) was being invited, she did not feel she should come in her capacity as Director of Hull House or as a friend of the Secretary’s. However, she was very much interested in the outcome of the conference, and was more than willing to do what she could in any other capacity. Those who attended the meeting, in addition to Mr. Thomas, were Mr. A. L. Foster of the Chicago Urban League, Mr. Morris Allen of the Fair Employment Practices Council of Metropolitan Chicago, and Mr. Austin Scott of the War Manpower Commission.

At this meeting, the men were given some background of the problem and told that we had been working it out as rapidly as we could. It was further explained to them that the ultimate solution of the problem had been hampered by reason of the fact that certain of the more aggressive groups, such as the March on Washington group, had posted pickets. I pointed out that the question of segregated units had been cleared with the Secretary and he had approved of our recommendation to eliminate colored units altogether. I told them the reason we had called them together was that we had appreciated working with them and felt they were the ones who should be given credit.

It was explained how Edgar G. Brown almost upset the applecart by the show he put on in your office that Friday afternoon, and we felt it would be most unfortunate if he were able to exploit this problem in the eyes of the colored community in Chicago. Mr. Thomas was very helpful in talking this problem out and all agreed it was important to prevent Brown from exploiting this situation.
After a little discussion, it was decided that Mr. Thomas, who is an unpaid member of the Associated Negro Press, would prepare a story which he would give to this press association. The gist of the story was to be that these men had met in my office and that at this meeting they were informed of the change in policy in regard to the Chicago Office of the Bureau of the Public Debt, but that this change did not necessarily represent an established policy of the Treasury Department throughout the country. I pointed out to them that I was not in a position to say what the policy of the Department would be in other than this office. This announcement seemed to be received most cordially by these men, and I felt that we obtained substantial good will as a result of it. We expect to start Monday to dismantle our colored units. We plan to change one at a time and probably have it completed by the first of the year.

Miss Lucia Pitts, whom we have been considering for a position of Employee Relations Investigator here, arrived from Washington, on Friday, December 11, and was interviewed by Mr. Powell, Mr. Scott and myself. We spent about an hour and a half with her and talked out thoroughly her duties and relationship to the office. I think Miss Pitts will make a satisfactory person in this position. Miss Carr had lunch with her on Thursday and was very much impressed.

Miss Pitts had certain suggestions that she had been thinking about which were based upon her experiences in some of the other Government offices and her concept of this office which she had gained prior to our talk. Several of her ideas were not in keeping with our approach, and in talking the question out she recognized it. Certainly the article she wrote as a guest writer for the Federal Diary Column in the Washington Post is very close to our approach to the problem. Miss Pitts recognizes that there are many colored employees who need help and guidance in making a suitable adjustment to working in an office of this character, and she is willing to assist us in making the adjustment.

I would summarize our impressions of Miss Pitts by saying that she appears to be intelligent, loyal and reasonable. However, she has a mind of her own, is sensitive and will need our careful attention for a while. I think there is every reason to expect that we shall find her to be a very satisfactory person in this position after we all get to know each other better.

Sincerely,

[Signature]

Mr. W. S. Broughton,
Commissioner of the Public Debt,
Treasury Department,
Washington, D. C.
December 14, 1942

Dear Senator Connally:

Secretary Morgenthau has asked me to send you the enclosed copy of a letter from Air Marshal Evill of the British Joint Staff Mission here. The last paragraph contains an expression of thanks to you.

Sincerely,

Ferdinand Kuhn, Jr.,
Assistant to the Secretary.

Hon. Tom Connally,
United States Senate,
Washington, D. C.

FK/cgh

Enclosure.
December 14, 1942

Dear Mr. Pfeifer:

I think you will be interested in the enclosed copy of a letter to Secretary Morgenthau from Air Marshal Evill of the British Joint Mission Staff here in Washington.

You will see in the last paragraph an expression of thanks to you for your kindly gesture in sending the film of the late Sergeant Huntley to his mother in Rhodesia.

Sincerely,

Ferdinand Kuhn, Jr.,
Assistant to the Secretary.

Mr. Lafe R. Pfeifer,
Majestic Theatre Building,
Dallas, Texas.

FK/cgk

Enclosure
Dear Mr. Morgenthau,

Thank you for your letter of November 23rd enclosing a letter from Mr. Peefer to Senator Connally and the film to which it refers.

I will be only too glad to arrange for its despatch to Mrs. Huntley in Rhodesia.

It is a fortunate chance that so good a picture of Huntley is available and a very kindly thought on the part of Mr. Peefer to make this film available to Huntley's parents. I am sure they will appreciate and treasure it.

I would be most grateful if you would convey to him and to Senator Connally my thanks and appreciation of their kindly act.

Yours sincerely,

[Signature]

The Honourable Henry Morgenthau,  
The Secretary to the Treasury,  
WASHINGTON, D.C.
Dear Eleanor:

I have received your memorandum of December 10, 1942, and the attached letters concerning the problem of the sister of Dr. Kurt N. Simon.

We cannot tell from the material at hand exactly what is involved. It seems very likely, however, that this is what is known as a "ransom case" in which the Germans are attempting to extort money from the American relatives of one of their victims. You may have noticed a recent announcement of the Department of State, a copy of which is attached, in which it was mentioned that the Nazis are using this method to obtain foreign exchange. If this is the case, I am afraid there is very little that can be done, inasmuch as both the State Department and we are in agreement that the Germans cannot be permitted to carry out these schemes, and it would be contrary to the policy of Foreign Funds Control to license any transactions in connection with them.
It may be, however, that the amounts mentioned are simply visa guaranties which are required by the Swiss Government from persons entering Switzerland. In such cases licenses are issued to pay the amount of the guaranty in accordance with the requirements of the Swiss Government. If Dr. Semon can establish that this is the case, I suggest that he file an application with the Federal Reserve Bank of New York setting forth all the relevant facts.

Affectionately,

(Signed) Henry

Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

Sent by Sturgis 5:45 12/14/42
File in Diary
Information in the possession of the Government of the United States indicates that the German authorities are developing an organized business of selling exit permits from occupied countries. In practice, the Germans are attempting to obtain from relatives and friends of persons in these countries the payment of ransom, payment being made in neutral currency useful to the German war effort. Similar information has been received by the British and Netherlands Governments.

The manner in which this system of extortion is carried on is described in a report to the Department by one of our missions abroad in the following terms:

"The ransom system, as practiced at present seems to be an extension of the practice instituted by the Nazi Government whereby emigrants were permitted to leave Germany if the state were compensated on their departure by all of their visible wealth, with the exception of a small percentage, usually reduced in effect to about ten or twelve and one-half percent, which the emigrant was permitted to retain and to export abroad. It is very apparently designed to provide foreign exchange for the furtherance of the German war effort (though there may be reason for suspicion that individual members of the Nazi Party may personally profit by it). The United States is looked upon as the most fruitful source of the expected funds; and banking agents, or other intermediaries, have been canvassing means for circumventing American laws and the Treasury Regulations governing money exports, in an effort to provide the ransom sums demanded.

"In the hostage and ransom system the victims are subjected to terrorization whereby their desire to find refuge in one of the United Nations or a neutral country is immeasurably increased. First, they are made the victims of unbearable restrictions designed to make life not worth living, usually under confinement in vile concentration camps; and, second, they are faced with the threat of deportation to domains in Eastern Europe, with the prospect of an unknown and possibly horrible fate awaiting them there."

The system seems to have been applied particularly to persons in the Netherlands and has developed to the scale of a regular traffic. The sums demanded vary

according
according to the financial resources of the victims. Amounts as high as $75,000 for a single person have been quoted. These sums are required to be paid into an account in the name of some intermediary in a bank in a neutral country, from which the money is eventually transferred to the credit of the German Reichsbank.

Methods of combating this barbaric and inhuman practice have been the subject of discussion between the United States Government, the British Government, and the Government of the Netherlands. All three governments are agreed as to the need for energetic measures to repress this traffic. The most effective means of dealing with extortion is to prevent the extortioner from benefitting from his viciousness. If the Germans can be prevented from obtaining the sums they are demanding for the release of hostages, their incentive to find new victims will be removed. Yielding to these attempts at extortion merely encourages the Nazis to employ them against other helpless victims.

The three governments have also had in mind the substantial benefit which would accrue to the German war effort if this traffic were permitted to develop. The degraded methods which the Germans are using are a measure of their desperation for foreign exchange and serve to indicate both the difficulty which the enemy is having in producing goods for exportation to the neutral countries and the effectiveness of the United Nations financial blockade.

Warning is hereby given that any person in a country to which the Proclaimed List of Certain Blocked Nationals applies who acts as a broker or agent in this traffic will immediately be included in that list and thereby be publicly designated as an enemy. Furthermore, persons in such countries who pay ransom are warned that they are assisting the enemy in his war effort and are rendering themselves liable to treatment as enemies.

One of the purposes of the freezing control regulations administered by the Treasury Department is to prevent practices of this sort. The Department understands that no licenses under these freezing regulations have been granted to persons in the United States to make such payments and that the Treasury Department has investigated a number of cases of attempts to extort ransom payments from persons in this country. It would be a violation of these freezing regulations and of the Trading with the Enemy Act to make such a payment without a license, and the Department is informed by the Treasury Department that in case of such a violation all appropriate sanctions would be invoked against the persons participating.
THE WHITE HOUSE
WASHINGTON

December 10, 1942

Memorandum for Honorable Henry Morgenthau, Jr.

Dear Henry:

Can anything be done under the circumstances as stated in this correspondence from George Dye and Mr. Kurt M. Semon?

E.R.
Dear Mrs. Roosevelt:

Here is a gentleman with a great deal of pain in his heart, Dr. Kurt M. Seemann, who is publisher of two American magazines, STORY and AMERICAN COLLECTOR, and a director of STORY PRESS which produces some books. He is a refugee, and he has a cable from a friend in Basle, Switzerland, indicating that his sister is in great danger and asks for 50,000 francs.

The sister married a Dane. Dr. Seemann does not know if she still retains Danish citizenship or where she is.

Permit me to lay before you Dr. Seemann's letter. If this interests you at all I will be glad to hear as this would hearten this agitated man.

Thank you.

Faithfully yours,

\(\text{[Signature]}\)

Mrs. Franklin D. Roosevelt,
The White House,
KURT M. BEMEN
432 Fourth Avenue
New York

December 8, 1943

Mr. George Bye,
535—5th Avenue,
New York City.

Dear Mr. Bye:

At your request, I am sending you a summary of the facts concerning my sister.

On December 1, I received a cable from Basel, Switzerland, the text of which was as follows: "Passage Anna Maria for you, greatest life danger, implying for fifty thousand francs stop this proceeding contrary to American regulations stop Can you help otherwise signed Hans Feist Bernerhof Basel Switzerland.

My only sister, Anna Maria Van Klensau, divorced since long from her husband, Paul Van Klensau, Danish, a noted composer and conductor who ained with the Nazis, lives for many years at her small country place in Upper Austria with two of her daughters. She is of Jewish parentage but, since her early childhood, of Christian faith. She is also the sister of Dr. Heinrich Simon, a known musicologist, who was well known to Mrs. Watson, who was slain last year in Washington. As far as I know, my sister was never selected before.

I sent two cables to Basel, asking to be advised on the specific problem and asking if my sister already had a Swiss visa. No answer has been received. I also had the advice of Mr. Lawrence Greenbaum of Greenbaum, Wolfe & Ernst, brother of Edward Greenbaum, of Washington. I am aware of the fact that no money can be sent if the fifty thousand francs would be asked by the German authorities for an exit permit and that if the fifty thousand francs should be asked by Swiss authorities as an entry deposit, a special permit by the Federal Reserve Bank would be necessary. My lawyer advises me to abstain from sending other personal messages to Switzerland.

Mr. Feist, sender of this cable, is known to my sister and
myself since many years. I have no doubt that his cable
reflects a frightening and terrible situation.
I wish to express my hearty thanks for your kind interest
in this most vital matter.

Very sincerely yours,

(signed) Kurt H. Semen
TO: American Embassy, Chungking, China

SUB: December 14, 1942, 5:00 p.m.

This is a message from the Secretary of the Treasury for Mr. Adler.

Section I.

a. At present approximately 350 American missionaries in China are supported by the Catholic Foreign Missions Society of America which during the past year has remitted about $350,000 to China for the support of these missionaries. Some time ago Father Mark Tenien, the Missions Society's representative in Chungking, began receiving Chinese dollars from businessmen with the promise to establish dollar credits in this country for persons chosen by these Chinese businessmen. The Missions Society was advised by Father Tenien that approval of this practice was given by the Government of China. Already some credits have been established on the books of the Society at Father Tenien's request. Payments have been made in a few cases and are pending in others.

b. The attention of the Treasury was called to this matter when the Society made application for a license to open in the name of the Missions Society a special blocked account to which such U.S. dollars would be credited as the Society received instructions to pay to people in this country. It was the intention of the Treasury to keep this special account blocked until the war had ended.

c. The Missions Society's application was refused by the Treasury who referred the Society to General License No. 75. The Treasury also advised the missions society that a Treasury license would be required for payments in accordance with their arrangement which are now pending; and suggested that accounts which are now held on the books of the Society for blocked nationals be segregated and deposited in a domestic bank in appropriate accounts. In effect, the use of the above-described arrangement to make remittances to China has been forbidden the Mission Society.

Section II.

The Treasury Department desires any suggestions, comments and information which you may have on the above-mentioned matter. You are requested to include answers to the following questions:
a. Was the permission of the Government of China secured for this arrangement by Father Tenien?

b. Was this arrangement known to the Stabilization Board? Was it consulted in regard to this?

c. Does the Government of China have any other similar arrangements?

d. In what way are the functions and operations of the Stabilization Board affected by such arrangements, if the Government has entered into them?

e. In regard to the Treasury's position in respect of the application of the Catholic Foreign Missions Society of America, what reactions do you have?

f. Would Treasury requirement that the Society get prior approval by the Board before any payments which the Society may desire to make in accordance with the arrangements made with Chinese businessmen made after the effective date of General License No. 75 be desired by the Stabilization Board?

HULL
(FL)
Information received up to 7 A.M., 14th December, 1942.

1. NAVAL

A convoy of two ships from the Eastern Mediterranean arrived at MALTA early this morning. On 13th one of H.M. Submarines torpedoed and drove ashore a heavily laden ship off COUSSE.

2. MILITARY

LIBYA. On the morning of the 12th a reconnaissance in force was made by an infantry brigade towards BIR AS SUERA. This brigade was attacked by the Germans and withdrew slightly and dug in some 3000 yards forward of their start line. During the night 12th/13th the enemy withdrew his forward posts. By the morning of the 13th our leading troops were 8 miles west of MARSALA BREGA and those to the south were also making good progress.

TUNISIA. During the night 10th/11th our forces withdrew and are now holding a line running roughly northwest from TESFOUR. We still hold MEDJES EL BAB. On the 11th an enemy infantry and tank attack on MEDJES EL BAB was repulsed.

3. AIR OPERATIONS

WESTERN FRONT. 13th. Fighters and fighter bombers attacked communications in north-west GERMANY and occupied territory. Barges, tugs, several locomotives and a train were hit. Hampdens torpedoed a 4,000 ton ship off NORWAY and probably torpedoed another. We lost 3 aircraft.

ITALY. NAPLES. 11th/12th. R.A.F. Liberators from LIBYA started fires near the power station and an airframe factory.

SICILY. 12th/13th. 4 Wellingtons bombed PALERMO Docks.

TUNISIA. 11th. 6 Mitchells bombed a railway bridge north of SFAX. 11th/12th. Marauders bombed and hit GABES Railway Station.

TRIPOLITANIA. 12th. Marauders bombed a wireless station at TRIPOLI and machine-gunned M.T. and troops in the vicinity.

MEDITERRANEAN. 13th/14th. A large southbound ship was blown up by naval aircraft off PANTELLARIA.

BURMA. 12th. 25 Blenheims successfully attacked railways at MANDALAY and NABA north of MANDALAY.
Robert Doughton: Is that you, Henry?

HMJr: That's me in person.

D: Bob - how are you?

HMJr: I'm fine.

D: Well, you got over your trip all right?

HMJr: Oh, it kept me - I've been bubbling about it and telling everybody what a wonderful trip it was.

D: Well, I'm glad you were pleased with it. I am sure those people down there appreciated your going, and - finest thing at all - very helpful down there in every way.

HMJr: Oh....

D: You saw the paper, did you?

HMJr: I just got one, and I had my office call you to see whether you had a copy of The Sentinel.

D: Yes, I take the paper. I'm a subscriber.

HMJr: Yeah.

D: See, those are my people down there. I - when Major Steadman used to represent that district - he was quite feeble, you know, for a long time....

HMJr: Oh.

D: ....and they called on me for so many things, almost everything of importance, if you'll pardon me....

HMJr: Yes.

D: ....I got used to that, and they've been acallin' on me ever since.

HMJr: I see.
D: There are a lot of things, you know, and....
HMJr: Yeah.
D: ....we have a lot in common.
HMJr: Well, that was a nice - they - those were nice pictures in the paper.
D: I thought so.
HMJr: Yeah.
D: But what I called you about especially, I wanted to tell you how well I was feeling, how I enjoyed the trip, and how much I appreciated your courtesy and the hospitality bringing me back.
HMJr: Well, we enjoyed having you.
D: I thank you - and sending me out home and all that got me spoiled.
HMJr: (Laughs)
D: I believe I'll be so rotten my wife can't get along with me.
HMJr: (Laughs)
D: Too much - too much waiting on.
HMJr: I see.
D: Say, I thought it'd be nice if you didn't object, I'd - I'd have your speech put in the Record.
HMJr: Oh, I think that'd be fine.
D: Well, that's what I thought.
HMJr: I'd love it.
D: I didn't see any use of putting mine in, because it was just an introductory speech, but I thought I'd get permission, you see, and extend my remarks and have it put in today.
HMJr: Well, I think it would be nice if you'll put yours in.
D: Would you like for me to?
HMJr: Very much.
D: Well, all right.
HMJr: Very much.
D: Well, I'll just get permission then to extend our remarks by including the two statements in your speech, my brief, broken remarks, and your fine speech.
HMJr: Well, I - I'd like it - I think that if you'd put in both of them, I think that would be fine.
D: Fine. You're feeling good, you say?
HMJr: Yeah, I'm feeling fine.
D: Well, that's fine. Well, just called you.
HMJr: I'll be seeing you.
D: Goodbye.
HMJr: All right.

10:03 a.m.

HMJr: Okay.
Operator: All right.
HMJr: Hello.
D: Henry?
HMJr: Yes, Bob.
D: I think I've got a copy of your speech that boy left here, but I was wondering if I haven't, could you send me down a copy?
HMJr: I - I'll send you a copy right away.

D: All right, thank you. I've got a copy here with some papers I've put away, but....

HMJr: Well, we - we have copies, and....

D: I'd like to keep one anyhow in my files.

HMJr: I'll send you up three copies.

D: If it's any trouble now, I've got one here I can have copied.

HMJr: No, no, no trouble, it's a pleasure.

D: All right, thank you very much. I'll just send right down there. It's to your convenience. The House don't meet till twelve.

HMJr: Well, we'll send it up.

D: All right, thank you.
December 15, 1942

My dear Mr. President:

I am enclosing herewith a copy of the Winston-Salem Journal and Sentinel, reporting on my expedition into the territory of one, Robert Doughton. My trip proved to be much more successful than I had even hoped for, and I am looking forward to telling you about it tomorrow.

May I suggest that you glance at Pages 1, 5 and 18.

Sincerely yours,

(Signed) Henry

The President,

The White House.

CC in Diary
(Sent by SSAgent 11:00 12/15/42)
December 15, 1942

Dear Mr. Daniels:

Your kind telegram of welcome helped to make my visit to North Carolina one of the happiest events of the whole year. I appreciated getting it, and I am only sorry that you were not able to come.

The spirit at Winston-Salem was so wonderful that I came back to Washington feeling greatly refreshed and encouraged.

Elinor joins me in sending best regards and greetings to you.

Sincerely,

(Signed) Henry

Hon. Josephus Daniels,
Raleigh,
North Carolina.

File in Diary
WELCOME TO NORTH CAROLINA. YOU ARE IN A STATE THAT IS WITH YOU 100 PERCENT HEART AND SOUL AND THE CAUSE YOU REPRESENT TODAY AND TOMORROW AND UNTIL VICTORY IS WON. I DEEPLY REGRET THAT CONDITIONS HERE DENY ME THE PRIVILEGE OF JOINING OTHER NORTH CAROLINIANS IN WELCOMING YOU TODAY

AFFECTIONATELY YOURS=

JOSEPHUS DANIELS.

100.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE
December 15, 1942
10:10 a.m.

INCOME TAXES

Present: Mr. Gaston
         Mr. Kuhn
         Mr. Odegard
         Mr. Sullivan
         Mr. Helvering
         Mr. Cann
         Mr. Thomas
         Mr. Lemmon
         Mr. Mager
         Mrs. Klotz

H.M.JR: Do you mind if I do my homework here a minute? Has the Commissioner seen this? (Memorandum dated December 15, 1942, from Mr. Odegard to the Secretary, copy attached.)

MR. ODEGARD: No, I am sorry, the Commissioner has not.

H.M.JR: Let me then abbreviate this thing. He has not seen it?

MR. HELVERING: What is it?

H.M.JR: It is some recommendations.

MR. HELVERING: Some that you made?

MR. ODEGARD: Yes. I was going to read it to you on the phone, but did not get around to it.

H.M.JR: Let me do it a little bit differently, as long as he has not seen it.

MR. ODEGARD: I might read it, Mr. Secretary. It is brief.
H.M.JR: Do you mind, because I am so pressed for time - I tell you what I would like to do. I would like to split this up. I would like this meeting in a minute to adjourn to Sullivan's office, and let those who have not seen this discuss it and see if this is the program. Let Mr. Lemmon go over to that meeting, and I will get Mr. Thomas to stay here with me and I can move on another front. I don't want to take the time - I mean, the Commissioner may say this is fine or he may say that it is terrible, or maybe in between. Have you seen it?

MR. SULLIVAN: Yes, sir.

H.M.JR: Do you like it?

MR. SULLIVAN: No, sir.

H.M.JR: You see, there you are. (Laughter) That is all the more reason that I would like the edges rubbed off. Reading it very fast, I like it.

MR. SULLIVAN: I was afraid you would. (Laughter)

H.M.JR: Have you read it?

MR. MAGER: The first two pages.

H.M.JR: Why not go into - reading it very fast, this is what I like - this is what I wanted.

Now, maybe they don't like it, but--

MR. ODEGARD: This is based on the assumption that it is wise to do something in this direction.

H.M.JR: Are these two people down from New York today?

MR. ODEGARD: No, just one of them, Mr. Forrest A. Long. I asked Mr. Lewisohn which of the three, Shiebler, Ernst, or Long, would be the best to discuss this thing,
and he suggested, without any hesitation, Mr. Long. So I asked Mr. Long to be here, and he will be here at quarter of eleven in my office.

H.M.JR: Who is he?

MR. ODEGARD: He is a professor of secondary education at New York University. I know nothing about him beyond what Mr. Lewisohn told me.

(Mrs. Klotz entered the conference.)

H.M.JR: Let me put it this way. I don't want to put ideas in the Commissioner's mind, but I am afraid he is not going to like it either. The only way to prove who is right and who is wrong is to go up to Hagerstown, Maryland, get a high school teacher, and try it. See? I say Hagerstown because it is close by, has an airplane factory, and so forth, and so on. I mean, I would not spring this on the country without trying it, but anyway, you may love it.

MR. HELVERING: I will have to get a different impression of school teachers filing their income tax returns. (Laughter)

H.M.JR: That is all right. There is no use in my trying - I think, John, if you would go in your room - do you want to go with them, or do you want to attend to your own business?

MR. GASTON: I would like to go with them. I think there is something in this, an adaptation of it--

H.M.JR: Supposing you go in there and then supposing Harold Thomas and Kuhn stay with me. We can talk about something else. Then when you fellows are ready to see me, let me know.

MR. SULLIVAN: Right.
H.M.JR: Before you have a lot of high school teachers teaching this, I suggest that some of you do your homework. (Laughter)

MR. SULLIVAN: We did it. Peter did his homework on his home grounds in Amherst.

H.M.JR: I don't want it done in my office. I am only a grade school teacher. (Laughter) When you are all ready, let me know, and then try and see me. (Laughter)
Secretary Morgenthau

Mr. Odegard

The high school and college teachers of the country can be helpful in extending information concerning income tax policy and procedure to supplement what is already being done in this direction.

The nature and scope of their activities in this connection however should be carefully and specifically defined.

The following suggestions are submitted as the basis for a feasible program:

1. Since not all teachers are qualified to give instruction of this kind, it will be necessary to select those who can. This selection will have to be made by local school authorities. In all probability the following teachers would be most likely to succeed.

(a) Teachers of commercial subjects, i.e. bookkeeping, accounting, commercial arithmetic, commercial law, etc.

(b) Teachers of economics, civics and in many cases, history, i.e. social studies teachers

(c) Teachers of mathematics

(d) Teachers of public speaking

(e) In some cases teachers of English,
physics and chemistry might also be suitable.

2. To avoid the complexities that arise in connection with form 1040 - such as capital gains and losses, depreciation etc. - it will probably be wise to place major emphasis on the simplified form 1040A. In any case, it will be those whose incomes are $3000 or less who will be more likely to take advantage of such instruction.

3. The teachers should not represent themselves as official tax experts - nor should they as a general rule offer individual counsel in making out tax returns.

4. Instruction should rather be to groups assembled in school rooms. These groups should be comparatively small - not to exceed 25 - 40 people since instruction of this kind to larger groups is difficult and not too effective.

5. The Treasury should avoid any liability for mistakes made by individuals as the result of this instruction. There is some danger that individuals will seek alibis for mistakes in their returns by saying they followed Treasury directions in relying upon high school teachers for their tax information.

6. To minimize false or misleading instruction, it is important that the closest possible liaison be maintained.
between the teachers and deputy collectors of internal revenue.

7. Wherever possible deputy collectors, in cooperation with local educational authorities, should hold one or more local seminars to give preliminary instruction to the teachers themselves.

8. Materials needed for this program would include

a. an instructor's manual on income tax policy and procedure
b. an adequate supply of leaflets "Know Your Taxes" and "Save for Tax Plan."

c. an adequate supply of 1040-A tax forms

d. a pamphlet or leaflet explaining the Victory Tax

9. Arrangements will have to be made for the use of school facilities at hours convenient for the teachers and the public.

10. Considerable local publicity will be necessary to encourage people to take advantage of these services and facilities.

a. stories in local press and over the radio
b. announcements sent home through the school children etc.
Minimum Program of Instruction:

1. The New Tax Bill
   a. who must file returns
   b. basic exemptions and allowances
   c. tax liabilities at different income levels
   d. the difference between 1040 and 1040A
   e. how to make out your return

2. Showing of the new Disney film
December 15, 1942
10:48 a.m.

HM Jr: Hello.

Bernard Baruch: Good morning, Mr. Secretary. B. M. Baruch speaking.

HM Jr: Yes.

B: I didn't want to - I know how burdened you are - I just....

HM Jr: No.

B: ....but I didn't want to leave you under the impression that I hadn't done what I said I was going to do about that subscription.

HM Jr: Oh.

B: And I've done it, but I didn't think it was wise to write a letter that they could publicize because after all the rich man who subscribes money is not doing anything very important, and that's the reason that I did it quietly through the ordinary channels....

HM Jr: Yes.

B: ....and didn't....

HM Jr: Well, it's very kind of you to call me. It wasn't necessary. I know your reputation, if you say you'll do something, you do it with or without publicity.

B: Well, I don't like - I think it's - I think it's bad for a man who's supposed to be a little - a rich man to....

HM Jr: Yes.

B: ....talk about subscribing a million dollars, you know, and they wanted to pub... - the publicity people....

HM Jr: Oh.
B: ....because I thought it was - being so big and be bad for many reasons, if you can understand.

HMJr: Well, I - I'm sure whatever you decided was right.

B: And thank you very much, and I'm going to do with the bonds what I said I was going to do....

HMJr: Fine.

B: ....in the way of gifts, and that will be done so quietly nobody will know it, at least I hope they won't. I'm sorry to have troubled you so, but I just wanted....

HMJr: No trouble.

B: Goodbye, sir.

HMJr: Call me any time.

B: Thank you.
INTERNATIONAL STABILIZATION FUND

Present: Mr. Bell
Mr. White
Mr. Bernstein
Mr. Luxford
Mr. Ransom
Mr. Goldenweiser
Mr. Clayton
Mr. Gardner
Mr. Currie
Mr. Coe
Mr. Berle
Mr. Feis
Mr. Pasvolsky

H.M.JR: You had better open the meeting, Harry.

(Agenda for meeting, copy attached, distributed by Mr. White.)

H.M.JR: Mr. Feis, could you tell us, maybe, what progress is being made with other governments on this proposed World Stabilization Fund?

MR. FEIS: I may not be fully informed. I will tell you what I know on it.

H.M.JR: You have a lot of prompters here. (Laughter)

MR. FEIS: The Keynes document was presented to us and a set of questions was prepared, I believe, by Treasury and State together. About two weeks ago, Sir Frederick Phillips brought in a revised statement of their proposal, largely revised in the light of the questions that were put before them, and also more extensive answers to the questions we propounded.
It was discussed, then, with Sir Frederick Phillips. It was stated then that another meeting was to be held, but as far as my knowledge goes, no other meeting has been held.

(Mr. Berle, Mr. Pasvolsky, and Mr. Currie entered the conference.)

MR. FEIS: About the Keynes plan, we understand that the British authorities have talked it over with the Commonwealth of the Dominion Governments. About the Treasury plan, as far as I know, the Treasury was supposed to have a certain amount of informal discussion with representatives of other governments. I don't know what they have done. That is the state of my knowledge on the situation.

MR. BERLE: I have some--

H.M. JR: May I put the question again? The question I asked was, what has been done in talking with other governments about this plan. That is the question.

MR. BERLE: I have some news on that part; it has only happened in the last few hours. The British Government gave notice that they wished, within the next few days - that would be the end of this week - to give copies of the Keynes plan to the Russian and Chinese ambassadors, respectively, in London. Prior to that time, Mr. White and I had asked to see the Russian ambassador, which we did yesterday, and asked if they would put themselves in a position to exchange ideas with us on this subject. It was arranged to do the same with the Chinese ambassador.

The Treasury plan, as such, we have not given to anyone because we had not had the understanding in advance of this meeting - some consensus of opinion, some expression of opinion that we would be free to do so. But we have said that we hoped to be in a position to do so in the not too distant future. That is up to date on that particular side.
H.M.JR: White, do you want to possibly make a report on the Number One - "Brief report on work of the Technical Committee"?

MR. WHITE: I can summarize that very briefly. There were a number of meetings at which Keynes' draft was discussed and, as Mr. Feis pointed out, some questions relating to it were prepared and submitted to them, at which the proposal that we were attempting to formulate was modified. Finally a draft which contained the suggestions and modifications agreed upon was incorporated, and the committee felt at that time that that should now be presented to this committee for the purpose of ascertaining where we should go from here.

I can discuss the specific draft, if you like, now being distributed.

H.M.JR: Have the people had the copies of this (indicating mimeographed document entitled "Preliminary Draft of Proposal for a United and Associated Nations Stabilization Fund")?

MR. WHITE: Yes, I will distribute these copies. They contain some changes and most of the people here are familiar with the salient points. I can merely outline, in a very few minutes, the highlights, although I don't think there is anybody here who doesn't know them, Mr. Secretary.

They have all been on the discussions except Mr. Ransom, and I presume that Mr. Ransom has been kept informed.

The changes which have been finally made have been in the direction of increasing the flexibility of the Fund so that the Fund can provide more of the currency of any country than their original quota, providing the particular country whose currency it is, is agreeable. It requires the approval of the particular country. If it were the United States, it would require our approval.
Several of the modifications were such as to increase the resources of the Fund with the approval of the particular country whose resources were needed.

Another modification was to increase the quota which any country can request, having in mind, again, flexibility; but any increase in the demand upon the Fund beyond the quota would require additional reserves of one character or another.

The other change was to give the Executive Committee more power of operation. The power would be granted by the Board, but would be exercised by a small—relatively small—Executive Committee that would presumably be available at the headquarters at all times.

Beyond that, the changes are more detailed and more technical. Possibly we had better postpone discussion of any particular feature until some questions have arisen.

H.M.JR: Who would like to ask some questions about this report?

MR. WHITE: I could call your attention to another change which was made as a result of the last meeting.

On page seven, under "Policies of Member Countries," paragraph five, the conditions which are required by the members have been much weakened by the insertion of qualifying phrases which gives them, in most cases, an out.

"To abandon, as soon as conditions in each member country permit, all restrictions and controls over foreign exchange transactions with member countries, except those retained or imposed with the approval of the Fund."

The inclusion of the phrase, "--as soon as conditions in each member country permit," makes the adherence to this particular principle a matter of determination by the particular country involved.
It would thus mean that they would be each more apt to subscribe to that principle than they would if they were bound by more definite requirements.

That is true of most of the remainder of the phrase. That is one change that you will probably want to note.

A second change which was decided upon, which has been incorporated, is under paragraph three, "Monetary Unit of the Fund," on page five, in which we state "The monetary unit of the Fund shall be the Unitas-" consisting of a certain number of grains of fine gold.

MR. PASVOLSKY: Why was that particular figure used?

MR. WHITE: Just for convenience. It happened to be equal to ten dollars and a certain number of pounds. It could be anything else. We just plucked that out of the air to get an even number in a large unit.

MR. PASVOLSKY: That is ten dollars' worth?

MR. WHITE: That is right - just ten dollars' worth, and it happened for the moment, also, to give a round figure for pounds in France, if they remain there; but that, of course, is a mere matter of convenience. The symbol and the name are ones that seem convenient.

MR. COE: It is difficult to make it plural, isn't it? (Laughter)

MR. BELL: Add an "X".

MR. WHITE: I take it it will never be anything but plural.

MR. GARDNER: Has any statement been made as to how large a volume of dollars might be demanded by foreign countries under this plan?
MR. WHITE: We have tables; we prepared some computations showing the average net balance, both of trade and the balances of payments over several years during the presumably normal years of '27, '28, and '29, and also during the abnormal years of '37 and '38; and they show that the swing in any one country—particularly the large countries—can be as much as a half a billion or a billion dollars in one year—or they were, at any rate.

MR. GARDNER: What I was thinking was that one of our comments on the Keynes plan—one of our questions on the Keynes plan, rather, was how large the aggregate demand might be for dollars on the part of foreign countries.

As a matter of fact, that has been figured out at around thirty or forty billion dollars. Has a similar computation been made on this plan?

MR. WHITE: It has not been necessary. We computed the other end because we know that the demand which can be made is far in excess of the supply, so the limiting factor is the supply.

For example, in terms of dollars, the supply under this would be what dollars are put in the Fund. Now that—

MR. GARDNER: Plus the gold that the Fund holds?

MR. WHITE: Yes, which together would amount to, roughly, about two billion and a quarter.

MR. GARDNER: That would all depend on how large a contribution the foreign countries made, and therefore, how large a vote they would have; and therefore how large a participation the United States would have to have to maintain its veto power.
MR. WHITE: That is right. In the first place, it is assumed that our quota will be the largest, and that theirs will not vary very much in terms of hundreds of millions of dollars. Any formula that you get will not make much difference in the totals, compared with the potential demand. The potential demand will be far greater than any dollars we put in the quota.

MR. GARDNER: But it will be greatly to the interest of foreign countries to put all the gold they can spare into this arrangement because of the power of the gold to command dollars?

MR. WHITE: It multiplies it in the sense that they can then use the gold of other countries; that is right.

MR. GARDNER: And the dollar contribution of the United States. I think you might find it would be in the neighborhood of fifteen or twenty billion dollars that they might demand if they matched their gold holdings in the Fund.

MR. WHITE: No, they couldn't unless you changed the total quota is five billion dollars, and unless you made it larger--

MR. GARDNER: That is the required, but they are permitted to contribute more, and it is to their interest to contribute more.

MR. WHITE: Not the way it is set up. We could set it up the other way, but they haven't got that much gold to put in. That is quite unlikely.

MR. PASVOLSKY: If they use the gold already in the United States, they have command over dollars. That doesn't help the situation.

MR. WHITE: They have that anyhow. The way this is set up now - let's say approximately two and a half billion dollars has been sold, that any further dollars
could be provided only in one of the several ways: One, the flotation of their securities here, which would require the approval of the United States Government; two, the rediscounting privilege with the Federal Reserve bank if they altered their procedure, which again would require our approval. Any demand upon dollars in excess of the quota we put in requires the approval of the United States Government in one way or another.

MR. CLAYTON: Then, as a practical matter, would you say that the limit of the United States Government's risk or credit quota in it would be around two and a half billion dollars?

MR. WHITE: It would be less than that unless you decided to increase it.

MR. CLAYTON: I mean, it would be within the United States would have the say as to whether it would be more than that?

MR. WHITE: That is right - definitely, at each point. That is one of the fundamental differences between this plan and the Keynes plan.

MR. GARDNER: I think we should submit an estimate to get you to check it, Harry, because we would figure it out, under the basis of the plan, as a much larger magnitude, ten to twenty billion dollars, if foreign countries take advantage of the opportunity to contribute their gold and thereby multiply its power.

MR. WHITE: I am not sure that I follow. I don't know that this is the place to discuss it. I don't know what you mean by "multiplying power." If a country puts gold in it can multiply dollars, but it doesn't have to put it in here because the total quota is set, to begin with, by the five billion dollars which is divided among the countries. If you wanted to make the quotas larger and expect each country to put in more, then that is a different story. As it is set up now, the total quotas are five billion, and our quota, under that five billion, would be a little less than two billion.

MR. GARDNER: Probably this isn't the place to discuss it, but we understood that to be a minimum.
MR. WHITE: It is a minimum without approval. From then on, we could give more; and that was the idea which we all desired, to give flexibility, but we could provide more dollars only if we wished to.

MR. GARDNER: This is something, I think, which should be discussed further. Does the United States have a veto power on increasing that above five billion?

MR. WHITE: Every country has a veto power, or the approval, on its own currency. In addition, the way this is set up, the United States would have a veto power on many of the decisions within the Board long before it came to the five billion dollars.

MR. BELL: So, if the Board voted to increase the five billion dollars, say, to six billion dollars, and the United States didn't want to increase its quota, it would just veto that part of the proposal.

MR. WHITE: That is right. That would be one of the things that would require a four-fifths vote. We could veto--

MR. PASVOLSKY: How much, if any, interference would this plan have with the nation is free to organize its monetary system as it seems fit, isn't it?

MR. WHITE: With this qualification, one, that it agrees not to alter its exchange rate without the approval of the Board.

MR. PASVOLSKY: As it affects the exchange rate in relation to gold?

MR. WHITE: In relation to the unit.

MR. PASVOLSKY: Then it undertakes not to alter that, except by approval?

MR. WHITE: That is one condition. A second condition is much more of a pious hope. They subscribe to the principle that they will consider the impact on other countries' balances of payments in any change which they contemplate, or any development in their own monetary system.
It has been weakened down so that it is merely a definition of a desirable principle to subscribe to it if they see their way clear to do so.

MR. PASVOLSKY: But management of the money is free?

MR. WHITE: All interference in the domestic money market - or all operations in the money market of any country require the approval of that country through its Board of Representatives.

Now, the Fund can do a great deal. It can go into any market and either increase the funds or diminish the funds, but only with the approval of that country.

MR. PASVOLSKY: Or within the limits of the five billion dollars.

MR. WHITE: Or within the limits of its assets.

MR. PASVOLSKY: It can operate freely?

MR. WHITE: Not without the approval of the particular country.

MR. BERLE: As I understand it, the impact from that side is limited to the amount of the funds actually in the Fund, plus the further safeguard that the consent of the country in whose money or bond market the Fund operates must consent to such operations.

MR. WHITE: That is right, both protective features are there. In other words, if a country doesn't want this Fund to operate in their market at all, it cannot do so.

MR. PASVOLSKY: Beyond the currency which is equivalent--

MR. WHITE: Beyond selling the currency which it has in its fund.

MR. BEIL: Can a country withdraw from this Fund?
MR. WHITE: Yes, but if it does, it has to be certain that it shares any losses which the Fund as a whole has experienced up to that time, and further, it makes good any loss of its own exchange it wants, whether it withdraws or not.

MR. BELL: It gets its capital back in its own currency first, doesn’t it?

MR. WHITE: That is right, minus whatever division of losses there would be.

MR. PASVOLSKY: I have just one more question, if I might - I have not read this. What happens when the country is permitted to devalue or appreciate its currency? Who takes the loss?

MR. WHITE: The country itself. There is a specific requirement here that if there is a devaluation the country has to contribute to the Fund the difference between the former value and the present value of the holdings of the Fund.

MR. PASVOLSKY: In its own currency?

MR. WHITE: In its own currency.

MR. PASVOLSKY: And if there is appreciation--

MR. WHITE: Then it gets it back. So the currencies in the Fund presumably are always worth the same amount, with the exception of other assets that arise from other sources.

MR. PASVOLSKY: Did you say it was the same amount in units?

MR. WHITE: That is right, in gold.

MR. GARDNER: Does that hold even if the Fund itself alters the exchange rate?
MR. WHITE: The way it is written, yes, and I should think that would be necessary, though I can't conceive of the Fund offering it without the initial request of a country. It is a question of approval rather than initiating a change, but it might initiate a change.

MR. PASVOLSKY: Can it force a change?

MR. WHITE: It can under the terms here by a four-fifths vote.

MR. PASVOLSKY: Then they stand the loss.

MR. WHITE: According to the way it is written here, it does.

These, like, I am sure, scores of other questions, will arise and will have to be very carefully spelled out in any final document. There are a lot of questions that do not occur to us that probably have not been adequately met, which the matter is vague on. We merely tried to touch the highlights here.

There is one other point that I think would interest us, that we have levied a charge of one percent against any balance of the member country's currency in the Fund in excess of the quota of that country. When it goes beyond its quota with the permission of the fund, then it pays a one-percent per annum charge in gold on it.

MR. CLAYTON: You mean on a debit balance?

MR. WHITE: The way it operates when the Fund has more of that currency money.

MR. BERLE: It is a charge for buying the currency really.

MR. CLAYTON: It is a penalty for going above their quota. They have to pay the money out in the first place.
to get the foreign currency. Now, the money they pay out does not go into the Fund.

MR. WHITE: The Fund merely transfers one type of currency for the other, but in addition to that they pay one-percent interest.

MR. CLAYTON: The country does?

MR. WHITE: The country, yes. If Rumania wants to borrow more dollars than her quota and the Fund gives her permission, she pays one-percent interest on the excess above the quota, and that is payable in gold.

MR. GOLDENWEISER: Those quotas refer just to the clearing balances, not to the total of their trade?

MR. WHITE: Only - it refers only to the quotas which have been established by their original participation.

MR. GOLDENWEISER: Insofar as their trade balances they won't cover the--

MR. WHITE: It bears no close relationship with that at all.

MR. GOLDENWEISER: That is what I thought. I wanted to clarify it.

MR. WHITE: I presume you will all agree that most of these points will be very carefully discussed by various groups. It is merely a preliminary proposal.

H.M.JR: The next step I would like to take is, I would like to bring this to Mr. Hull's attention; and then if it gets his blessing, I would like to go to the President and tell him it has the blessing of this committee, and Mr. Hull can then go ahead with a conference of the technicians of the various countries involved. I take it that those people here, and whom
they represent beside themselves, either are or will get themselves in such a shape that they can say that they do feel that this draft meets with their approval.

MR. WHITE: As a basis for discussion?

H.M. JR.: Yes.

MR. RANSOM: Do I understand, Mr. Secretary, that that means that this group will be given a further opportunity to study this particular draft before you go further with it, or is this draft to go to Mr. Hull?

H.M. JR.: I had it in mind that this draft— but if you are not ready, certainly I don't want to go to Mr. Hull until you people are satisfied with this draft or any other draft.

MR. BERLE: Mr. Secretary, perhaps I can make it a little bit easier on that point. I think that Mr. Hull understands that the draft which you present is in a sense a proposal subject to further modification in the course of discussions. I mean that he is not assuming that this is any final binding offer on any particular point, but that there still will be opportunity to make observations in detail, and things of that kind.

MR. WHITE: Yes, I think it is generally felt that this is not a definitive draft in any sense. There has been a lot of discussion on various points, and this in general happens to embody the highlights of it. It is enough to go forward on.

MR. PASVOLSKY: The plan does even more than that. It does set down the basic principles.

MR. RANSOM: The basis for what?

MR. PASVOLSKY: The basic principles of the system you are trying to get.

H.M. JR.: What did you have in mind?
MR. RANSOM: I had this, that Mr. Eccles is a member of the group that is - I am merely here at his request on very short notice and have not that full acquaintance with it that Mr. White first implied, and then reserved my own position. I wanted to be sure that this in the present draft had come to the attention of the man I am representing and that he has no further suggestions to make.

MR. WHITE: There are bound to be some further suggestions, Mr. Ransom, but they will be in the way of modification of any one of a number of points, or amplification, or addition. But the consensus of the group who has been working on this was that this was in sufficiently clear shape to constitute a fruitful basis for discussion among the various governments. For that very purpose, there was no attempt made to put this into final form which would be much longer, much more detailed, couched in legal language, and would have to meet a lot of dubious points that are bound to be raised.

I don't know whether you want, Mr. Secretary, to say a word about the fundamental difference between the British plan and the American proposal. I think most people here know it.

H.M.JR: No. All I am trying to do - this committee has done very good and they have put in some very hard work, and there is no use tying up so many people. I just wanted to see you all and then see how you felt, and then I thought the next move was to see whether Mr. Hull is ready to go along, so that we can get to the President and ask him whether we can call a meeting of these particular representatives of the various countries. In other words, all I am trying to do is just to be helpful. But, I, personally, at this time don't want to go into a lengthy discussion. I am not trying to stop a discussion. I mean, if they want to have - take this home and read it, and then have another one, fine, but I just don't want to take very much more time today, because I haven't the time.
MR. RANSOM: Without delaying your further progress in the matter, may I ask Mr. Goldenweiser and Mr. Gardner, who have been working on this for Mr. Eccles, if in this form it has come to his attention.

MR. GOLDENWEISER: He saw it - yes, it was at the last meeting, with the exception of some changes that Mr. White has called--

MR. WHITE: And those changes attempt to incorporate-developed out of the meeting.

MR. RANSOM: Could you say whether he has any suggestions to make or whether you and Mr. - have you or Mr. Gardner, or do you know whether Mr. Eccles have any suggestions to make in reply to the Secretary's suggestion that the next step is to submit it to Mr. Hull?

MR. GOLDENWEISER: The question I would like to raise is this: It would be better, from the point of view of Mr. Eccles, I am sure, if we could now take this along and rather than have you push it to the next stage, have that delayed - not a long time, but just long enough to be sure that Mr. Eccles and such members of the Board as he wants to acquaint with it have no points to make about it.

H.M.JR: That is all right.

MR. RANSOM: That will be merely a matter of a day or two.

MR. GOLDENWEISER: Not a matter of holding it up for any length of time. We don't want to do that.

H.M.JR: Lauch?

MR. CURRIE: It is perfectly all right with me.

H.M.JR: How about BEW?
MR. COE: It looks to us very good as a basis for discussion, and we would like to see it move along.

H.M.JR.: Mr. Clayton?

MR. CLAYTON: I think I have attended all of Mr. White's meetings except the last one. I haven't read this, but I think I am sufficiently well acquainted with it to say that I feel we have gotten far enough along to take the step that you indicate.

MR. BERLE: I think we feel that way about it, Mr. Secretary. I should like in that connection to raise one question, in view of the fact that we have given notice of motion, so to speak, to the Russians and the Chinese - and of course, we have done some discussing with the British - we consider ourselves free to give them copies of this plan in confidence, of course, or have this still not as a binding matter, but as a subject for further discussion as being their first contribution.

MR. WHITE: Apparently, as you say, the British are going to give them a plan.

MR. BERLE: The British have served notice on us that they are going to give copies of the Keynes plan, so-called, to the Russian ambassador and the Chinese ambassador in London. If we don't do something about it on our side, that might result in the transfer of the discussions to London, which, I think, will be an unmitigated misfortune at this stage of the game. I think it had much better be kept here where the main line of interest is.

H.M.JR.: As far as the Treasury is concerned, it is agreeable to me.

MR. BERLE: If it is agreeable to you, I think it is agreeable to us. Naturally this is not designed to bind the Government in any way, but merely to give an indication of what the Treasury has been thinking about here.
MR. PASVOLSKY: It would have to be taken up with the President before we communicate with any foreign government.

H.M.JR: Yes, before we call any conference - I mean, I wouldn't--

MR. BERLE: It would be in the nature of an informal indication of the way our minds have been running, with the understanding that it might be changed without notice.

H.M.JR: I will leave it to the State Department to give us plenty of "if's." (Laughter)

MR. BERLE: Sometimes they come in handy, Mr. Secretary.

MR. WHITE: It might be made clear that this is recognized to be in a Morpheus stage so that the Board doesn't feel it has to make a decision on each one of these points. They will have ample opportunity to modify it.

H.M.JR: Again, may I say that I think everybody connected with it has done a fine job, and let's keep moving.

MR. BERLE: I should like to add on our part my own appreciation of the courtesy of the Treasury, particularly Mr. White, who has worked very hard on this job.

H.M.JR: Thank you all.
Agenda for Meeting in Secretary Morgenthau's Office on Tuesday, December 15 at 3:00

I. Brief report on work of the Technical Committee

II. Progress of discussions with other Governments

III. Distribution and explanation of the preliminary draft of American proposal

IV. Fundamental difference between the British plan and American proposal

V. Views of members of the Cabinet Committee on the plan and progress

VI. Next step and further instructions to the Technical Committee
I. Composition of the Fund

1. The Fund shall consist of gold, currencies of member countries, and securities of member governments, which shall be used for the purpose of stabilizing the values of the currencies of member countries with respect to each other.

2. Each of the member countries shall be given a quota which shall represent its participation in the Fund; i.e., the basis for its purchase of foreign exchange in the Fund and its undertaking to provide assets to the Fund. The aggregate quotas of the member countries shall be the equivalent of at least $5 billion. The quota for each member country shall be determined by an agreed upon formula.

3. Each member country shall provide the Fund with 50 percent of its quota when the Board of Directors of the Fund declares that its operations have begun.

4. The initial payment of each country consisting of 50% of its quota shall be 12.5 percent in gold, 12.5 percent in local currency, and 25 percent in its own (i.e., government) interest-bearing securities. However, any country having less than $300 million in gold need provide initially only 7.5 percent of its quota in gold, and any country having less than $100 million in gold need provide initially only 5 percent of its quota in gold, the contribution of local currency being increased correspondingly. A country may, at its option, substitute gold for its securities in meeting its quota requirement.

5. The member countries of the Fund may be called upon to make further provision toward meeting their quotas at such times, in such amounts, and in such form as the Board of Directors of the Fund may determine, provided that all countries shall meet their quotas pro rata, and provided that a four-fifths vote of the Board shall be required for subsequent calls to meet quotas.

II. Powers and Operations

The Fund should have the following powers:

1. To buy, sell and hold gold, currencies, foreign exchange, bills of exchange, and government bonds of the member countries, and to act as a clearing house for international movement of funds, balances, checks, drafts, acceptances, and gold.

All participating countries agree that all of the local currency holdings and other assets of the Fund located in their countries shall be free from any restrictions as to their use.
2. To fix the rates at which it will exchange one member's currency for another, and the rates in local currencies at which it will buy and sell gold. The guiding principle in the fixing of such rates shall be stability in exchange relationships. Changes in the rates shall be made only when essential to correction of a fundamental disequilibrium, and only with the consent of four-fifths of member votes.

3. To sell to the Treasury of any member country (or stabilization fund or central bank acting as its agent) at a rate of exchange determined by the Fund currency of any member country which the Fund holds, provided that:

   a. The currency demanded from the Fund is required to meet an adverse balance of payments to the country whose currency is being demanded.

   b. The net purchases by the Fund of the currency of any member country shall not exceed during the first year of the operation of the Fund, the quota of that country; it shall not exceed during the first two years 150 percent of such quota; and thereafter it shall not exceed 200 percent of such quota; except that upon the approval by the Board of Directors the Fund may purchase any local currency in excess of these limits, provided that:

      1. The country requesting the excess agrees to adopt and carry out measures recommended by the Fund designed to correct the disequilibrium in the country's balance of payments, or

      11. It is believed that the anticipated balances of payments of the country in question are such as to warrant the expectation that the excess currency holdings of the Fund can be disposed of within a reasonable time.

   c. When the net purchases by the Fund of any local currency exceed the quota for that country, the country shall deposit with the Fund a special reserve. Such deposits shall be made according to rules and regulations prescribed by the Board of Directors.

   d. A charge at the rate of 1 per cent per annum payable in gold, shall be levied against any balance of a member country's currency in the Fund in excess of the quota of that country.

   e. No sale of any currency in the Fund shall be made to a member without approval of four-fifths of the member votes when the currency so sold is to be used or is to make possible adjustment of a foreign debt, including, of course, debts already in default.
4. When the Fund's holdings of any particular currency drop below 15 per cent of the quota of that country and after the Fund will have used for additional purchases of that currency,

a. Gold in an amount equal to the country's contribution of gold to the Fund, and

b. The country's interest-bearing obligations originally contributed,

the Fund has the authority and the duty to render a report to the country embodying an analysis of the causes of the depletion of its holdings of that currency, a forecast of the prospective balance of payment in the absence of special measures, and finally, recommendations designed to increase the Fund's holdings of that currency. The member of the country in question would be a member of the Fund committee appointed to draft the report. This report should be made public.

Participating members agree that their governments will give immediate and careful attention to recommendations made by the Fund.

5. To buy from the governments of member countries, blocked foreign balances, provided all the following conditions are met:

a. The foreign balances are then in member countries and are either partly or wholly blocked.

b. The foreign balances are included in the sum reported (for the purpose of this provision) by the member government as blocked on date of its becoming a member.

c. The country selling the blocked balances to the Fund agrees to transfer those balances to the Fund, and to purchase back 40 per cent of them from the Fund, at the rate of 2 per cent a year, beginning not later than three years after the date of transfer.

d. The country in which the blocked balances are held agrees to transfer those balances to the Fund, and to purchase back from the Fund 40 percent of them with gold or such free currencies as the Fund may wish to accept, at the rate of 2 percent a year beginning not later than 3 years after date of transfer.

e. A charge of 1 percent, in each case payable in gold, shall be levied against the country selling its blocked funds, and a charge of 1 percent shall be levied against the country in which the blocked accounts exist. In addition a charge of 1 percent payable in gold shall be levied annually against each of them on the amount of blocked balances remaining to be repurchased.
If the country selling blocked foreign balances to the Fund asks for foreign exchange rather than local currency, it must need the foreign exchange for the purpose of meeting an adverse balance of payments not arising from the acquisition of gold or the accumulation of foreign balances or other capital transactions.

Either country can, at its option, increase the amount it repurchases annually. But, in the case of the country which sold its blocked balances to the Fund, not more than 2% per annum of the original sum of blocked balances taken over by the Fund shall become free, and only after 3 years shall have elapsed. The Fund shall be free to dispose of any of its holdings of blocked balances in the form of free funds after the 23 year period is passed, or sooner, provided (i) its holdings of the free funds of the country in which the balances are being blocked falls below 15 percent of its quota; or (ii) the approval is obtained of the Government in which the blocked balances are held.

The country in which the blocked funds are kept agrees not to impose any restrictions on the use of the installments of the 40 percent portion gradually to be repurchased by country owning the blocked balances.

The Fund shall determine from time to time what shall be the maximum proportion of the blocked balances it can afford to take over under this provision.

The Fund on its part agrees not to sell the blocked balances acquired under the above authority, except with the permission, or at the request of the country in which the blocked balances are being held, but the Fund can invest those balances in regular or special government securities of that country. The Fund shall be free to sell such bonds in any country provided that the approval of the issuing government is first obtained.

To deal only with the Treasuries of the participating countries, or with official stabilization funds of those countries, and with the bank designated by a participating government as its fiscal agent, and with international banks predominantly owned by governments and central banks.

The Fund shall not have the authority to engage in any transaction within a member country, or with any corporation or part of the government of that country without the consent of the Board representative of that country.

To buy and sell currencies of non-member countries, but shall not be authorized to hold such currencies beyond sixty days after date of purchase, except with the approval of four-fifths of the member votes.
8. To borrow, at such rates as the Fund may recommend, the currency of any country, provided four-fifths of the member votes approve the terms of such borrowing.

9. To invest any currency it holds in "short-term" securities--commercial or government--of the country of that currency provided a four-fifths vote of the member votes shall approve, and provided further that the approving votes shall include that of the Board representative of the country in which the investment is to be made.

10. To sell the obligations of the member countries held by it provided the representative of the country in which the securities are to be sold approves, To rediscount any of its holdings or to discount its own obligations with the central bank of any country whose currency the Fund requires.

11. To lend to any member country local currency from the Fund for one year or less up to 75 percent of the currency of that country held by the Fund, provided such loan is approved by four-fifths of the member votes. A country borrowing such funds shall pay interest to the Fund at a rate to be determined by the Board.

12. To make a service charge of ¼ percent on all exchange and gold transactions.

III. Monetary Unit of the Fund

1. The monetary unit of the Fund shall be the Units (UK) consisting of 137 1/7 grains of fine gold. The accounts of the Fund shall be kept and published in terms of Units.

2. The value of the currency of each member country shall be fixed in terms of gold or the Units and may not be altered by any member country without the approval of the Fund.

3. No change in the value of the currencies of member countries shall be permitted to alter the value in gold or Units of the assets of the Fund. Thus, if the currency of a participating country should depreciate (in terms of gold or the Units), that country must deliver to the Fund an amount of its local currency equal to the decreased value of that currency held by the Fund. Likewise, if the currency of a particular country should appreciate, the Fund must return to that country an amount (in the currency of that country) equal to the resulting increase in the gold or the Units value of the Fund's holdings. The same provisions shall also apply to the securities of member countries held by the Fund. However, this provision shall not apply to currencies acquired under II, 5 (dealing with blocked foreign balances) in the section on Powers and Operations.

IV. Management

1. The management of the Fund shall be vested in a board of directors composed of one director and one alternate appointed by each member government. Each government shall appoint its director and alternate in a manner determined by it.
The director and alternate shall serve for a period of three years, subject to the pleasure of their government. Directors and alternates may be reappointed. In all voting by the Board, each director or alternate shall have 100 votes plus one vote for each $1 million of the quota of his country.

2. No representative shall cast more than one-fourth of the aggregate vote regardless of the quota of his country. All decisions, except where specifically provided otherwise, shall be decided by a majority of the votes cast.

3. The Board of Directors shall select a managing director and one or more assistant managing directors. The managing director, who shall be chief of the operating staff of the Fund and ex officio chairman of the Board, and assistant managing directors shall hold office for two years, shall be eligible for reelection, and may be removed for cause at any time by the Board. The staff of the Fund shall be selected in accordance with regulations established by the Board of Directors.

4. The Board of Directors may also appoint from among its members an executive committee to consist of not less than eleven members. A member of the Board of Directors of the Bank selected by that Board shall be a member of the executive committee of the Fund.

The executive committee shall be continuously available at the head office of the Fund and shall exercise the authority delegated to it by the Board. In the absence of any member of the executive committee, his alternate shall act in his place. Members of the executive committee shall receive appropriate remuneration.

The Board may at any meeting, by a four-fifths vote, authorize any officers or committees of the Fund to exercise any specified powers of the Board. Such powers shall be exercised only until the next meeting of the Board, and shall be exercised in a manner consistent with the general policies and practices of the Board.

5. The Board of Directors may appoint advisory committees chosen wholly or partially from persons not regularly employed by the Fund.

6. The Board shall hold one annual meeting and such other meetings as it may be desirable to convene. On request of member countries casting one-fourth of the votes, the chairman shall call a meeting of the Board for the purpose of considering matters placed before it by the member countries requesting the meeting.

7. The Board, by a four-fifths vote, may establish rules and regulations governing the operations of the Fund, and the officers and committees of the Fund shall be bound by such rules and regulations.
8. A country failing to contribute to the Fund sums due the Fund shall be dropped as a member, provided a majority of the member votes so decide. Any member dropped shall have returned to it an amount (in its own currency) equal to its contribution minus any sum due by that country to the Fund.

9. Net profits earned by the Fund shall be distributed in the following manner:
   a. 50 percent to reserves until the reserves are equal to 10 percent of the assets of the Fund.
   b. 50 percent to be divided each year among the members in form of the local currency in proportion to its subscription. That is, dividends shall be distributed to each country in its own currency.

V. Policies of Member Countries

The members of the Fund undertake the following:

1. To abandon, as soon as conditions in each member country permit, all restrictions and controls over foreign exchange transactions with member countries, except those retained or imposed with the approval of the Fund.

2. To alter exchange rates on the currencies of other countries only with the consent of the Fund and only to the extent and in the direction approved by the Fund, except within a specified range fixed by the Fund and permitted to all member currencies.

3. a. Not to accept or permit deposits or investments from any member country except with the permission of the government of that country, and
   b. To make available to the government of any member country at its request all property in form of deposits, investments, securities of the nationals of that member country.

4. Not to enter upon any bilateral foreign exchange clearing arrangements except with the approval of the Fund.

5. To give consideration to the views of the Fund on any existing or proposed monetary or economic policy, the effect of which would be to bring about sooner or later a serious disequilibrium in the balance of payments of other countries.

6. In the interest of a balanced and sustained growth of international trade, to embark upon a program of gradual reduction of existing trade barriers -- import duties, import quotas, administrative devices -- and to agree not to adopt any general increase in tariff schedules or other restrictive devices without giving reasonable opportunity for the Fund to render a public report on the effect of the contemplated changes on the balance of payments of other countries.
7. To furnish the Fund with all information it needs for its operations and to furnish such reports as it may require in the form and at the times requested by the Fund.

8. To adopt appropriate legislation or decrees to carry out its undertakings to the Fund and to facilitate the activities of the Fund.
Dear Cordell:

As you know, discussions have been going forward in the Treasury by an interdepartmental group on the formulation of a program for international monetary cooperation. Representatives of your Department have participated in the numerous discussions and have doubtless kept you informed of the general progress.

I should like to call on you to discuss the status of the work that has already been done and to get your views on the matter.

Sincerely,

Secretary of the Treasury.

The Honorable Cordell Hull,
Secretary of State.
THE WHITE HOUSE

WASHINGTON

May 16, 1942

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

I have your letter in regard to the calling of a conference of Finance Ministers of the United Nations. It is my thought that the studies now in progress should be continued in conjunction with the State Department and the B.E.W. and the Export-Import Bank.

You might speak to me about this again after you have done this and after you have got the opinions of the Secretary of State and the Under Secretary of State.

F. D. R.

COPY
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3. To sell to the Treasury of any member country (or stabilization fund or central bank acting as its agent) at a rate of exchange determined by the Fund currency of any member country which the Fund holds, provided that:

   a. The currency demanded from the Fund is required to meet an adverse balance of payments to the country whose currency is being demanded.

   b. The net purchases by the Fund of the currency of any member country shall not exceed during the first year of the operation of the Fund, the quota of that country; it shall not exceed during the first two years 150 percent of such quota; and thereafter it shall not exceed 200 percent of such quota; except that upon the approval by the Board of Directors the Fund may purchase any local currency in excess of these limits, provided that:

      i. The country requesting the excess agrees to adopt and carry out measures recommended by the Fund designed to correct the disequilibrium in the country's balance of payments, or

      ii. It is believed that the anticipated balances of payments of the country in question are such as to warrant the expectation that the excess currency holdings of the Fund can be disposed of within a reasonable time.

   c. When the net purchases by the Fund of any local currency exceed the quota for that country, the country shall deposit with the Fund a special reserve. Such deposits shall be made according to rules and regulations prescribed by the Board of Directors.

   d. A charge at the rate of 1 per cent per annum payable in gold, shall be levied against any balance of a member country's currency in the Fund in excess of the quota of that country.

   e. No sale of any currency in the Fund shall be made to a member without approval of four-fifths of the member votes when the currency so sold is to be used or is to make possible adjustment of a foreign debt, including, of course, debts already in default.
4. When the Fund's holdings of any particular currency drop below 15 per cent of the quota of that country and after the Fund will have used for additional purchases of that currency,

a. Gold in an amount equal to the country's contribution of gold to the Fund, and

b. The country's interest-bearing obligations originally contributed,

the Fund has the authority and the duty to render a report to the country embodying an analysis of the causes of the depletion of its holdings of that currency, a forecast of the prospective balance of payment in the absence of special measures, and finally, recommendations designed to increase the Fund's holdings of that currency. The member of the country in question would be a member of the Fund committee appointed to draft the report. This report should be made public.

Participating members agree that their governments will give immediate and careful attention to recommendations made by the Fund.

5. To buy from the governments of member countries, blocked foreign balances, provided all the following conditions are met:

a. The foreign balances are then in member countries and are either partly or wholly blocked.

b. The foreign balances are included in the sum reported (for the purpose of this provision) by the member government as blocked on date of its becoming a member.

c. The country selling the blocked balances to the Fund agrees to transfer those balances to the Fund, and to purchase back 40 per cent of them from the Fund, at the rate of 2 per cent a year, beginning not later than three years after the date of transfer.

d. The country in which the blocked balances are held agrees to transfer those balances to the Fund, and to purchase back from the Fund 40 per cent of them with gold or such free currencies as the Fund may wish to accept, at the rate of 2 per cent a year beginning not later than 3 years after date of transfer.

e. A charge of 1 percent, in each case payable in gold, shall be levied against the country selling its blocked funds, and a charge of 1 percent shall be levied against the country in which the blocked accounts exist. In addition a charge of 1 percent payable in gold shall be levied annually against each of them on the amount of blocked balances remaining to be repurchased.
f. If the country selling blocked foreign balances to the Fund asks for foreign exchange rather than local currency, it must need the foreign exchange for the purpose of meeting an adverse balance of payments not arising from the acquisition of gold or the accumulation of foreign balances or other capital transactions.

g. Either country can, at its option, increase the amount it repurchases annually. But, in the case of the country which sold its blocked balances to the Fund, not more than 2% per annum of the original sum of blocked balances taken over by the Fund shall become free, and only after 3 years shall have elapsed, the Fund shall be free to dispose of any of its holdings of blocked balances in the form of free funds after the 23-year period is passed, or sooner, provided (i) its holdings of the free funds of the country in which the balances are being blocked falls below 15 percent of its quota; or (ii) the approval is obtained of the Government in which the blocked balances are held.

h. The country in which the blocked funds are kept agrees not to impose any restrictions on the use of the installments of the 40 percent portion gradually to be repurchased by country owning the blocked balances.

i. The Fund shall determine from time to time what shall be the maximum proportion of the blocked balances it can afford to take over under this provision.

j. The Fund on its part agrees not to sell the blocked balances acquired under the above authority, except with the permission, or at the request of the country in which the blocked balances are being held, but the Fund can invest those balances in regular or special government securities of that country. The Fund shall be free to sell such bonds in any country provided that the approval of the issuing government is first obtained.

k. To deal only with the Treasuries of the participating countries, or with official stabilization funds of those countries, and with the bank designated by a participating government as its fiscal agent, and with international banks predominantly owned by governments and central banks. The Fund shall not have the authority to engage in any transaction within a member country, or with any corporation or part of the government of that country without the consent of the Board representative of that country.

l. To buy and sell currencies of non-member countries, but shall not be authorized to hold such currencies beyond sixty days after date of purchase, except with the approval of four-fifths of the member votes.
8. To borrow, at such rates as the Fund may recommend, the currency of any country, provided four-fifths of the member votes approve the terms of such borrowing.

9. To invest any currency it holds in "short-term" securities--commercial or government--of the country of that currency provided a four-fifths vote of the member votes shall approve, and provided further that the approving votes shall include that of the Board representative of the country in which the investment is to be made.

10. To sell the obligations of the member countries held by it provided the representative of the country in which the securities are to be sold approves. To rediscount any of its holdings or to discount its own obligations with the central bank of any country whose currency the Fund requires.

11. To lend to any member country local currency from the Fund for one year or less up to 75 percent of the currency of that country held by the Fund, provided such loan is approved by four-fifths of the member votes. A country borrowing such funds shall pay interest to the Fund at a rate to be determined by the Board.

12. To make a service charge of 1/2 percent on all exchange and gold transactions.

III. Monetary Unit of the Fund

1. The monetary unit of the Fund shall be the Unitas (gold) consisting of 137 1/7 grains of fine gold. The accounts of the Fund shall be kept and published in terms of Unitas.

2. The value of the currency of each member country shall be fixed in terms of gold or the Unitas and may not be altered by any member country without the approval of the Fund.

3. No change in the value of the currencies of member countries shall be permitted to alter the value in gold or Unitas of the assets of the Fund. Thus, if the currency of a participating country should depreciate (in terms of gold or the Unitas), that country must deliver to the Fund an amount of its local currency equal to the decreased value of that currency held by the Fund. Likewise, if the currency of a particular country should appreciate, the Fund must return to that country an amount (in the currency of that country) equal to the resulting increase in the gold or the Unitas value of the Fund's holdings. The same provisions shall also apply to the securities of member countries held by the Fund. However, this provision shall not apply to currencies acquired under II, 5 (dealing with blocked foreign balances) in the section on Powers and Operations.

IV. Management

1. The management of the Fund shall be vested in a board of directors composed of one director and one alternate appointed by each member government. Each government shall appoint its director and alternate in a manner determined by it.
The director and alternate shall serve for a period of three years, subject to the pleasure of their government. Directors and alternates may be reappointed. In all voting by the Board, each director or alternate shall have 100 votes plus one vote for each $1 million of the quota of his country.

2. No representative shall cast more than one-fourth of the aggregate vote regardless of the quota of his country. All decisions, except where specifically provided otherwise, shall be decided by a majority of the votes cast.

3. The Board of Directors shall select a managing director and one or more assistant managing directors. The managing director, who shall be chief of the operating staff of the Fund and ex officio chairman of the Board, and assistant managing directors shall hold office for two years, shall be eligible for re-election, and may be removed for cause at any time by the Board. The staff of the Fund shall be selected in accordance with regulations established by the Board of Directors.

4. The Board of Directors may also appoint from among its members an executive committee to consist of not less than eleven members. A member of the Board of Directors of the Bank selected by that Board shall be a member of the executive committee of the Fund.

The executive committee shall be continuously available at the head office of the Fund and shall exercise the authority delegated to it by the Board. In the absence of any member of the executive committee, his alternate shall act in his place. Members of the executive committee shall receive appropriate remuneration.

The Board may at any meeting, by a four-fifths vote, authorize any officers or committees of the Fund to exercise any specified powers of the Board. Such powers shall be exercised only until the next meeting of the Board, and shall be exercised in a manner consistent with the general policies and practices of the Board.

5. The Board of Directors may appoint advisory committees chosen wholly or partially from persons not regularly employed by the Fund.

6. The Board shall hold one annual meeting and such other meetings as it may be desirable to convene. On request of member countries casting one-fourth of the votes, the chairman shall call a meeting of the Board for the purpose of considering matters placed before it by the member countries requesting the meeting.

7. The Board, by a four-fifths vote, may establish rules and regulations governing the operations of the Fund, and the officers and committees of the Fund shall be bound by such rules and regulations.
8. A country failing to contribute to the Fund sums due the Fund shall be dropped as a member, provided a majority of the member votes so decide. Any member dropped shall have returned to it an amount (in its own currency) equal to its contribution minus any sum due by that country to the Fund.

9. Profits earned by the Fund shall be distributed in the following manner:

a. 50 percent to reserves until the reserves are equal to 10 percent of the assets of the Fund.

b. 50 percent to be divided each year among the members in form of the local currency in proportion to its subscription. That is, dividends shall be distributed to each country in its own currency.

V. Policies of Member Countries

The members of the Fund undertake the following:

1. To abandon, as soon as conditions in each member country permit, all restrictions and controls over foreign exchange transactions with member countries, except those retained or imposed with the approval of the Fund.

2. To alter exchange rates on the currencies of other countries only with the consent of the Fund and only to the extent and in the direction approved by the Fund, except within a specified range fixed by the Fund and permitted to all member currencies.

3. a. Not to accept or permit deposits or investments from any member country except with the permission of the government of that country, and

   b. To make available to the government of any member country at its request all property in form of deposits, investments, securities of the nationals of that member country.

4. Not to enter upon any bilateral foreign exchange clearing arrangements except with the approval of the Fund.

5. To give consideration to the views of the Fund on any existing or proposed monetary or economic policy, the effect of which would be to bring about sooner or later a serious disequilibrium in the balance of payments of other countries.

6. In the interest of a balanced and sustained growth of international trade, to embark upon a program of gradual reduction of existing trade barriers -- import duties, import quotas, administrative devices -- and to agree not to adopt any general increase in tariff schedules or other restrictive devices without giving reasonable opportunity for the Fund to render a public report on the effect of the contemplated changes on the balance of payments of other countries.
7. To furnish the Fund with all information it needs for its operations and to furnish such reports as it may require in the form and at the times requested by the Fund.

8. To adopt appropriate legislation or decrees to carry out its undertakings to the Fund and to facilitate the activities of the Fund.
Dear Cordell:

As you know, discussions have been going forward in the Treasury by an interdepartmental group on the formulation of a program for international monetary cooperation. Representatives of your Department have participated in the numerous discussions and have doubtless kept you informed of the general progress.

I should like to call on you to discuss the status of the work that has already been done and to get your views on the matter.

Sincerely,

Secretary of the Treasury.

The Honorable Cordell Hull,
Secretary of State.
The Secretary

Sect. Hull hasn't gone into the matter yet - wants to push up on it. Will call you.
This is an acknowledgment.

From: (Sect. Hull) Gray.

12/17/42

From: Lieut. Stephens
FINANCING

Present: Mr. Bell
Mr. Buffington
Mr. Kuhn
Mr. Wanders
Mr. Lemmon

H.M.JR: What are your recommendations? Who is the mouthpiece here, you?

MR. BUFFINGTON: We discussed it at some length with Harold Thomas - newspaper, radio and other means - and every one seemed to be in agreement that with the short time elapsing the radio was probably the most easily accessible and the most efficient thing for this purpose. Then we got to discussing the possible candidates, and somewhat independent of one another arrived at Mr. Willkie as being the person who could do a good job Sunday night, if possible.

We only have until Wednesday night to accomplish anything after whatever enthusiasm is brought to the public that late. Everyone seems to be in agreement that anything in the newspapers would not be very effective, and that radio is probably the best thing to try to use. So it boiled down to who is the most usable person for that purpose.

MR. KUHN: There are two good spots: on Columbia, seven to seven-thirty, and one on the Blue from eight to eight-thirty, and on either one of those Willkie could get quite an audience if we wanted to ask him.

MR. BELL: Do you need enthusiasm right at the end?

MR. BUFFINGTON: I just feel that anything you can do to not let it just taper off, but rather have it end

December 15, 1942
4:10 p.m.
with a bang is always a good way to end a ball game. The only question is, if there were a matter of cost involved I would think it might be money misspent because of the shortness of time afterward, but this would cost no one anything; and I would think it might have possible value for succeeding campaigns and undoubtedly would do some good in stimulating the last-minute results.

MR. BELL: I see no objection to it if there are not any objections to the man.

MR. WANDERS: It is quite usual in a drive of this kind to end up in a bit of a blaze.

MR. KUHN: The general feeling this morning was that that would do some good, not a vast amount, because there is not a great deal of time, but it certainly would do no harm.

MR. BELL: It would give you a test to see what it could do.

MR. KUHN: You have to get a good national speaker who can command an audience or else it had better not be done at all.

MR. BUFFINGTON: Dan, you had mentioned the possibility of Kaiser and someone out of Mr. Byrnes' office. We also discussed the possibility of Mr. Byrnes. I think that at that late date whoever you used—if you could get quite an audience—some of those men are good, but are not as well known to radio listeners as someone like Willkie.

MR. BELL: I did not hear Kaiser the other night when he made his speech in New York, but somebody who did said he had a grand voice and made a good speech before the NAM.

MR. LEMMON: He has a fine radio voice.
MR. BELL: They said that he made a good speech on the post-war program.

MR. KUHN: He said they should use war bonds as down payments for the 1945 cars, and the automobile industry was very indignant about it.

H.M. JR: Why?

MR. KUHN: Because the whole public relations campaign has been to show how well they have converted to war and how they are not thinking of their 1945 models, and here comes this shipbuilder to give them an idea and make it seem that they are intent above all on their 1945 sales. They put up the president of Willys-Overland to answer him. They called him names and said that the war bond idea is illegal anyway. (Laughter)

MR. BELL: Maybe you don't want him then.

H.M. JR: Well look, gentlemen, let me think about this. I can give you an answer in the next ten or fifteen minutes so you can get started.
Go ahead.

Hello.

Hello – Ronald Ransom.

Yeah.

I reported that meeting to the chairman....

Yes.

....and he's instructed Goldenweiser to call Harry White right away and decide that if the language of this draft means what Harry did....

Yes.

....Harry thinks it means as to the two-and-a-half limitation on the funds that we contribute ....

Yeah.

....that that's fine, just go ahead and take the next step with it....

I see.

....so there won't be any delay on that at all, because that's Harry's own interpretation of his own language....

Yes.

....but, frankly, I think perhaps it's susceptible to another interpretation which I don't think Harry would want....

Yeah.

....and by calling it to his attention at this stage, why, it leaves us free to help get the language in the shape that....

Right.
R: ....Harry himself says he wants it.
HMJr: Okay.
R: Sorry I had to delay it that long.
HMJr: Thank you.
....to Mrs. Roosevelt on this same thing, the Government lounge at this Penn Station 
cashing checks?

Daniel Bell: Oh, yeah.

HMJr: Look, let's try it for a day or two anyway - hello?

B: Yeah.

HMJr: Just to cash Government checks.

B: Put it down at the station?

HMJr: Well, they say there's a lounge there of some kind - in the Government lounge....

B: There's a - there is a - they've turned over, I think, the President's Room....

HMJr: That's right.

B: ....to the soldiers.

HMJr: That's right.

B: Uh huh. All right.

HMJr: Let's try it for a couple of nights.

B: All right. I'll be....

HMJr: Who - who will do that? Who do....

B: Well, the Treasurer would have to do it. He'd have to pick a couple of his good people 
and put them down there. I mean it's some-
thing that can't be taken very lightly. After 
all, you're cashing - they're using Government 
money, and....

HMJr: Well, tell him to try it.
B: .....it's his respon... - his responsibility under his bond, you know.

HMJr: All right. Well, will you talk to him about it, and....

B: I'll talk to him about it tomorrow morning.

HMJr: And give me a little note so I can....

B: Yup, I will.

HMJr: .....let Mrs. Roosevelt know.

B: Fine, I'll do it.

HMJr: Thank you.

B: All right.
Secretary Morgenthau

I was considerably disturbed by Standard & Poor's weekly letter dated December 14, 1942, which says, "Since Secretary Morgenthau's return from England, Washington has buzzed with rumors growing out of the exhaustion of British monetary reserves at home and in this country."

Of course, this is the bunk. Quite the contrary is true. I would like to have one of you interview the Washington representative of Standard & Poor's and find out where they got this story from, particularly in the Treasury, and then have the man see Harry White and have him correct it. This should be done today.

It is most unfortunate that a story like this should be written and circulated by an organization like Standard & Poor's.
To: Mrs. McHugh

Original of attached statement handed to Mr. Boyer, of Standard and Poor, at 2:45 p.m. today by Mr. White, in accordance with memorandum from the Secretary.

Mr. Schwarz and Mr. Kuhn were in on the conference.

L. Shanahan

MR. WHITE
Branch 2058 - Room 214½
TO Secretary Morgenthau
FROM Mr. Schwarz

I talked this morning with Mr. Gaylord W. Boyer, Washington representative for Standard and Poor's, in connection with the article in their current letter, "Currency Stability a Postwar Aim." Mr. Boyer made it clear that nothing in the article was based on any reports he had made to New York, that the entire piece had been prepared in the home office.

By telephone to the editorial office in New York, I was told that the editors had been informed by a number of recent visitors here that British financial representatives and our own Federal Reserve officials were discussing the rumor they reported.

They conceded that, for more accurate reporting, they should have checked with the Treasury, and asked that we give a correct statement of the situation to Mr. Boyer so that he could forward it to them for use in the Letter to give the correct information to their readers. They also agreed to clear up the false implication created by their opening sentence, which indicated that the rumors had their genesis in your return from England.

Mr. White, Mr. Kuhn and I talked with Mr. Boyer at 2:30 o'clock in Mr. White's office, at which time the whole article was analyzed with him and he made notes for a report back to New York. Not for attribution to the Treasury, but for the guidance of the editors, Mr. White provided the attached statement as the basis for a correct article on the situation.
Information which has just come to our attention points to the fact that the British foreign exchange resources, far from approaching the point of exhaustion as was rumored in some quarters, are very substantial and have been gradually increasing.
PRODUCTION and DISTRIBUTION

of the Pamphlet

"YOUR NEW INCOME TAX"
MEMORANDUM

TO: Secretary Morgenthau  
FROM: Mr. Sullivan  

November 19, 1942

I present for your approval type proof of a folder entitled "Your New Income Tax". This is to serve the same purpose as the folder "Know Your Taxes", of which approximately forty-two million were distributed last year.

This folder was prepared in collaboration with Mr. Schwarz, The Bureau of Internal Revenue, and the Division of Tax Research. It has been read and approved by Mr. Cann for the Bureau of Internal Revenue, and by Messrs. Bell, Gaston, Kuhn and Buffington. If you approve, it is ready for immediate production.

The following distribution is suggested for this folder:

<table>
<thead>
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<th>Category</th>
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<tr>
<td>Employees of Private Industry</td>
<td>37,731,000</td>
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<tr>
<td>Federal Employees, including Army and Navy</td>
<td>9,203,000</td>
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<tr>
<td>State Employees</td>
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<td>Municipal Employees, all cities of 5,000 population and over</td>
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<tr>
<td>County Employees, counties over 50,000 population</td>
<td>180,000</td>
</tr>
<tr>
<td>School Employees, cities over 5,000 population</td>
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<tr>
<td>Victory Fund Committee, for distribution through the 36 Federal Reserve Banks and Branches</td>
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</tr>
<tr>
<td>Reserve Supply to fill direct requests from all sources</td>
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<td><strong>TOTAL</strong></td>
<td><strong>51,885,000</strong></td>
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The Government Printing Office estimates the cost of paper and printing of the above quantity at approximately $57,500. The cost of distribution from printers to points of distribution and of mailing will be in addition to the above figure.
Your New Income Tax

...and a convenient "save-as-you-go" way to meet it

Our Congress has levied our first war-time income tax. The increased rates are a necessary step toward fighting and winning our life-and-death war for freedom and for the very existence of our Nation.

Not all of us can bear arms and risk our blood and our lives in this high cause. But all of us can, and must, pay generously that our fighting men may have everything needed for victory. Every American should pay his or her share of these taxes gladly and gladly, as a personal contribution in our great battle for our liberties and the freedom of our children and your children's children.

An income tax return must be filed by single persons having a total income of $500 or more, and married persons having a total income (separately or combined) of $1,200 or more.

Members of the military or naval forces of the United States below the grade of commissioned officer on December 31, 1942, should not include in gross income the first $250 if single, or the first $300 if married or head of a family on that date, received as compensation for active service.

The return must be filed with the Collector of Internal Revenue for your district on or before March 15, 1943. The tax may be paid in a lump sum or in equal quarterly installments, the first installment to accompany your return to be filed on or before March 15, 1943. If you can do so, help your Government by paying in a lump sum.

Pay the tax to the Collector; if by check or money order, make it payable to "Collector of Internal Revenue."

What Will YOUR Income Tax Be?

This folder has been prepared as a service to all taxpayers, old and new, to inform them about their income taxes.

Pick out the column (on the other side), which corresponds to your family status—single; or married, without dependents, or with one, two, or three dependents. Then in the tables below you can read at a glance approximately what your tax bill will be, and what your weekly savings must be to meet it.

Begin your weekly savings NOW so as to accumulate in time the taxes due quarterly on March 15, June 15, September 15, and December 15. These weekly savings are in addition to the 5 percent "Victory Tax" which will be currently deducted from your pay checks during 1943. The Victory Tax is in addition to and entirely apart from the regular income tax.

START SAVING NOW for Your Income Tax Payments

Income tax payments are an important part of the Nation's war financing program. Your country needs your income tax.

It is not only a moral and legal obligation of first importance, but it is also your most direct way of backing up our fighting men. Therefore, it is vital for you to provide for your income tax in your budget just as you provide for every other expense.

Ask yourself this question: "Will I have enough money on hand to make my income tax payments as they fall due?" For your own peace of mind, make arrangements now so that you most certainly will have that money on hand. Start today on some systematic program of saving for taxes; and from this day on, every time you receive any money, "shameful" a generous part of it for income tax—and put it away where you won't spend it.

TAX SAVINGS NOTES Let Your Tax Money Earn Interest for You

One good way of saving for taxes is to buy United States Tax Savings Notes on a regular schedule. These notes were created by the Treasury for the specific purpose of making it easier for you to plan ahead. They pay you interest on the money you set aside and use for payment of your income tax.

Like other United States Government securities, they are the safest investment in the world. Your name is written on each one, so if it is lost or stolen nobody else can sell it or use it. If for any reason you have to convert them back into cash, the United States Treasury guarantees you will get back every penny you paid for them.

Series A Tax Savings Notes increase in value 16 cents per $100 each month, an interest rate of about 1.92 percent a year. During and after the second calendar month after the year you buy them, your Collector of Internal Revenue will accept them, at their face value plus the interest, in payment of Federal income, gift, or estate taxes (up to a yearly limit per person of $5,000 for each type of tax).

For larger taxpayers, Series C Tax Savings Notes are acceptable in unlimited amount in payment of the same taxes.

Ask Your Banker or Employer

Any banker, or your own employer, will help you start some program of regular savings to meet future tax payments. If you decide to save by purchase of Tax Savings Notes, go to any bank, trust company, securities dealer, savings and loan association. Or mail your application to the Federal Reserve Bank in your district with your personal check or money order; or to the Treasurer of the United States, Washington, D. C.

Save—and Save Now

Whether you buy Tax Savings Notes, or put the money away in the bank, or work out some other plan—don't delay. For your country's good and for your own protection, start some regular income tax savings program on your next pay day. And then, keep it up.

This is Your Country, Your War, And YOUR TAX—Let's Save for It Regularly And Pay It Promptly
The table below shows how much tax you will have to pay based on your net or TAXABLE INCOME during 1942.

In these tables, TAXABLE INCOME means the amount (before deducting your personal exemption—i.e., $500 if single; $1,500 if head of family; $350 for each dependent) received from wages, salary, bonuses, commissions, fees, annuities, dividends, interest, income from your farm, business, or profession, etc., LESS your charitable contributions, interest paid out, bad debts, certain taxes, and other deductions authorized by law.

If your entire income was not over $3,000 and consists wholly of salaries, wages, dividends, interest, and rents, you may report on the new simplified Form 1040. In this case, your tax, and the weekly savings necessary, will be approximately the same as shown in the table below.

### Table of Taxes Payable on 1942 Incomes and Weekly Savings Needed to Meet Them

#### if you are
- **Single—Without Dependents** (not head of family)
- **Married—No Dependents**
- **Married—One Dependents**
- **Married—Two Dependents**
- **Married—Three Dependents**

<table>
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<th>Income</th>
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<td>3,900</td>
</tr>
</tbody>
</table>

1 Less than 50 cents.
TO: Mr. Cann  
FROM: Mr. Sullivan  

November 24, 1942  

Secretary Morgenthau has approved the printing of the folder, "Your New Income Tax", as it appears in the attached O.K.'d proof.

He has also approved the printing of 51,885,000 copies of this folder, and its distribution as laid out in my memorandum to him dated November 19, 1942. Copy of this memorandum is attached.

Will you please make arrangements to have this folder printed? Mr. Berger, of the Procurement Division of the Treasury, will place the order immediately.

Arrangements have been made by the Government Printing Office to have this job printed in Philadelphia, Washington, St. Louis and Chicago.

The order should be broken down into the following quantities:

- Philadelphia Printers 14,500,000 copies
- Washington Printers 14,500,000 "
- St. Louis Printers 10,285,000 "
- Chicago Printers 12,600,000 "

Within the next two days I will give you detailed information from which you can order the printers to make final delivery. In the main, deliveries will be made to:

1. Offices of Collectors of Internal Revenue
2. The 12 Federal Reserve Banks for use by the Victory Fund Committee
3. State Governors for distribution among state employees
4. Departments and agencies of the Federal Government
5. State and local school boards (probably in bulk shipment to the War Savings Staff mailing department in Chicago)
6. United States Treasury Chief Clerk's Office

Atts.
Mr. Cann

Mr. Sullivan

On the attached pages I give you detailed information on how the edition of 51,885,000 copies of "Your New Income Tax" should be delivered by its four printers to various points of final distribution.

The copies marked for distribution to the Offices of the Collectors of Internal Revenue are to be used for two purposes:

1. To be sent out by the Collectors in bulk to employers of eight or more employees.

2. To fill demands received from municipalities and counties for supplies which they will distribute among city and county employees.

Folders sent to the various Governors will be distributed direct by the State authorities to the State's own employees.

Folders delivered to various Government offices and departments will be distributed by those offices and departments to Federal employees.

Folders delivered to the Chief Clerk's Office, Treasury Building, Washington, D.C., will be used to meet individual requests from all sources and to supply shortages which may develop elsewhere.

Folders delivered to the various Federal Reserve Bank buildings are for the use of the Victory Fund Committee.

Folders will be distributed to almost 1,000,000 school employees in the United States through the War Savings Staff mailing facilities in Chicago.
Distribution of YOUR NEW INCOME TAX

PHILADELPHIA PRINTER

To Deliver as Follows:

To Collectors of Internal Revenue:

Hon. Thomas L. Smith, Hartford, Conn. 660,000
Clinton A. Clauson, Augusta, Maine 230,000
Thomas B. Hasset, Boston, Massachusetts 1,865,000
Peter W. Gagne, Portsmouth, New Hampshire 150,000
Harry L. Maloney, Camden, New Jersey 426,000
John E. Manning, Newark, New Jersey 1,113,000
Jos. D. Numan, Jr., Federal Bldg., Brooklyn, NY (1st) 1,240,000
Wm. J. Pedrick, Customhouse, NY, (2nd) 1,210,000
Joseph T. Higgins, 110 E. 45th St., NY (3rd) 1,105,000
Harry M. Hickey, Albany, New York (14th) 792,000
Frank J. Shaughnessy, Syracuse, New York (21st) 383,000
George T. McGowan, Buffalo, New York (28th) 710,000
Walter J. Rotherais, Philadelphia (1st) 2,078,000
Joseph T. McDonald, Scranton, Pennsylvania (12th) 355,000
William F. O'Malley, Pittsburgh, Pa. (23rd) 937,000
Joseph V. Broderick, Providence, Rhode Island 284,000
Fred C. Martin, Burlington, Vermont 97,000

To Victory Fund Committee:

Mr. W. W. Paddock, Federal Reserve Bank Bldg., Boston 100,000
Mr. Allan Sproul, Federal Reserve Bank Bldg., NY City 250,000
Mr. Alfred H. Williams, Federal Reserve Bank Bldg., Philadelphia 150,000

For State Employees:

Governor Robert A. Hurley, Hartford, Connecticut 12,000
Sumner Sewall, Augusta, Maine 6,000
Leverett Saltonstall, Boston, Massachusetts 17,000
Robert C. Blood, Concord, New Hampshire 4,000
Charles Edison, Trenton, New Jersey 14,000
Herbert H. Lehman, Albany, New York 57,000
Arthur H. James, Harrisburg, Pa. 48,000
J. Howard McGrath, Providence, R.I. 5,000
William H. Wills, Montpelier, Vt. 4,000
For United States Employees:

Mr. L. V. Whitcombe, 1322 Post Office Square, Boston 12,000
Mr. Don Iler, 341 Ninth Avenue, 7th Floor, NY City 45,000
Mr. P. J. Garney, 13th Floor, Gimble Bldg., Philadelphia 16,000

For School Employees:

Mr. L. W. Owen, Chief, Division of Savings Bonds,
Nash Building, 236 East 24th Street, Chicago, Ill. 132,000
WASHINGTON PRINTER

To Collectors of Internal Revenue:

Hon. Henry J. Willingham, Birmingham, Alabama
- James H. Latchum, Wilmington, Delaware
- John L. Fahe, Jacksonville, Florida
- Marion H. Allen, Atlanta, Georgia
- M. Hampton Magruder, Baltimore, Maryland
- Eugene Fly, Jackson, Mississippi
- Charles E. Robertson, Greensboro, North Carolina
- William P. Bowers, Columbia, South Carolina
- Nathaniel B. Early, Jr., Richmond, Virginia
- P. Roy Yoke, Parkersburg, West Virginia

450,000
103,000
537,000
590,000
1,090,000
225,000
637,000
324,000
643,000
331,000

For Victory Fund Committee:


75,000
75,000

For State Employees:

Governor Frank M. Dixon, Montgomery, Alabama
- Walter W. Bacon, Dover, Delaware
- Speesard L. Holland, Tallahassee, Florida
- Eugene Talmadge, Atlanta, Georgia
- Herbert R. O’Connor, Annapolis, Maryland
- Paul B. Johnson, Jackson, Mississippi
- J. Melville Broughton, Raleigh, North Carolina
- Burnet R. Maybank, Columbia, South Carolina
- James H. Price, Richmond, Virginia
- Matthew N. Neely, Charleston, West Virginia

7,000
3,000
11,000
7,000
10,000
6,000
15,000
9,000
16,000
9,000

For Reserve:

Office of the Chief Clerk, Treasury Bldg., Washington, D.C.

540,000

For Federal Government Employees:

Mr. Frank L. Walston, Secretary, Commodity Credit Corporation, St. Bldg., Dept. of Agr., Washington, D.C.
Mr. Henry W. Riley, Director of Personnel, National Press Bldg. (Room 433), Washington, D.C.
Mr. Frank Tracy, Chief Clerk, R.F.C., 811 Vermont Ave., N.W., Room 107, Washington, D.C.
Mr. Adler, U.S. Dept. of Justice, Room 1214, Wash. D.C.
Mr. Henry P. Chandler, U.S. Courts, Supreme Court Bldg., Room 150, Washington, D.C.
Miss Stephenson, Dept. of Publicity, Room 1058, Temporary Building "J", Navy Dept., Wash. D.C.

500
2,400
10,500
30,000
2,200
1,743,000

Regraded Unclassified
WASHINGTON PRINTER

To Collectors of Internal Revenue:

Hon. Henry J. Willingham, Birmingham, Alabama 450,000
* James H. Latchum, Wilmington, Delaware 103,000
* John L. Fahs, Jacksonville, Florida 537,000
* Marion H. Allen, Atlanta, Georgia 590,000
* M. Hampton Maigruder, Baltimore, Maryland 1,090,000
* Eugene Fly, Jackson, Mississippi 225,000
* Charles H. Robertson, Greensboro, North Carolina 637,000
* William F. Bowers, Columbia, South Carolina 324,000
* Nathaniel B. Early, Jr., Richmond, Virginia 643,000
* P. Roy Yoke, Parkersburg, West Virginia 331,000

For Victory Fund Committee:

Mr. Hugh Leach, Fed. Res. Bldg., Richmond, Va. 75,000
Mr. W. S. McLain, Jr., Fed. Res. Bank Bldg., Atlanta, Ga. 75,000

For State Employees:

Governor Frank M. Dixon, Montgomery, Alabama 7,000
* Walter W. Bacon, Dover, Delaware 3,000
* Speasard L. Holland, Tallahassee, Florida 11,000
* Eugene Talmage, Atlanta, Georgia 7,000
* Herbert R. O'Connor, Annapolis, Maryland 10,000
* Paul B. Johnson, Jackson, Mississippi 6,000
* J. Malville Broughton, Raleigh, North Carolina 15,000
* Burnet R. Maybank, Columbia, South Carolina 9,000
* James H. Price, Richmond, Virginia 16,000
* Matthew M. Neely, Charleston, West Virginia 9,000

For Reserve:

Office of the Chief Clerk, Treasury Bldg., Washington, D.C. 540,000

For Federal Government Employees:

Mr. Frank L. Walston, Secretary, Commodity Credit
Corporation, St. Bldg., Dept. of Agr., Washington, D.C. 500
Mr. Henry W. Riley, Director of Personnel, National Press
Bldg. (Room 433), Washington, D.C. 2,400
Mr. Frank Tracy, Chief Clerk, R.F.O., 811 Vermont Ave.,
N.W., Room 107, Washington, D.C. 10,500
Mr. Adler, U.S. Dept. of Justice, Room 1214, Wash. D.C. 30,000
Mr. Henry P. Chandler, U.S. Courts, Supreme Court Bldg.,
Room 150, Washington, D.C. 2,200
Miss Stephenson, Dept. of Publicity, Room 1058,
Temporary Building"J", Navy Dept., Wash. D.C. 1,743,000

Regarded Unclassified
For Federal Government Employees, Cont'd:

Col. Dixon, U.S.A., 801 Channing Place, N.E. 97,000

Pentagon Building, Arlington County
(Note: Before delivery call, Mrs. Marie Mazurek, Adjutant General's Office, Branch 3898.) 6,598,500

Mr. Burdick, Chief Clerk, Panama Canal, 411 10th Street, N.W., Washington, D. C. 1,500

Mr. Thompson, Senate Disbursing Officer, Capitol, Washington, D. C. 1,500

Mr. Shanks, House Disbursing Officer, Capitol, Washington, D. C. 1,500

Mr. Henry P. Wright, Chief Clerk, Government Printing Office, Washington, D. C. 8,500


Mr. G. F. Allen, Treasury Annex No. 1, Wash. D.C. 250,000

Mr. C. A. Wood, 101 Marietta St., Atlanta, Georgia 22,000

Mr. E. L. Julian, 2nd Floor Schmidt Bldg. Richmond, Va. 9,000

To Room 11½, Treasury Building 6,500

Regarded Unclassified
To Deliver as Follows:

To Collectors of Internal Revenue:

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<thead>
<tr>
<th>Name</th>
<th>City, State</th>
<th>Amount</th>
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<tr>
<td>Hon. John R. Wiley</td>
<td>Boise, Idaho</td>
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<td>Carter H. Harrison</td>
<td>Chicago, Illinois</td>
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<td>Vincent Y. Dallman</td>
<td>Springfield, Illinois</td>
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<tr>
<td>Willy H. Smith</td>
<td>Indianapolis, Indiana</td>
<td>950,000</td>
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<td>Giles Kavanagh</td>
<td>Detroit, Michigan</td>
<td>1,700,000</td>
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<tr>
<td>Arthur D. Reynolds</td>
<td>St. Paul, Minnesota</td>
<td>760,000</td>
</tr>
<tr>
<td>Lewis Penwell</td>
<td>Helena, Montana</td>
<td>127,000</td>
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<tr>
<td>Hector H. Perry</td>
<td>Fargo, North Dakota</td>
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<td>Frazier Reams</td>
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<td>Harry F. Busey</td>
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<td>Frank F. Gentsch</td>
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<td>1,002,000</td>
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<td>James W. Maloney</td>
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<td>Thomas C. Kasper</td>
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<td>Joe F. Hale</td>
<td>Nashville, Tennessee</td>
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<td>Clark Squire</td>
<td>Tacoma, Washington</td>
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<tr>
<td>Frank J. Kuhl</td>
<td>Milwaukee, Wisconsin</td>
<td>955,000</td>
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For Victory Fund Committee:

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<th>City, State</th>
<th>Amount</th>
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<tr>
<td>Mr. J. Fleming</td>
<td>Federal Reserve Bank Bldg., Cleveland, Ohio</td>
<td>100,000</td>
</tr>
<tr>
<td>Mr. C. S. Young</td>
<td>Federal Reserve Bank Bldg., Chicago</td>
<td>200,000</td>
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<tr>
<td>Mr. J. N. Peyton</td>
<td>Federal Reserve Bank Bldg., Minneapolis, Minnesota</td>
<td>75,000</td>
</tr>
<tr>
<td>Mr. William A. Day</td>
<td>Federal Reserve Bank Bldg., San Francisco, California</td>
<td>150,000</td>
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For State Employees:

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<th>Amount</th>
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<tr>
<td>Governor Chase A. Clark</td>
<td>Boise, Idaho</td>
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<tr>
<td>Dwight H. Green</td>
<td>Springfield, Illinois</td>
<td>23,000</td>
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<tr>
<td>Murray D. Van Wagoner</td>
<td>Lansing, Michigan</td>
<td>18,000</td>
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<tr>
<td>Harold E. Stassen</td>
<td>St. Paul, Minnesota</td>
<td>13,000</td>
</tr>
<tr>
<td>Sam C. Ford</td>
<td>Helena, Montana</td>
<td>4,000</td>
</tr>
<tr>
<td>John Moses</td>
<td>Bismarck, North Dakota</td>
<td>3,000</td>
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<tr>
<td>John W. Bricker</td>
<td>Columbus, Ohio</td>
<td>20,000</td>
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<tr>
<td>Charles A. Sprague</td>
<td>Salem, Oregon</td>
<td>7,000</td>
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<tr>
<td>Harlan J. Bushfield</td>
<td>Pierre, South Dakota</td>
<td>2,000</td>
</tr>
<tr>
<td>Prentice Cooper</td>
<td>Nashville, Tennessee</td>
<td>9,000</td>
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<tr>
<td>Arthur B. Langlie</td>
<td>Olympia, Washington</td>
<td>8,000</td>
</tr>
<tr>
<td>Julius P. Heil</td>
<td>Madison, Wisconsin</td>
<td>8,000</td>
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For Federal Employees:

Mr. W. W. Weldon, 1251 Merchandise Mart, Chicago 30,000
Mr. J. W. Reynar, 4237 Post Office Bldg., Cleveland 15,000
Mr. E. A. Hudson, 120 Customs House, Denver, Colorado 10,000
Mr. R. H. Zohm, 419 Federal Bldg., Helena, Montana 3,500
Mr. Lea Testin, 322 New Post Office Bldg., Minneapolis, Minn. 8,000
Mr. A. W. Wahlers, 519 New U.S. Court House, Portland, Ore. 5,000
Mr. H. D. McIntosh, 210 Hoge Bldg., Seattle, Washington 8,000
Mr. D. W. Herron, 304 Federal Bldg., Juneau, Alaska 2,000

For School Employees:

Mr. L. W. Owen, Chief, Division of Savings Bonds,
Nash Building, 236 East 24th Street, Chicago, Illinois 793,000
To Deliver as Follows:

To Collectors of Internal Revenue:

Hon. William P. Stuart, Phoenix, Arizona
Roy G. Paschal, Little Rock, Arkansas
Richard Nickell, San Francisco, California
Nat Rogan, Los Angeles, California
Ralph Nicholas, Denver, Colorado
Fred H. Kanne, Honolulu, T.H.
Edward H. Birmingham, Des Moines, Iowa
Lynn R. Brodrick, Wichita, Kansas
Seldon R. Glenn, Louisville, Kentucky
Charles A. Donnelly, New Orleans, Louisiana
Robert E. Hannegan, St. Louis, Missouri
Dan M. Nee, Kansas City, Missouri
George W. O'Malley, Omaha, Nebraska
Robert L. Douglass, Reno, Nevada
Steven P. Vidal, Albuquerque, New Mexico
Edward G. Weinewuth, Cincinnati, Ohio
Henry Clifford Jones, Oklahoma City, Oklahoma
Frank Schofield, Austin, Texas
William A. Thomas, Dallas, Texas
William J. Korth, Salt Lake City, Utah
Frank G. Clark, Cheyenne, Wyoming

For Victory Fund Committee:

Mr. Chester C. Davis, Federal Reserve Bank Bldg.,
St. Louis, Missouri
Mr. H. G. Leedy, Federal Reserve Bank Building,
Kansas City, Missouri
Mr. R. R. Gilbert, Federal Reserve Bank Bldg.,
Dallas, Texas

For State Employees:

Governor Sidney P. Osborn, Phoenix, Arizona
Homer M. Adkins, Little Rock, Arkansas
Culbert L. Olson, Sacramento, California
Robert L. Carr, Denver, Colorado
George A. Wilson, Des Moines, Iowa
Payne Ratner, Topeka, Kansas
Keen Johnson, Frankfort, Kentucky
Sam Houston Jones, Baton Rouge, Louisiana
Forrest C. Donnell, Jefferson City, Missouri
Dwight Palmer Griswold, Lincoln, Nebraska
E. P. Carville, Carson City, Nevada
For State Employees, Cont'd:

Governor John E. Miles, Santa Fe, New Mexico 4,000
" Leon C. Phillips, Oklahoma City, Oklahoma 9,000
" Coke Stevens, Austin, Texas 20,000
" Herbert B. Maw, Salt Lake City, Utah 3,000
" Nels Smith, Cheyenne, Wyoming 2,000

For Federal Employees:

Paul L. Rapp, Asst. Chief Administrative Division, Farm Credit Administration, Municipal Auditorium, Kansas City, Missouri 9,000
E. B. Reid, Director of Information, Farm Credit Administration, 212 West 44th Street, Kansas City, Missouri 226,000
Mr. T. H. Daley, 502 Pere Marquette Bldg., New Orleans 12,000
Mr. J. A. Abbott, Federal Building, Albuquerque, N. Mex. 5,000
Mr. L. W. Looker, 315 Federal Courts Bldg., Kansas City, Missouri 16,000
Mr. Harry Rogers, 446 U. S. Post Office and Court House, Los Angeles, California 15,000
Mr. R. E. Waters, U. S. Terminal Annex, Dallas, Texas 15,000
Mr. E. L. Hikinak, 700 New Federal Bldg., St. Louis, Mo. 9,000
Mr. C. E. Gordon, 441 Federal Bldg., Salt Lake City, Utah 3,000
Mr. H. A. Hoiland, 417 Market St., San Francisco, Calif. 12,000
Mr. S. D. Putnam, 328 Federal Bldg., Honolulu, Hawaii 1,000

For School Employees:

Mr. L. W. Owen, Chief, Division of Savings Bonds, Nash Building, 236 East 24th Street, Chicago, Ill. 71,000
Government Printing Office

Bureau of Internal Revenue

November 26, 1942

In relation to the printing of the folder, "Your New Income Tax", if it is feasible, it would be better to cut the Philadelphia print order by 132,000, and the St. Louis print order by 71,000, and increase the Chicago print order by the same amount.

If this can be done, then you may eliminate shipment from Philadelphia and St. Louis to Mr. L. W. Owen, Chief, Division of Savings Bonds, Nash Building, 236 East 24th Street, Chicago, Illinois, and increase the delivery to him from the Chicago printers by the same number. This will make shipment to Mr. Owen from Chicago equal 996,500.

WDH/ed
We would like to have the following multigraphing work done in connection with the distribution of the Treasury folder, "Your New Income Tax":

2,100 copies of a letter to Mayors of cities of 5000 population or more addressed "Dear Mr. Mayor"—multigraphed on Secretary letterheads and carrying the multigraphed signature of Henry Morgenthau, Jr., Secretary of the Treasury.

110 copies of letters addressed to Town Clerks, headed "Dear Mr. Town Clerk", and bearing the multigraphed signature of Mr. Morgenthau, as above.

390 letters to Chief Executives of Counties, addressed "Dear Sir", and bearing the multigraphed signature of Henry Morgenthau, Jr., Secretary of the Treasury.

33 copies of letter to Chief Executive Officers of Counties addressed "Dear Sir" and also bearing the multigraphed signature of Mr. Morgenthau.

It is very important that these letters be completed as soon as possible. When finished, they should be delivered to Miss Duhn, Room 1143.

Atta.
In my absence, will you please follow through on getting form letters produced in connection with the distribution of "Your New Income Tax"?

1. **The letter to Governors**

   This letter marked "A" is to be written to the Governors of the 48 States. They are to be individually typed on the Secretary's engraved letterheads, and personally signed by Mr. Morgenthau. They should be mailed as soon after we know for certain that the printing order has been placed. Complete list of Governors is attached.

2. **Letter to Mayors and Town Clerks**

   This letter marked "B" is to be multigraphed by Miss Newcomer, and carry the multigraphed signature of Mr. Morgenthau.

   2,100 copies should be multigraphed with the heading, "Dear Mr. Mayor", and 110 copies should be multigraphed with the heading, "Dear Mr. Town Clerk".

   Envelopes will have to be individually addressed by the stenographic pool from the lists contained in the Census Volumes, Part 1, January 1942. We are to address the mayor or the town clerk of each city or town of 5000 or more population. We will address envelopes to the mayor, in all cases where the community is listed as a "city"; and to the town clerk, where the community is listed as a "town", except where in Massachusetts, Connecticut and Maine the city is listed as a town.

   Envelopes addressed to Mayors should be addressed in this style:

   The Mayor,
   Cumberland, Maryland.
Envelopes addressed to Town Clerks should be addressed in this style:

Mr. Town Clerk,
Belmont, Massachusetts.

These letters should be mailed as soon as possible after the printing order has been definitely placed.

Of course, it is important that letters addressed to the Mayor get into the envelope addressed to the Mayor, and the same applies to Town Clerks.

Use regular Treasury Department envelopes.

3. Letter to Chief County Executives:

This letter marked "C" is to be sent to the Chief Executive Officer of counties of 50,000 or more in various states. We will need to multigraph about 450 of them. They should carry the multigraphed signature of Mr. Morgenthau. Attached is a list showing the number of counties of 50,000 in each state. The list totals 423 counties.

390 of these letters should be addressed "Dear Sirs", and 33 should be addressed "Dear Sir".

The 33 should be mailed to the following states, addressed as follows:

Arkansas - 5 counties - Judge of County Court, Blank County
Louisiana - 7 counties - President of Policy Jury, Blank Parish
Missouri - 5 counties - Judge of County Court, Blank County
Tennessee - 7 counties - County Judge, Blank County
Vermont - 1 county - Asst. Judge of County Court, Blank County
Kentucky - 8 counties - Judge of the County Court, Blank County

For all other states, the letter headed "Dear Sirs" should be used and enclosed in envelopes addressed as indicated on the list herewith marked "X".
You will have to look up somewhere the county seats so these can be addressed to their proper destination.

These letters should be mailed as soon as possible after we know that the printing order has been placed.

Have a proof of each letter o.k.'d by Mr. Sullivan before multigraphing.
The Treasury has prepared a folder, "Your New Income Tax", to acquaint taxpayers with their obligations under the new Income Tax law. It is of great importance that they receive this folder promptly, and we are counting on your cooperation to accomplish this.

Attached is draft of a letter to employers asking them to see that one of these leaflets is placed in the hands of each of their employees. We will supply you with enough of these letters so that you can mail one to each employer of eight or more, as represented in the file of Addressograph plates in your office. The address of your office and your name can be added to the letters by rubber stamp or mimeograph.

The number of employees embossed on each plate will tell you how many folders to send to each employer. An ample supply of the folders will be delivered to you direct from the printer within the next few days.

In addition to this distribution through employers in private business, the Secretary's Office is requesting county and municipal officials to see that these leaflets are furnished to their employees. They are being told that supplies of the leaflet may be obtained from your office upon request. Please be prepared to comply promptly with any such requests.

This method of distribution in bulk frees you of the necessity of enclosing the folders with the blank income tax return forms mailed to taxpayers, as was done last year.

The Secretary of the Treasury hopes that the final distribution of "Your New Income Tax" by employers to their employees can be completed by December 15th or as soon thereafter as possible. Please do everything in your power to help accomplish this. I shall appreciate your acknowledgment of this letter.

Sincerely yours,

Commissioner.
DEAR SIR:

One of the more serious problems confronting me in laying the groundwork in this District for an efficient administration of the Revenue Act of 1942 is to reach individual taxpayers for the purpose of acquainting them with the amount of income tax which they will be called upon to pay during 1943.

I am fully appreciative of the many demands upon your facilities and upon your time. However, I am taking the liberty of sending you a supply of the leaflet “Your New Income Tax” and am asking you to furnish a copy to each of your employees as soon as possible—before December 15, if possible. May I suggest that you distribute them with your next payroll? If the supply of folders sent is not sufficient for your needs, this office will be pleased to furnish additional copies upon receipt of your request therefor.

I consider it needless for me to dwell at any length on the importance and necessity of taxes in relation to the war effort, and I feel confident I can count on your assistance in this matter. In placing these leaflets in the hands of your employees you will be doing your Government a real service, and you may be sure that your cooperation will be greatly appreciated by the Treasury Department.

Respectfully,

Collector of Internal Revenue.
### DISTRIBUTION OF LEAFLETS "Your New Income Tax"

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<th>Districts</th>
<th>(Thousands)</th>
<th>Districts</th>
<th>(Thousands)</th>
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<td>North Carolina</td>
<td>622</td>
</tr>
<tr>
<td>Arizona</td>
<td>136</td>
<td>North Dakota</td>
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INTERNAL REVENUE COLLECTION DISTRICTS

Alabama
Arizona
Arkansas
California (1st)
California (6th)
Colorado
Connecticut
Delaware
Florida
Georgia
Hawaii
Idaho
Illinois (1st)
Illinois (6th)
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri (1st)
Missouri (6th)
Montana
Nebraska
Nevada
New Hampshire
New Jersey (1st)
New Jersey (5th)
New Mexico
New York (1st)
New York (2nd)
New York (3rd)
New York (14th)
New York (21st)
New York (28th)
North Carolina
North Dakota
Ohio (1st)
Ohio (10th)
Ohio (11th)
Ohio (18th)
Oklahoma
Oregon
Pennsylvania (1st)
Pennsylvania (12th)
Pennsylvania (23rd)

Birmingham
Phoenix
Little Rock
San Francisco
Los Angeles
Denver
Hartford
Wilmington
Jacksonville
Atlanta
Honolulu
Boise
Chicago
Springfield
Indianapolis
Des Moines
Wichita
Louisville
New Orleans
Augusta
Baltimore
Boston
Detroit
St. Paul
Jackson
St. Louis
Kansas City
Helena
Omaha
Reno
Portsmouth
Camden
Newark
Albuquerque
Federal Bldg., Brooklyn
Customhouse, New York
110 E. 45th St., N.Y.
Albany
Syracuse
Buffalo
Greensboro
Fargo
Cincinnati
Toledo
Columbus
Cleveland
Oklahoma City
Portland
Philadelphia
Scranton
Pittsburgh

5,600
1,600
3,700
148,000
207,000
39,000
82,000
13,000
76,000
73,000
18,000
15,000
306,000
61,000
112,000
71,000
48,000
54,000
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47,000
72,000
80,000
10,000
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40,000
124,000
44,000
51,000
217,000
45,000
120,000

Regarded Unclassified
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<tr>
<td>Wyoming</td>
<td>Cheyenne</td>
<td>7,000</td>
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</table>
My dear Governor Dixon:

The wartime Revenue Act recently passed by the Congress will call for income tax payments from many millions of people who have never before paid an income tax. Millions who have paid income taxes before will pay appreciably larger amounts in 1943.

It is to the interest of the taxpayers, as well as the Treasury, that they be informed promptly what their tax liability will be and approximately how much they should set aside each pay day toward the payment of these taxes as they fall due during 1943.

We have printed a folder which gives this information, and I ask your help in getting it distributed as promptly as possible. Under separate cover we are sending you a supply of these folders. "Your New Income Tax". May I ask you to distribute one of these to each one of your State employees outside of your school system at the earliest possible opportunity—preferably with your next payroll?

To reduce this burden on your office as much as possible, I have taken the liberty of sending folders direct to each school employee in your State.

If the supply sent you is not adequate to cover all your other State employees, you can get additional folders on request from the nearest Collector of Internal Revenue.

Please let me thank you in advance for your cooperation in this very important matter.

Sincerely,

Honorable Frank M. Dixon,  
Governor of Alabama,  
Montgomery, Alabama.
LIST OF GOVERNORS

Governor Frank M. Dixon, Montgomery, Alabama.
Governor Sidney P. Osborn, Phoenix, Arizona.
Governor Homer M. Adkins, Little Rock, Arkansas.
Governor Culbert L. Olson, Sacramento, California.
Governor Ralph L. Carr, Denver, Colorado.
Governor Walter W. Bacon, Dover, Delaware.
Governor Spessard L. Holland, Tallahassee, Florida.
Governor Eugene Talmadge, Atlanta, Georgia.
Governor Chase A. Clark, Boise, Idaho.
Governor Dwight H. Green, Springfield, Illinois.
Governor Henry F. Schricker, Indianapolis, Indiana.
Governor George A. Wilson, Des Moines, Iowa.
Governor Payne Ratner, Topeka, Kansas.
Governor Keen Johnson, Frankfort, Kentucky.
Governor Sam Houston Jones, Baton Rouge, Louisiana.
Governor Sumner Sewall, Augusta, Maine.
Governor Herbert R. O'Conor, Annapolis, Maryland.
Governor Leverett Saltonstall, Boston, Massachusetts.
Governor Murray D. Van Wagoner, Lansing, Michigan.
Governor Harold E. Stassen, St. Paul, Minnesota.
Governor Paul B. Johnson, Jackson, Mississippi.
Governor Forrest C. Donnell, Jefferson City, Missouri.
Governor Sam C. Ford, Helena, Montana.
Governor Dwight Palmer Griswold, Lincoln, Nebraska.
Governor E. P. Carville, Carson City, Nevada.
Governor Robert O. Blood, Concord, New Hampshire.
Governor Charles Edson, Trenton, New Jersey.
Governor John E. Miles, Santa Fe, New Mexico.
Governor Charles Poletti, Albany, New York.
Governor J. Melville Broughton, Raleigh, North Carolina.
Governor John Moses, Bismarck, North Dakota.
Governor John W. Bricker, Columbus, Ohio.

Governor Leon C. Phillips, Oklahoma City, Oklahoma.

Governor Charles A. Sprague, Salem, Oregon.

Governor Arthur H. James, Harrisburg, Pennsylvania.

Governor J. Howard McGrath, Providence, Rhode Island.

Governor R. M. Jefferies, Columbia, South Carolina.

Governor Harlan J. Bushfield, Pierre, South Dakota.

Governor Prentice Cooper, Nashville, Tennessee.

Governor Coke Stevenson, Austin, Texas.

Governor Herbert B. Maw, Salt Lake City, Utah.

Governor William H. Wills, Montpelier, Vermont.

Governor Colgate Darden, Jr., Richmond, Virginia.

Governor Arthur B. Langlie, Olympia, Washington.

Governor Matthew M. Neely, Charleston, West Virginia.

Governor Julius P. Heil, Madison, Wisconsin.

Governor Nels Smith, Cheyenne, Wyoming.
Dear Mr. Dexter:

The nation's war effort necessitates the payment of income taxes by many millions of people who have never paid them before. Millions who have paid income taxes before will pay appreciably larger amounts in 1943. It is important that taxpayers be informed as promptly as possible how much in income taxes they will have to pay during 1943, and how much they should set aside each pay period to make these payments as they come due.

The Treasury has printed a folder, "Your New Income Tax", which gives this information, and I am asking your help in getting it distributed. Confident of your cooperation, I have instructed the printer to deliver direct to you a supply of these folders in sufficient quantity to distribute one to each school employee in your State.

Will you help by getting these distributed as promptly as possible - preferably on or before December 15th? If you need additional copies of the folder, you may obtain them from the office of the Collector of Internal Revenue nearest you.

Please let me thank you in advance for your help, which will be a definite service to the nation, as well as to the employees of your department.

Sincerely,

Mr. Walter F. Dexter,  
State Superintendent of  
Public Instruction,  
Sacramento, California.
List of Heads of Departments of Education in the 18 States to which bulk shipments will be made through the War Savings Staff.

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<tr>
<th>State</th>
<th>Head of Department</th>
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</thead>
<tbody>
<tr>
<td>California</td>
<td>Walter F. Dexter, State Superintendent of Public Instruction, Sacramento, California.</td>
</tr>
<tr>
<td>Colorado</td>
<td>Inez J. Lewis, State Supt. of Public Instruction, Denver, Colorado.</td>
</tr>
<tr>
<td>Delaware</td>
<td>H. V. Holloway, State Supt. of Public Instruction, Dover, Delaware.</td>
</tr>
<tr>
<td>(District of Columbia)</td>
<td>Frank W. Ballou, Superintendent of Schools, Washington, D. C.</td>
</tr>
<tr>
<td>Iowa</td>
<td>Jessie N. Parker, State Supt. of Public Instruction, Des Moines, Iowa</td>
</tr>
<tr>
<td>Kentucky</td>
<td>John W. Brooker, State Supt. of Public Instruction, Frankfort, Kentucky.</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Walter F. Downey, Commissioner of Education, Boston, Massachusetts.</td>
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<tr>
<td>Mississippi</td>
<td>J. S. Vandiver, State Supt. of Education, Jackson, Mississippi.</td>
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<tr>
<td>Montana</td>
<td>Elizabeth Ireland, State Supt. of Public Instruction, Helena, Montana.</td>
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<tr>
<td>State</td>
<td>Name</td>
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<td>------------</td>
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<td>New Jersey</td>
<td>Charles H. Elliott</td>
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<td>Kenneth C. Ray</td>
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<td>Ralph E. Noble</td>
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<td>Washington</td>
<td>Mrs. Pearl A. Wanamaker</td>
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<tr>
<td>Wisconsin</td>
<td>John Callahan</td>
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</table>
To the School Official Addressed:

Because of the nation’s war effort, the new Income Tax law lays a heavier burden of taxation on all citizens, including many who have never before paid income taxes.

I think you will agree with me that individual taxpayers are anxious to know what income tax payments will be required of them during 1943, and how much they should begin saving each pay day to meet these payments.

The Treasury Department has just printed a folder giving this information, and I want to ask your cooperation to the extent of distributing it to the school employees under your jurisdiction. To this end I am sending you a sufficient number of these folders. May I count on you to distribute them among your school employees promptly, if possible by December 15th?

If you should need additional copies, you can obtain them by applying to the office of the nearest Collector of Internal Revenue.

Please let me thank you in advance for your help in this very important matter.

Sincerely yours,

Henry Morgenthau, Jr.
Secretary of the Treasury
Dear Mr. Mayor:

It is to the interest of the taxpayers that they be informed promptly what their Federal income tax liability will be, and approximately what they should set aside each pay day to make their payments as they fall due during 1943.

The Treasury has printed a folder which gives this information. May I ask you to help us in its distribution by giving one of these folders to each of your municipal employees at the earliest possible opportunity--preferably with your next payroll? Please call upon your nearest Collector of Internal Revenue to supply you with the number of folders you require.

Please let me thank you in advance for your help in this very important matter.

Sincerely yours,

Henry Morgenthau
Secretary of the Treasury
Dear Mr. Town Clerk:

It is to the interest of the taxpayers that they be informed promptly what their Federal income tax liability will be, and approximately what they should set aside each pay day to make their payments as they fall due during 1943.

The Treasury has printed a folder which gives this information. May I ask you to help us in its distribution by giving one of these folders to each of your municipal employees at the earliest possible opportunity—preferably with your next payroll? Please call upon your nearest Collector of Internal Revenue to supply you with the number of folders you require.

Please let me thank you in advance for your help in this very important matter.

Sincerely yours,

[Signature]

Secretary of the Treasury
December 3, 1942

Dear Sirs:

It is to the interest of the taxpayers that they be informed promptly what their Federal income tax liability will be, and approximately what they should set aside each pay day to make their payments as they fall due during 1943.

The Treasury has printed a folder which gives this information. May I ask you to help us in its distribution by giving one of these folders to each of your county employees at the earliest possible opportunity—preferably with your next payroll? Please call upon your nearest Collector of Internal Revenue to supply you with the number of folders you require.

Please let me thank you in advance for your help in this very important matter.

Sincerely yours,

Henry Morgenthau, Jr.
Secretary of the Treasury
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December 3, 1942

Dear Sir:

It is to the interest of the taxpayers that they be informed promptly what their Federal income tax liability will be, and approximately what they should set aside each pay day to make their payments as they fall due during 1943.

The Treasury has printed a folder which gives this information. May I ask you to help us in its distribution by giving one of these folders to each of your county employees at the earliest possible opportunity—preferably with your next payroll? Please call upon your nearest Collector of Internal Revenue to supply you with the number of folders you require.

Please let me thank you in advance for your help in this very important matter.

Sincerely yours,

Henry Morgenthau, Jr.
Secretary of the Treasury
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MEMORANDUM

December 15, 1942.

TO: The Secretary


After a description by Commissioner Helvering of the plans that had already been made to give public instruction on the filing of income tax returns (in accordance with the memorandum from Commissioner Helvering which is attached hereto) it was the conclusion of the group that the services of certain school teachers (especially teachers of commercial subjects and social studies) throughout the country could best be used in the following way:

They should be requested to instruct their own pupils in the schools and such adult groups as they customarily reach. These adult groups might include parent-teacher associations, women's clubs, trade union groups, Americanization classes, etc. The material which the Bureau of Internal Revenue has prepared for distribution to daily and weekly newspapers, labor and farm journals plus tax forms would be made available to these teachers and would form the basis for this instruction. The advantage of this procedure is that it would make use of already existing channels and would not therefore necessitate the creation of new machinery for this purpose. It was agreed that this program should be separate and distinct from the work to be done by the Bureau of Internal Revenue as outlined in the Commissioner's memorandum.
MEMORANDUM FOR SECRETARY MORGENTHAU:

To meet the exigencies of the forthcoming income tax filing period the Bureau is now completing the material for a greatly enhanced educational and informational campaign. A printed pamphlet containing 43 short articles will be sent with a letter from the Commissioner to the managing editors of approximately 2,200 daily newspapers, the first article to be released on January 4, 1943.

In addition to the daily newspaper coverage 9 special articles have been prepared for weekly newspapers and will be mailed with a letter from the Commissioner to the editors of approximately 11,500 weekly newspapers. The first article will be for release the week of January 4th. In the preparation of these special articles both for the daily and weekly newspapers the Bureau has departed from strictly technical explanations of the various provisions of the income tax law and regulations and is presenting them in much simpler and understandable language which it is believed will have a far greater appeal to the layman.

The Bureau is keenly aware that many of the new taxpayers on March 15, 1943 will be from the ranks of Labor and therefore has prepared 3 special articles on problems that are peculiar to the income tax returns of that class of taxpayers. These articles are in addition to the 43 articles furnished the daily newspapers. This material will be furnished labor union publications accompanied by a letter from the Commissioner.

Special material is furnished all farm journals, about 500 in number, on the subject of farmers and Federal income tax.
Memorandum for Secretary Morgenthau.

The Bureau will prepare and distribute income tax trevities and spot announcements for the use of radio broadcasting stations, about 500 in number. Special radio script based on the Revenue Act of 1942 will be prepared for the use of the 64 Collectors.

The Bureau recognizes that many special problems will arise in connection with the armed forces and is at this time reviewing memoranda prepared by the Army and the Navy on the subject of income taxes to be distributed to the military and naval personnel. This material will be reproduced in military and naval post publications and will cover such special problems as allotments.

The publicity campaign as outlined above will be augmented from time to time by the release of special material as the need becomes apparent.

On the subject of Victory tax the Bureau is furnishing every employer a printed circular containing a complete statement of the employer's duties and responsibilities under the Victory tax provisions of the Revenue Act of 1942. A poster entitled "Victory Tax - Notice to Employees" is being furnished every employer so that it may be posted at the pay window or in some other conspicuous place in order that the employees may be aware of the requirements of the 1942 law imposing a Victory tax. A poster "Notice to Employees" containing more detailed information respecting the withholding of the Victory tax was released on October 30, 1942. Special radio material on the subject of Victory tax is being prepared for use in the latter part of December. Special press releases on the subject of Victory tax will be made available the latter part of December.

In a letter dated December 3, 1942 Collectors were instructed to distribute the leaflet "To Employers of Eight or More" with the request that one of the leaflets be placed in the hands of each employee.
Memorandum for Secretary Morgenthau.

It is the practice each year for Collectors to augment the publicity initiated by the Public Relations office of the Treasury and the Public Relations office of the Bureau by arranging with local newspapers and radio stations for an expansion of the Department and Bureau publicity.

To further facilitate the filing of returns the Collectors' offices and Division offices have been expanded from 94 to 448. The opening of these additional offices will undoubtedly relieve congestion particularly in the metropolitan collection districts. These new offices will also facilitate the distribution of forms, the handling of mail and the furnishing of information to the public.

The Bureau has requested each employer to post in a conspicuous place a notice containing the date that a deputy collector of internal revenue will be available to assist taxpayers in preparing their returns. Employers have also been requested to assist in the distribution of blank forms to individuals liable for the first time for the filing of income tax returns. Of course, all employees who filed returns for the year 1941 will receive blank return forms from the Collector.

The Bureau, through its Collectors, will arrange with Post Commandants for the assignment of deputy collectors to assist military and naval personnel in the preparation of their returns. In the rural areas itineraries of deputy collectors are furnished the public through the daily and weekly papers and notices are also posted in conspicuous places in the post offices.

You will recall that our force of field deputy collectors is being increased from 5,579 to 7,979. This force during the filing period is available to the general public throughout the country including taxpayers residing in the urban and rural areas. The revenue agent force of approximately 3,700 is also available and to the extent necessary may be assigned to the function of assisting taxpayers in the preparation of their returns.
Memorandum for Secretary Morgenthau.

The Bureau, in accordance with its established practice, will keep Collectors' offices open at night during the latter part of the filing period for the convenience of the taxpayers.

I have every confidence that the Bureau with its increased personnel will be able to furnish the service to which the taxpaying public has become accustomed.

[Signature]
Commissioner.
Memorandum Concerning School Services on
The Reporting of Income Taxes in 1943
From: Howard E. Wilson and Forrest Long

I. Project: The schools of the United States can and should render service to the Government and the war effort by aiding the public in understanding the basic principles of taxation and in filling out income tax returns during January, February and March, 1943. The schools should bring to the attention of the public the printed materials of the Department of the Treasury to serve the groups filling out tax forms, especially Form 1040 A.

II. Sponsorship: The project should be directed by a national committee of one representative each from such professional organizations as the American Association of School Superintendents, the National Association of Secondary School Principals, the National Council for the Social Studies, the National Council of Commercial Teachers, and National Council of Mathematics Teachers. This Committee should meet at the earliest possible moment at the request of the Secretary of the Treasury. At an appropriate time the United States Office of Education should be asked to designate a member of its staff to serve with this Committee. The Department of the Treasury should sponsor and finance the project, but the contact with schools should be through the Committee. The Committee should
make clear to schools and public that the teachers and administrators cooperating in carrying out this work in the schools are not official representatives of the Department of the Treasury. The work of the Committee should be supplementary to, and officially separated from, the program of the Bureau of Internal Revenue.

III. Procedure: The national Committee of educators should issue at the earliest possible moment an invitation to every secondary school in the United States to participate in explaining to the public the tax forms and procedures for 1943. Specifically, secondary schools should be invited to do the following:

a. Designate a teacher or committee of teachers to act as the local agents for the program.

b. Set aside a room in the school to serve as a resource center or clinic where all materials issued by the Department in explanation of the 1943 taxes may be assembled. This room should be open to the public during appropriate hours during January, February and March. The school should take responsibility for publicizing the existence of this room and urging the public to use it. Citizens coming to the clinic should not be given detailed advice by teachers on how to fill out their own tax forms. The teachers on duty should do no more than point out to a citizen the passages in available printed materials which relate specifically to his problem or should refer the individual to the representative of the Bureau of Internal Revenue. Teachers in charge of the clinic should familiarize themselves with printed materials issued by the Department and, wherever possible, should have preliminary instruction by local representatives of the Bureau of Internal Revenue.
c. The local agents should give or arrange to have
given by others explanations of the tax forms to
existing groups and organizations, such as Parent-
Teacher Associations, adult forums, League of
Women Voters, Citizenship Classes, etc. In
addition they should schedule special talks ex-
plaining the simplified tax form for groups of
interested citizens who care to come to the
clinic room for public meetings at designated
times.

d. Wherever possible appropriate materials on the
1943 tax situation should be incorporated in the
secondary school curriculum with the expectation
that the explanations will be carried home by
students.
National Council Social Studies - Roy Price, Syracuse Univ.

Mathematics - Rolland R. Smith, Springfield, Mass. High School
Home - 16 Highland St., Longmeadow, Mass.

Comm. - Hamden L. Forkner, T. C. Columbia

Prin. - Vergil M. Hardin, Springfield, Missouri

Sup. - Homer Anderson, St. Louis and Treasury
Attached is a brief memo explaining the steps required of employers and employees in complying with the Victory Tax.
Steps required of employers and employees in complying with the Victory tax.

1. The employer

   a. Each pay period the employer withholding from the wages of each employee an amount determined either (1) by computing 5 percent of the excess of the wage over the exemption ($12 weekly), or (2) by using the simplified tables in the law which show the amount to be withheld for each wage bracket.

   b. Within a month after each quarter the employer files a simple summary form, showing total wages paid and the total amount withheld during the quarter, and remits the amount he has withheld during the quarter.

   c. Within a month after each year the employer files out for each employee an individual withholding return in duplicate, showing the wages paid and the tax withheld during the year. One copy goes to the Bureau, together with the summary form for the final quarter and the reconciliation form for the entire year; the other copy to the employee as a receipt for the tax withheld. If employment ends before the end of the year the receipt must be furnished within thirty days after the last wage payment.

2. The employee-taxpayer

   The employee must (1) retain the receipts for tax withheld and (2) file a return by March 15, beginning in 1944. The Victory tax return is combined with the regular income tax return.

   The taxpayer determines the amount of tax due as follows:

   a. Computation of gross tax

   The taxpayer determines his "Victory tax net income", which for most taxpayers will be the "gross income" figure

   1/ The individual withholding return sent to the Bureau supplanted, on income subject to Victory tax withholding, the present information return (Form 1099).
on Form 1040-A, or the "total income" figure on Form 1040. From this he subtracts the $624 Victory tax exemption. Five percent of the balance is his gross Victory tax.

b. Computation of credit

The taxpayer computes his post-war credit by multiplying the gross Victory tax by 25 percent if he is single, or 40 percent if he is married, and adding 2 percent of the gross Victory tax for each dependent. He next determines the credit which he may take currently, by adding his (1) net purchases of eligible war bonds, (2) net debt repayments, (3) payment of life insurance premiums, and taking this total or the amount computed as the post-war credit, whichever is smaller.

c. Computation of tax or refund due

The taxpayer subtracts from the gross tax the sum of the amount withheld at source and the credit he is allowed to absorb currently. If there is a net Victory tax, it is paid in the same manner as the regular income tax. If the sum of the tax withheld at the source and the credit that may be taken currently exceeds the gross Victory tax, the taxpayer offsets the excess against his regular income tax liability. If the excess is larger than his income tax liability, he applies for a refund submitting the receipts for tax withheld at source along with his tax return.
MEMORANDUM

December 15, 1942.

TO: The Secretary
FROM: Mr. Sullivan

As of December 15, 1942, 4,878 of the 5,400 new employees being recruited by the Bureau of Internal Revenue were already hired and at work. About 300 more have been hired but have not yet gone to work because their papers are being processed. We believe that less than 300 more will be needed to fill the quota of 5,400 new employees. In view of this situation, I am stopping the letters of Miss Elliott and the program of contacting women's schools and colleges.

However, we expect to recruit 1200 additional employees next summer and I believe the machinery and technique developed by Miss Elliott will be helpful at that time.
You asked me at the staff meeting to write you a report of what happened when Mr. Grant and his committee were here last Friday. Since then the attached letter from Mr. Grant has arrived with nine recommendations which he would like you to note and consider.

At the Friday meeting, point number three seemed the most important to Mr. Grant, who was emphatic about the need of giving a "sales manager" complete control of our publicity and promotion in connection with the bond selling campaigns.

Apart from these recommendations, which deal chiefly with the Victory Loan, Mr. Grant and his group seemed troubled by "talk" about the growing rate of redemptions of "E" Bonds. I was able to give them the figures, which reassured them completely. They said there was no basis whatever for the "talk" that was going around, and they felt that the rate of redemptions up to now was nothing to cause the Treasury any concern.

They are coming here Thursday for a meeting with you.
Photostats given to:
Bell
Graves
Buffington
Gaston
on 12/16/42
Mr. Ferdinand Kuhn, Jr.
Assistant to the Secretary
Treasury Department
Washington, D. C.

My dear Mr. Kuhn:

I am giving you below a number of suggestions that were
developed from our committee meeting on Friday, December 11. After
you have had an opportunity to think about these suggestions, I
would like to discuss them with you so that we may decide whether
the matters brought up are worth pursuing or whether they should be
dropped.

(1) The lists from which the salesmen work, in some instances,
were not properly prepared. We believe that, between now and April 1,
considerable work should be done on the lists so that they will be in
better shape for the next drive.

(2) Is a greater penetration of the market desirable? If so,
we would suggest that the Federal Reserve Districts set up more regions
and that the Treasury Department provide the money for any paid help
that may be needed in this expansion.

(3) We believe that to perfect the Treasury Department organization,
which, in our opinion, is very good as to its integral parts, a general
manager is needed to coordinate the activities. We believe in particular
that the advertising and publicity should be under such a man so that it
may be given direction that coincides with the bond-selling activities.
Possibly with an organization of this kind, better timing of public
statements could be arranged.

(4) We all found that the package was generally pleasing, but it
is our feeling that thought and attention should be given to the question
of whether further improvement can be made thereon for the next drive.

(5) Plans should be laid down so that contact will not be lost
with the salesmen of this campaign in the interval between December 19
and April 1.

(6) In connection with the bond drive, expenses are set up which
fall into two classifications - sporadic and continuous. In the
sitting of E Bonds, the continuous costs undertaken by the banks
should be given consideration. If the activity causes a bank to hire
additional personnel to the extent of ten or fifteen people, is it
fair to make the banks shoulder such expenses continuously?

(7) Considering the time at the disposal of the personnel of the
Treasury in organizing the present campaign, we think it is exceptionally
good. However, we believe that we should learn from this campaign that
the next one should be organized in such a manner that, at least two
weeks before field action begins, all the plans and decisions will have
been formulated by the Treasury Department.

(8) For the next campaign, plans should be made to solicit not only
companies themselves but important executives of such companies.

(9) We believe that, in the next campaign, the potentials of the
various Federal Reserve Districts should be estimated and quotas
should be set up for the districts and regions as a basis of measuring
effort.

Sincerely,

R. H. Grant

rhg-em
cc: Mr. Buffington
Mr. Bobbs
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selling of $B$ Bonds, the continuous costs undertaken by the banks 
should be given consideration. If the activity causes a bank to hire 
additional personnel to the extent of ten or fifteen people, is it 
fair to make the banks shoulder such expenses continuously?

(7) Considering the time at the disposal of the personnel of the 
Treasury in organizing the present campaign, we think it is exceptionally 
good. However, we believe that we should learn from this campaign that 
the next one should be organized in such a manner that, at least two 
weeks before field action begins, all the plans and decisions will have 
been formulated by the Treasury Department.

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companies themselves but important executives of such companies.

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various Federal Reserve Districts should be estimated and quotas 
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effort.

Sincerely,

R. H. Grant

rhc-em

cc: Mr. Buffington

Mr. Hobbs
December 15, 1942

TO ALL EMPLOYEES OF THE

UNITED STATES TREASURY DEPARTMENT.

Last May I addressed you regarding the "All-out for Victory" drive to bring every Treasury employee into the War Bond Pay-Roll Savings Plan. Our goal was to set aside, through systematic pay roll allotments, at least 10% of our gross pay roll every pay day for the purchase of United States War Savings Bonds. Our slogan was "Everybody, Every Pay Day, at Least 10% ."

The results of the drive were most gratifying. Due to your splendid cooperation, the blue and white Minute Man flag now flies proudly below the Stars and Stripes atop the Main Treasury Building, as well as from buildings housing five of our larger bureaus. These flags signify that of the 61,831 employees of the Department on November 25, 1942, over 93% were making systematic allotments from their salaries for the purchase of War Bonds to the extent of 10.6% of the Treasury's gross pay roll. You are now investing $14,898,000 of your annual salaries in $19,865,000 face value of War Bonds. What we of the Treasury are now doing is a record to be proud of. We are setting an example for other Government workers and for the country as a whole.

As a Treasury employee, you may well take pride in the fact that you are playing a part in the greatest financial operation of its kind in the history of the world - raising the billions needed to help finance this most costly and
savage of all wars. For many of you I know this entails sacrifices. But these sacrifices are small indeed when compared with those being made, and yet to be made, by the men in our armed forces who, without question or complaint, are sacrificing everything.

On November 25, fifteen of our bureaus and offices had reached the goal. As shown in the following table, seven have yet to qualify, some by very narrow margins:

**BUREAUS ABOVE 90% AND 10%**

<table>
<thead>
<tr>
<th>Bureau</th>
<th>No. on Roll</th>
<th>% of Participation</th>
<th>% of Gross Pay Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Tax Board of Review</td>
<td>10</td>
<td>100.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Division of Tax Research</td>
<td>55</td>
<td>92.7</td>
<td>12.6</td>
</tr>
<tr>
<td>War Savings Staff</td>
<td>1,030</td>
<td>96.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Comptroller of the Currency</td>
<td>1,106</td>
<td>95.0</td>
<td>11.6</td>
</tr>
<tr>
<td>Office of the General Counsel</td>
<td>166</td>
<td>96.9</td>
<td>11.4</td>
</tr>
<tr>
<td>Div. of Research &amp; Statistics</td>
<td>123</td>
<td>94.3</td>
<td>11.4</td>
</tr>
<tr>
<td>Bureau of Internal Revenue</td>
<td>29,295</td>
<td>95.8</td>
<td>10.9</td>
</tr>
<tr>
<td>Bureau of Customs</td>
<td>8,908</td>
<td>92.9</td>
<td>10.9</td>
</tr>
<tr>
<td>Office Supt. Treasury Bldgs.</td>
<td>297</td>
<td>97.9</td>
<td>10.7</td>
</tr>
<tr>
<td>Division of Personnel</td>
<td>90</td>
<td>95.5</td>
<td>10.6</td>
</tr>
<tr>
<td>Bureau of Narcotics</td>
<td>327</td>
<td>95.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Bureau of Engraving &amp; Printing</td>
<td>6,517</td>
<td>90.1</td>
<td>10.5</td>
</tr>
<tr>
<td>Bureau of Accounts</td>
<td>2,308</td>
<td>90.8</td>
<td>10.2</td>
</tr>
<tr>
<td>Foreign Funds Control</td>
<td>959</td>
<td>91.6</td>
<td>10.1</td>
</tr>
<tr>
<td>Procurement Division</td>
<td>2,724</td>
<td>93.5</td>
<td>10.0</td>
</tr>
</tbody>
</table>

**BUREAUS BELOW 90% AND 10%**

<table>
<thead>
<tr>
<th>Bureau</th>
<th>No. on Roll</th>
<th>% of Participation</th>
<th>% of Gross Pay Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the Secretary</td>
<td>167</td>
<td>83.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Division of Monetary Research</td>
<td>62</td>
<td>82.3</td>
<td>10.7</td>
</tr>
<tr>
<td>Bureau of the Public Debt</td>
<td>5,585</td>
<td>89.5</td>
<td>9.9</td>
</tr>
<tr>
<td>Office of the Chief Clerk</td>
<td>214</td>
<td>93.5</td>
<td>9.7</td>
</tr>
<tr>
<td>Treasurer of the U. S.</td>
<td>1,842</td>
<td>94.0</td>
<td>9.4</td>
</tr>
<tr>
<td>Secret Service</td>
<td>903</td>
<td>74.3</td>
<td>9.4</td>
</tr>
<tr>
<td>Bureau of the Mint</td>
<td>1,934</td>
<td>89.9</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Total for the Department: 64,831 employees, with an average of 93.3% participation and 10.6% of gross pay roll.

There is still much to be done. For example, we are still somewhat below the pledges of 95.2% participation and 10.8% of gross pay roll reached at the conclusion of campaign last June.

If we are to improve our standing, or even maintain our present average, it is essential that we increase both our participation and our dollar volume of allotments. This is necessary because of changes constantly being made within the bureaus. Salary increases should be invested in War Bonds. We must enthusiastically solicit new employees. We should obtain the voluntary pledges from the 4,300 employees who are not investing in the future of America, or in their own financial security. This is a continuing operation. It will be with us "for the duration." As the war continues, America's responsibility increases. We must have more planes and tanks and guns and ships - and WE MUST PAY FOR THEM!

Until this war is won, each of us must do his part - not the least, but the most he can; not just in one month, but every month; not just on one pay day, but every pay day; Victory requires it!

It is my hope that every Treasury bureau, office, and employee will continue to be an example for the Nation by being on the honor list with from 90% to 100% employee participation and with at least 10% of their gross pay roll being invested regularly in War Savings Bonds.

\[Henry M. \text{Thayer}\]

Secretary of the Treasury.
TO ALL EMPLOYEES OF THE

UNITED STATES TREASURY DEPARTMENT

Last May I addressed you regarding the "All-out for Victory" Drive to bring every Treasury employee into the War Bond Pay-Roll Savings Plan. Our goal was to set aside, through systematic pay-roll allotments, at least 10% of our gross pay roll every pay day for the purchase of United States War Savings Bonds. Our slogan was "Everybody, Every Pay Day, at Least 10%.

The results of the Drive were most gratifying. Due to your splendid cooperation, the blue and white Minute Man flag now flies proudly below the Stars and Stripes atop the Main Treasury Building, as well as from buildings housing five of our larger bureaus. These flags signify that of the 61,450 employees of the Department on October 23, 1942, over 93% were making systematic allotments from their salaries for the purchase of War Bonds to the extent of 10.6% of the Treasury's gross pay roll. You are now investing $14,660,000 of your annual salaries in $18,125,000 face value of War Bonds. What we of the Treasury are now doing is a record to be proud of. We are setting an example for other Government workers and for the country as a whole.

As a Treasury employee you may well take pride in the fact that you are playing a part in the greatest financial operation of its kind in the history of the world - raising the billions needed to help finance this most costly and savage of all wars. For many of you I know this entails sacrifices. But these sacrifices are small indeed when compared with those being made, and yet to be made, by the men in our armed forces who, without question or complaint, are sacrificing everything.

On October 23, thirteen of our bureaus and offices had reached the goal. As shown in the following table, nine have yet to qualify, some by very narrow margins.
### BUREAUS ABOVE 90% and 10%

<table>
<thead>
<tr>
<th>Bureau</th>
<th>No. on Roll</th>
<th>% of Participation</th>
<th>% of Gross Pay Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Tax Board of Review</td>
<td>20</td>
<td>100.0</td>
<td>12.9</td>
</tr>
<tr>
<td>War Savings Staff</td>
<td>966</td>
<td>94.3</td>
<td>12.1</td>
</tr>
<tr>
<td>Office of General Counsel</td>
<td>170</td>
<td>95.3</td>
<td>12.0</td>
</tr>
<tr>
<td>Division of Research &amp; Statistics</td>
<td>108</td>
<td>94.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Comptroller of the Currency</td>
<td>1,149</td>
<td>94.3</td>
<td>11.5</td>
</tr>
<tr>
<td>Division of Tax Research</td>
<td>57</td>
<td>93.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Bureau of Internal Revenue</td>
<td>29,263</td>
<td>95.6</td>
<td>10.9</td>
</tr>
<tr>
<td>Division of Personnel</td>
<td>86</td>
<td>93.0</td>
<td>10.7</td>
</tr>
<tr>
<td>Bureau of Narcotics</td>
<td>321</td>
<td>94.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Bureau of Accounts</td>
<td>2,439</td>
<td>91.1</td>
<td>10.4</td>
</tr>
<tr>
<td>Bureau of Customs</td>
<td>8,384</td>
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<td>10.3</td>
</tr>
<tr>
<td>Bureau Engraving &amp; Ptgs. (10-31-42)</td>
<td>6,475</td>
<td>90.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Foreign Funds Control</td>
<td>1,009</td>
<td>91.1</td>
<td>10.1</td>
</tr>
</tbody>
</table>

### BUREAUS BELOW 90% and 10%

<table>
<thead>
<tr>
<th>Bureau</th>
<th>No. on Roll</th>
<th>% of Participation</th>
<th>% of Gross Pay Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Monetary Research</td>
<td>63</td>
<td>65.7</td>
<td>11.6</td>
</tr>
<tr>
<td>Office of the Secretary</td>
<td>220</td>
<td>82.7</td>
<td>10.6</td>
</tr>
<tr>
<td>Office of the Chief Clerk</td>
<td>216</td>
<td>93.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Office of Supt. of Treasury Bldgs.</td>
<td>357</td>
<td>93.4</td>
<td>9.7</td>
</tr>
<tr>
<td>Bureau of the Mint</td>
<td>1,635</td>
<td>94.9</td>
<td>9.7</td>
</tr>
<tr>
<td>Treasurer of the U. S.</td>
<td>1,889</td>
<td>94.0</td>
<td>9.5</td>
</tr>
<tr>
<td>Procurement Division</td>
<td>2,916</td>
<td>86.5</td>
<td>9.2</td>
</tr>
<tr>
<td>Secret Service</td>
<td>697</td>
<td>76.1</td>
<td>8.9</td>
</tr>
<tr>
<td>Bureau of Public Debt</td>
<td>2,108</td>
<td>84.9</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Total for the Department</strong></td>
<td><strong>61,450</strong></td>
<td><strong>93.1</strong></td>
<td><strong>10.6</strong></td>
</tr>
</tbody>
</table>

There is still much to be done. For example, we are still somewhat below the pledges of 95.0% participation and 10.0% of gross pay roll reached at the conclusion of campaign last June.

If we are to improve our standing, or even maintain our present average, it is essential that we increase both our participation and our dollar volume of allotments. This is necessary because of changes constantly being made within the bureaus. Salary increases should be invested in War Bonds. We must enthusiastically solicit new employees. We should obtain the voluntary pledges from the 3,200 employees who are not investing in the future of America, or in their own financial security. This is a continuing operation. It will be with us "for the duration". As the war continues, America's responsibility increases. We must have more planes and tanks and guns and ships - and WE MUST PAY FOR THEM!
Until this war is won, each of us must do his part—not the least, but the most he can; not just in one month, but every month; not just on one pay day, but every pay day! Victory requires it!

It is my hope that every Treasury bureau, office, and employee will continue to be an example for the Nation by being on the honor list with from 90% to 100% employee participation, and with at least 10% of their gross pay roll being invested regularly in war saving Bonds.

Henry Morgenthau, Jr.
EXTENT OF PARTICIPATION IN PAYROLL SAVINGS PLANS FOR WAR SAVINGS BONDS
Estimated: Monthly, Dec. 1941 to Nov. 1942

Number of Workers Participating

<table>
<thead>
<tr>
<th>WORKERS Millions</th>
<th>Number of Workers Participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Dec. 1941 3.0</td>
</tr>
<tr>
<td>10</td>
<td>Feb. 1942 7.6</td>
</tr>
<tr>
<td>15</td>
<td>Apr. 1942 9.6</td>
</tr>
<tr>
<td>20</td>
<td>June 1942 11.8</td>
</tr>
<tr>
<td>25</td>
<td>Aug. 1942 13.9</td>
</tr>
<tr>
<td>30</td>
<td>Oct. 1942 16.0</td>
</tr>
<tr>
<td>35</td>
<td>Dec. 1942 19.6</td>
</tr>
<tr>
<td>40</td>
<td>Feb. 1943 21.4</td>
</tr>
<tr>
<td>45</td>
<td>Oct. 1943 23.0</td>
</tr>
<tr>
<td>50</td>
<td>Dec. 1943 23.6</td>
</tr>
<tr>
<td>55</td>
<td>Feb. 1944 25.0</td>
</tr>
</tbody>
</table>

Aggregate Amount Deducted

<table>
<thead>
<tr>
<th>DOLLARS Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>30</td>
</tr>
</tbody>
</table>

Deduction as a Percentage of Pay of Workers Actually Participating

<table>
<thead>
<tr>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>8</td>
</tr>
</tbody>
</table>

*Members of armed forces included starting Aug. 1942.*
SALES OF UNITED STATES SAVINGS BONDS
Monthly, May 1941 to Nov. 1942

NUMBER OF SERIES E BONDS OF EACH DENOMINATION SOLD MONTHLY
May 1941 to Nov. 1942

$25 DENOMINATION

$50 DENOMINATION

$500 DENOMINATION

$100 DENOMINATION

$1000 DENOMINATION

Note: October 1943 reports partly 1943 report of sales to August September 1942.
I think you will be interested in these one-column cuts made by leading comic strip artists to help get pennies and nickels out of hoarding. These cuts, in mat form, are now in the hands of all dailies throughout the country.

F. K.
From: Press Section  
War Savings Staff  
Treasury Department  
Washington, D. C.

TO THE EDITOR:

The shortage of copper makes it imperative that the Treasury should not coin any new pennies.

The accompanying one-column sketches are an important part of a pre-Christmas drive to get millions of Americans, especially school children, to put their pennies into circulation by buying War Stamps.

This "coin round-up" can help avert possible local shortages of pennies at the year's business peak.

We hope you will use these cartoons daily, between now and Christmas, in the most prominent position possible. Thank you.

Dick Tracy says——

**IT’S A CRIME TO HOARD PENNIES THESE DAYS BECAUSE OF THE COPPER SHORTAGE. INVEST YOUR PENNIES IN WAR STAMPS. THAT’S THE PATRIOTIC THING TO DO!**

Joe Jenks says——

**THIS PENNY SHORTAGE IS SERIOUS! IF YOU'RE HOARDING ANY, PUT 'EM RIGHT INTO WAR STAMPS. THEY'LL BE DOING DOUBLE DUTY THEN!**

Hap Hopper says——

**OUR GOVERNMENT CAN'T MAKE NEW PENNIES BECAUSE THERE'S A COPPER SHORTAGE. SO KEEP YOUR PENNIES IN CIRCULATION—PUT 'EM INTO WAR STAMPS!**

Dixie Dugan says——

**IT'S SMART TO BE THRIFTY—BUT NOT BY COLLECTING PENNIES. THERE'S A COPPER SHORTAGE, SAVe WITH WAR STAMPS INSTEAD**

Ella Cinders says——

**IT'S UNPATRIOTIC TO HOARD PENNIES NOW-A-DAYS, FOLKS. CAUSE THERE'S A SHORTAGE OF PENNIES, SO HELP YOUR COUNTRY—PUT ALL YOUR PENNIES INTO WAR STAMPS!**

Tarsan says——

**AMERICANS! YOUR GOVERNMENT DOES NOT WANT YOU TO HOARD PENNIES—BUY WAR STAMPS WITH YOUR PENNIES, INSTEAD**

Jane Arden says——

**DON'T HOARD PENNIES FOLKS. THERE'S A COPPER SHORTAGE. PUT ALL YOUR SPARE CHANGE INTO WAR STAMPS. THAT'S PATRIOTIC**

Jeff says——

**HOPE YOU AREN'T HOARDING PENNIES—CAUSE UNCLE SAM SAYS THAT'S BAD. I'M PUTTING MINE INTO WAR STAMPS INSTEAD. UNCLE SAM SAYS THAT'S GOOD.**

Rudy Nebb says——

**COPPER IS SCARCE NOW, SO THAT MEANS WE'VE GOT TO KEEP OUR PENNIES IN CIRCULATION. DON'T HOARD PENNIES—PUT THEM INTO WAR STAMPS INSTEAD**

Li'l Abner says——

**LOOK'YAR, FOLKS! YOU ALL HAD BETTER GET THEM PENNIES O'YOURN'T CIRCULATIN' CAUSE UNCLE SAM'S SHORT O'COPPER. PUT YER PENNIES INER THEM THAR WAR STAMPS!**
December 15, 1942.

Dear Mr. Tompkins:

The Secretary was very glad to have the copy of Progress Report #1, covering the rubber situation. He has asked me to thank you for sending him this material, and to tell you that he will be very glad to have other reports as they are issued.

Sincerely yours,

(Signed) H. S. Kiotz

H. S. Kiotz,
Private Secretary.

Mr. L. D. Tompkins,  
Assistant Deputy Rubber Director 
   in Charge of Operations, 
War Production Board, 
Washington, D. C.

GEF/dbs

File in Diary
Mr. Henry Morgenthau, Jr., Secretary
Department of the Treasury
15th St. and Pennsylvania Ave.
Washington, D. C.

Dear Mr. Morgenthau:

Attached is a copy of Progress Report #1 covering the rubber situation, issued from the office of William M. Jeffere, Rubber Director. If you so desire, we will send you subsequent reports as and when they appear.

Very truly yours,

[Signature]

L. D. Hopkins
Assistant Deputy Rubber Director in Charge of Operations
LETTER OF TRANSMITTAL

November 30, 1942,

Mr. Donald M. Nelson,
Chairman, War Production Board

I submit herewith Progress Report #1 covering the work of the Office of the Rubber Director and the principal problems and situations confronting the Office as of this date.

Because of the need to make clear to the rubber industry and to the public the present status of the rubber program, I ask your permission to print and distribute this report.

WILLIAM M. JEFFERS,
Rubber Director.
In stating the problem, the "Report of the Rubber Survey Committee" dated September 17, 1942, said:

"Of all critical and strategic materials, rubber is one of those which present the greatest threat to the safety of our nation and the success of the Allied cause. Production of the various subdivisions of rubber and aviation gasoline may be inadequate to prosecute the war as rapidly and effectively as it would wish, but at the worst we are assured of sufficient supplies of these items to operate our armed forces on a very powerful scale. But if we fail to secure a large new rubber supply, our war effort and our economic security will collapse. Thus the rubber situation gives rise to our most critical problem."

It then established the rubber program and, inter alia, the Department of Commonwelf, made many definite recommendations.

In accordance with presidential executive order of September 17, 1942, the Chairman of the War Production Board appointed me Rubber Director, delegated to me the powers enumerated therein, and delivered to me a letter from the President. From this I quote the following two sentences: "I want to carry out the recommendations in the Baruch Report as fully as possible."

One of the main jobs is to start the mileage rationing program as quickly as possible.

In harmony with the spirit of the Baruch Report, I have staffed my organization with men who are by training and experience particularly qualified to direct the work of the major subdivisions of the problems entrusted to me. My first order to them was, in the absence of special and approved contrary reasons, to carry out the recommendations stated or implied in the Baruch Report. Because of this, most of the remainder of this report takes up the work of the major subdivisions of the problems entrusted to me by the Baruch Report estimated that the requirements of natural and/or synthetic rubber for 1943-1944 would be approximately as follows:

| Total requirements of natural and/or synthetic rubbers (in terms of natural) are estimated as follows: |
|---------------------------------|-----------|-----------|
| Military                        | 285       | 285       |
| Private transportation          | 69        | 69        |
| Commercial vehicles             | 63        | 63        |
| Commercial civil use            | 57        | 57        |
| Foreign countries               | 117       | 117       |
| British cylinders               | 21        | 21        |
| Total                           | 377       | 422       |

The Baruch Report also definitely established that we cannot be committed to reduce our domestic inventory of dry stocks below 120,000 tons at any time. In determining a figure of 120,000 tons as an irreducible minimum, the Baruch Report stated that 50,000 tons thereof would represent a 30-day inventory for American manufacturers; 4,000 tons would be inventory for Canadian manufacturers, and at least 66,000 tons should be considered as necessary inventory on hand in Great Britain to protect against interruption of Allied transportation. They went on to state that at least 100,000 tons of this reserve should be allocated to the production of rubber for the military (in terms of crude) which can only be met by the use of crude. This office believes that their intentions were if anything too low and that it would be hard to operate American rubber plants with a 30-day over-all inventory at a time when they are converting from the use of crude to the use of Buna S, Neoprene, Thiokol, Butyl, plus several grades of reclaim and several substitutes. This is especially true at a time when transportation facilities are already overcrowded.

Present indications are that our domestic accumulated inventory of crude and synthetic rubber (expressed in terms of crude) at the end of this year, 1943, may approximate 400,000 long tons. If it were not for other programs over which we have no control it seems probable that the accumulated production of synthetic and imports of crude rubber (expressed in terms of crude rubber) might be as much as $750,000 tons by September 30, 1943, and 300,000 tons by the end of 1943. The controlling conditions for these production estimates for 1943 are:

(a) Our ability to secure adequate priorities and proper allocations of fabricated components;
(b) Our ability to complete synthetic plant facilities on schedule; and
(c) The rate at which they come up to full production.

The foregoing is shown graphically in more detail on the accompanying chart. It is obvious that if these production objectives (125,000 tons and 300,000 tons respectively) are attained, the inventory of crude and synthetic rubber in the fall of 1943 will, to all practical purposes, be down to the absolute dangerous inventory dead-line of 120,000 tons, and by the end of 1943 will have been built up to only 175,000 tons.\n\nGPO—War Board 3050—p. 3
1943
U.S. SUPPLY OF RUBBER
v ESSENTIAL REQUIREMENTS

IN THOUSANDS OF LONG TONS OF CAUDE AND/OR SYNTHETIC
IN TERMS OF EQUIVALENT CAUDE

1. RECLAIMED RUBBER AND BUNA N NOT INCLUDED. 2. ALL DATA
ARE ON A CUMULATIVE BASIS. SEE NOTES ON OPPOSITE PAGE.

NOTES
1. RECLAIMED RUBBER AND BUNA N NOT INCLUDED. 2. ALL DATA
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INITIAL STOCKS OF 400,000 TONS.

REQUIREMENTS VS.
NEW SUPPLY

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

44 72 138 188 237 286 336 381 434 477
44 72 138 188 237 286 336 381 434 477

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

359 365 372 379 386 393 400 407 414 421 428
359 365 372 379 386 393 400 407 414 421 428

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

102 110 118 127 136 145 155 164 173 184 195
102 110 118 127 136 145 155 164 173 184 195

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

99 107 116 124 133 142 151 160 169 178 187
99 107 116 124 133 142 151 160 169 178 187

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

209 217 226 234 243 252 261 270 279 288 297
209 217 226 234 243 252 261 270 279 288 297

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

324 332 340 348 356 364 372 380 388 396 404
324 332 340 348 356 364 372 380 388 396 404

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

449 457 465 473 481 489 497 505 513 521 529
449 457 465 473 481 489 497 505 513 521 529

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

532 540 548 556 564 572 580 588 596 604 612
532 540 548 556 564 572 580 588 596 604 612

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

577 585 593 601 609 617 625 633 641 649 657
577 585 593 601 609 617 625 633 641 649 657

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

582 590 598 606 614 622 630 638 646 654 662
582 590 598 606 614 622 630 638 646 654 662

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

632 640 648 656 664 672 680 688 696 704 712
632 640 648 656 664 672 680 688 696 704 712

-REQUIREMENTS
-NEW SUPPLY (PRODUCTION + IMPORTS)

712 720 728 736 744 752 760 768 776 784 792
712 720 728 736 744 752 760 768 776 784 792

1. RECLAIMED RUBBER AND BUNA N NOT INCLUDED. 2. ALL DATA
ARE ON A CUMULATIVE BASIS. SEE NOTES ON OPPOSITE PAGE.

INITIAL STOCKS OF 400,000 TONS.

RESULTANT STOCKS

1943
U.S. SUPPLY OF RUBBER
vs. ESSENTIAL REQUIREMENTS

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vs. ESSENTIAL REQUIREMENTS

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IN TERMS OF EQUIVALENT CAUDE

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The rubber program is receiving notable help in obtaining a more adequate supply. But it is relatively to other programs that progress might be expected. The events of the past year have made it clear that the need for rubber is urgent.


ded at the Office of Rubber Reserve, this new program has been directed to limit the uses of rubber and to determine the need for rubber in commercial vehicles for gas and tire production.

In order to do this, the following recommendations have been made:

- Increase the number of Civilian Supply offices in the affected areas.
- Increase the number of Civilian Supply offices in the affected areas.
- Increase the number of Civilian Supply offices in the affected areas.

In conclusion, the recommendations made by the Office of Rubber Reserve are designed to ensure that rubber is used efficiently and effectively in the current situation.

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erating section. Also concerned is the research group working upon improving the quality of the available synthetics. The practical problems of this section will be closely tied to the policies which will govern the pricing of synthetics and products made from them. Unless these provide an incentive to use synthetics, many of the weaker units are bound to hold back.

The staff of this section, made up of thoroughly competent men (at present there are sixteen) recruited primarily from both large and small units of the rubber industry, help by advising with the industry.

RESEARCH AND DEVELOPMENT OF SYNTHETICS

The Baruch Committee recommended centering all research for and upon synthetic rubber and substitutes in the Office of the Rubber Director. To accomplish this, the work of this group was organized under men of proven competency and scientific reputation into groups dealing with:

1. Research into the mechanism of various polymerizations, and the character and structure of resulting polymers.
2. Studies of and development of polymerization processes.
3. The engineering of polymerization plants and equipment.
4. The operation of pilot plants for the development of new methods of polymerization and new copolymers.

5. The appraisal of new ideas and inventions.

RESEARCH AND DEVELOPMENT OF RAW MATERIALS

This section is responsible for the development of processes to make raw materials other than isobutylene, butadiene, and others developed by OFC, for use in making synthetic rubber and rubber substitutes. Particularly are they entrusted with the encouragement of and study of the piloting of proposed methods for making butadiene from alcohol or other chemicals made by the fermenting of grains.

The small but highly trained staff of this group include outstanding chemical engineers from faculties of leading educational institutions. These men also serve as Staff Consultants to me and my Deputy Director.

CONCLUSIONS

In conclusion I present the following:

1. The Office of the Rubber Director has been organized and is, at least partially, staffed at every appropriate point with thoroughly competent, outstanding personnel who bring to it broad scientific and engineering knowledge and an invaluable knowledge and experience of the rubber industry.

2. The recommendations of the Baruch Committee have been accepted as the basic policy of the Rubber Director. Many of the proposed moves are nearing completion.

3. The construction program is behind that envisioned by the Baruch Committee, but if it were possible to settle questions of relative importance between programs, it should still be possible to obtain an even flow of components and to build the required facilities in time to prevent the inventory of crude rubber and synthetics falling below the disaster dead-line determined by the Committee. Any further delay will make this impossible. Present indications are that, because of other programs, there will be such a delay.

4. Working relationships have been established with several other sections of the Government to effectuate essential portions of the rubber program.

5. Serious problems in connection with the work of the Office of Price Administration and the Office of Defense Transportation are to be solved so that the public may have a full understanding of the Rubber Program and help with it.

6. Serious problems in connection with the work of the Office of Price Administration are to be solved so that all units of industry are given the proper incentive to help develop the use of synthetic rubbers and rubber substitutes.

November 30, 1943.
### Summary: Clothing and Accessories

Anticipated emergency requirements for a total civilian population of 1,000,000 persons:

A - If living in cold climate (say Northern Europe)
B - If living in warm climate (say Southern Europe)

With average which is based on half living in cold climate and half in warm climate.

<table>
<thead>
<tr>
<th>Age and Sex Groups</th>
<th>Cost of Emergency Clothing &amp; Accessories for Total Population of 1,000,000</th>
<th>Average Population of Cold Climate</th>
<th>Average Population of Warm Climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infants 0-6 months</td>
<td>$37,321</td>
<td>$20,571</td>
<td>$28,946</td>
</tr>
<tr>
<td>Infants 7 months-2 years</td>
<td>$73,350</td>
<td>$33,750</td>
<td>$53,550</td>
</tr>
<tr>
<td>Boys 3-8 years</td>
<td>$289,088</td>
<td>$119,275</td>
<td>$204,182</td>
</tr>
<tr>
<td>Girls 3-8 years</td>
<td>$266,273</td>
<td>$112,938</td>
<td>$189,605</td>
</tr>
<tr>
<td>Boys 9-17 years</td>
<td>$498,250</td>
<td>$217,000</td>
<td>$357,625</td>
</tr>
<tr>
<td>Girls 9-17 years</td>
<td>$491,250</td>
<td>$185,500</td>
<td>$338,375</td>
</tr>
<tr>
<td>Men 18 and over</td>
<td>$1,938,000</td>
<td>$929,470</td>
<td>$1,433,735</td>
</tr>
<tr>
<td>Women 18 and over</td>
<td>$2,350,250</td>
<td>$856,625</td>
<td>$1,603,438</td>
</tr>
<tr>
<td>Total clothing for</td>
<td>$5,943,782</td>
<td>$2,475,129</td>
<td>$4,209,456</td>
</tr>
<tr>
<td>Total accessories for</td>
<td>$1,696,650</td>
<td>$727,550</td>
<td>$1,212,100</td>
</tr>
<tr>
<td>Grand total for</td>
<td>$7,640,432</td>
<td>$3,202,679</td>
<td>$5,421,556</td>
</tr>
</tbody>
</table>

1/ Based on American population composition in 1930, with a 20 percent reduction in men of 18 and over, and rounding of resultant figures.
CLOTHING AND ACCESSORIES

Anticipated emergency requirements for a total civilian population of 1,000,000 persons living in cold climate (say Northern Europe)

COLD CLIMATE

Infants 0-6 months (20,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of: infants</th>
<th>Total -</th>
<th>Whole: sale</th>
<th>Total</th>
<th>cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Wool knit, or part- wool flannel</td>
<td>50</td>
<td>1</td>
<td>10,000</td>
<td>$0.35</td>
<td>$3,500</td>
<td></td>
</tr>
<tr>
<td>Sacque</td>
<td>Wool knit, or part- wool flannel</td>
<td>50</td>
<td>1</td>
<td>10,000</td>
<td>$0.25</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Wrapping</td>
<td>8 oz. baby bunting, 25% blanket</td>
<td>50</td>
<td>1</td>
<td>10,000</td>
<td>$1.00</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Wrapping</td>
<td>14 oz. cotton flannel, blanket</td>
<td>35</td>
<td>2</td>
<td>14,000</td>
<td>$0.30</td>
<td>4,200</td>
<td></td>
</tr>
<tr>
<td>Vests</td>
<td>Knit, long sleeve, min. 25% wool</td>
<td>35</td>
<td>2</td>
<td>14,000</td>
<td>$0.35</td>
<td>4,900</td>
<td></td>
</tr>
<tr>
<td>Diapers</td>
<td>Birdseye cotton 27&quot;</td>
<td>90</td>
<td>6</td>
<td>$108,000</td>
<td>$0.08</td>
<td>8,640</td>
<td></td>
</tr>
<tr>
<td>Towels</td>
<td>Terry cloth squares, 27&quot;x27&quot; or 22&quot;x33&quot;</td>
<td>90</td>
<td>4</td>
<td>$72,000</td>
<td>$0.0032</td>
<td>231</td>
<td></td>
</tr>
<tr>
<td>Safety pins</td>
<td>Rust-proof, medium size</td>
<td>90</td>
<td>4</td>
<td>$72,000</td>
<td>$0.0032</td>
<td>231</td>
<td></td>
</tr>
<tr>
<td>Soap</td>
<td>Castile or mild, 4 oz. cake</td>
<td>35</td>
<td>2</td>
<td>$14,000</td>
<td>$0.05</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td>Antiseptic baby oil, 6 oz.</td>
<td>35</td>
<td>1</td>
<td>$7,000</td>
<td>$0.25</td>
<td>1,750</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$37,321</td>
<td></td>
</tr>
</tbody>
</table>

COLD CLIMATE

Infants 7 months - 2 years (45,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of: infants</th>
<th>Total -</th>
<th>Whole: sale</th>
<th>Total</th>
<th>cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>$15,750</td>
<td>$0.35</td>
<td>$5,512</td>
<td></td>
</tr>
<tr>
<td>Sweater</td>
<td>Slipover, long sleeve, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>$15,750</td>
<td>$0.65</td>
<td>10,238</td>
<td></td>
</tr>
<tr>
<td>Rompers</td>
<td>Flannel, min. 25% wool</td>
<td>35</td>
<td>1</td>
<td>$15,750</td>
<td>$0.70</td>
<td>11,025</td>
<td></td>
</tr>
<tr>
<td>Undershirt</td>
<td>Knit slipover, long sleeve, min. 25% wool</td>
<td>35</td>
<td>2</td>
<td>$31,500</td>
<td>$0.35</td>
<td>11,025</td>
<td></td>
</tr>
<tr>
<td>Underpants</td>
<td>Cotton, knit, short</td>
<td>35</td>
<td>2</td>
<td>$31,500</td>
<td>$0.10</td>
<td>3,150</td>
<td></td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton-wool mixture, 25% wool</td>
<td>35</td>
<td>2</td>
<td>$31,500</td>
<td>$0.25</td>
<td>7,875</td>
<td></td>
</tr>
<tr>
<td>Shoes</td>
<td>Soft leather, ankle-supporting, pliable, lined</td>
<td>50</td>
<td>1</td>
<td>$22,500</td>
<td>$1.00</td>
<td>22,500</td>
<td></td>
</tr>
<tr>
<td>Mittens</td>
<td>Thumb mittens, min. 50% wool</td>
<td>30</td>
<td>1</td>
<td>$13,500</td>
<td>$0.15</td>
<td>2,025</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$873,350</td>
<td></td>
</tr>
</tbody>
</table>
# COLD CLIMATE

## Boys 3 - 8 years (65,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent of total; units for each boy</th>
<th>Total whole-sale number of units</th>
<th>Price per clothed</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 80.35</td>
<td>$7,963</td>
</tr>
<tr>
<td>Snowsuit</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>17</td>
<td>1</td>
<td>11,050; 3.00</td>
<td>33,150</td>
</tr>
<tr>
<td>Coat</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>18</td>
<td>1</td>
<td>11,700; 2.50</td>
<td>29,250</td>
</tr>
<tr>
<td>Sweater</td>
<td>Pullover, long sleeve, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 1.00</td>
<td>22,750</td>
</tr>
<tr>
<td>Short pants</td>
<td>Shorts, cheviot, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 0.90</td>
<td>20,475</td>
</tr>
<tr>
<td>Shirt</td>
<td>Cotton flannel, 5½-6 oz.</td>
<td>35</td>
<td>1</td>
<td>22,750; 0.50</td>
<td>11,375</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit shirt and drawers, min. 25% wool</td>
<td>35</td>
<td>2</td>
<td>45,500; 1.25</td>
<td>56,875</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton-wool mix, dark</td>
<td>50</td>
<td>2</td>
<td>65,000; 0.25</td>
<td>16,250</td>
</tr>
<tr>
<td>Shoes</td>
<td>High shoes preferred</td>
<td>90</td>
<td>1</td>
<td>58,500; 1.40</td>
<td>81,900</td>
</tr>
<tr>
<td>Mittens</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 0.40</td>
<td>9,100</td>
</tr>
</tbody>
</table>

**Total** | **$289,088** |

---

## Girls 3 - 8 years (65,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent of total; units for each girl</th>
<th>Total whole-sale number of units</th>
<th>Price per clothed</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 80.35</td>
<td>$7,963</td>
</tr>
<tr>
<td>Snowsuit</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>17</td>
<td>1</td>
<td>11,050; 3.00</td>
<td>33,150</td>
</tr>
<tr>
<td>Coat</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>18</td>
<td>1</td>
<td>11,700; 2.50</td>
<td>29,250</td>
</tr>
<tr>
<td>Sweater</td>
<td>Pullover, long sleeve, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 1.00</td>
<td>22,750</td>
</tr>
<tr>
<td>Blouse</td>
<td>Cotton chambray or suiting</td>
<td>35</td>
<td>1</td>
<td>22,750; 0.40</td>
<td>9,100</td>
</tr>
<tr>
<td>Skirt</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 1.10</td>
<td>25,025</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit shirt and drawers, min. 25% wool</td>
<td>35</td>
<td>2</td>
<td>45,500; 1.00</td>
<td>45,500</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton-wool mix</td>
<td>50</td>
<td>2</td>
<td>65,000; 0.25</td>
<td>16,250</td>
</tr>
<tr>
<td>Shoes</td>
<td>High shoes preferred</td>
<td>90</td>
<td>1</td>
<td>58,500; 1.30</td>
<td>76,050</td>
</tr>
<tr>
<td>Mittens</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>22,750; 0.20</td>
<td>4,550</td>
</tr>
</tbody>
</table>

**Total** | **$266,273** |

---

Regraded Unclassified
### COLD CLIMATE

#### Boys 9 - 17 years (100,000)

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Description</th>
<th>Percent of total units for 100,000 boys</th>
<th>Number of each boy to be clothed</th>
<th>Price per unit</th>
<th>Total cost</th>
<th>Total sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>$0.35</td>
<td>$8,750</td>
</tr>
<tr>
<td>Mackinaw</td>
<td>Shoddy tweed, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>2.50</td>
<td>87,500</td>
</tr>
<tr>
<td>Jacket</td>
<td>Pullover, long sleeve, min. 50% wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>1.60</td>
<td>40,000</td>
</tr>
<tr>
<td>Trousers</td>
<td>Long, shoddy, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>1.50</td>
<td>52,500</td>
</tr>
<tr>
<td>Shirt</td>
<td>Cotton flannel, 5½-6 oz.</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>.50</td>
<td>17,500</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit shirt and long drawers, min. 25% wool</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>2.00</td>
<td>100,000</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton-wool mix, dark</td>
<td>50</td>
<td>2</td>
<td>100,000</td>
<td>.25</td>
<td>25,000</td>
</tr>
<tr>
<td>Shoes</td>
<td>High shoes preferred</td>
<td>90</td>
<td>1</td>
<td>90,000</td>
<td>1.70</td>
<td>153,000</td>
</tr>
<tr>
<td>Gloves</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>.40</td>
<td>14,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$498,250</td>
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</tr>
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</table>

### COLD CLIMATE

#### Girls 9 - 17 years (100,000)

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Description</th>
<th>Percent of total units for 100,000 girls</th>
<th>Number of each girl to be clothed</th>
<th>Price per unit</th>
<th>Total cost</th>
<th>Total sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>$0.35</td>
<td>$8,750</td>
</tr>
<tr>
<td>Coat</td>
<td>Flannel, min. 25% wool, with cotton-flannel lining</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>4.50</td>
<td>157,500</td>
</tr>
<tr>
<td>Sweater</td>
<td>Pullover, long sleeve, min. 50% wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>1.25</td>
<td>31,250</td>
</tr>
<tr>
<td>Blouse</td>
<td>Cotton flannel, 5½-6 oz. long sleeve</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>.70</td>
<td>17,500</td>
</tr>
<tr>
<td>Skirt</td>
<td>Flannel, min. 50% wool, gored</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>1.25</td>
<td>43,750</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit shirt and drawers, min. 25% wool</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>1.25</td>
<td>62,500</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton-wool mix, dark</td>
<td>50</td>
<td>2</td>
<td>100,000</td>
<td>.30</td>
<td>30,000</td>
</tr>
<tr>
<td>Shoes</td>
<td>High shoes preferred</td>
<td>90</td>
<td>1</td>
<td>90,000</td>
<td>1.40</td>
<td>126,000</td>
</tr>
<tr>
<td>Mittens</td>
<td>Knit, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>.40</td>
<td>14,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$491,250</td>
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</tbody>
</table>
### COLD CLIMATE

#### Men 18 and over (255,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent Number of:</th>
<th>Total:</th>
<th>Whole-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap</td>
<td>Knit, min. 50% wool</td>
<td>25: 1</td>
<td>63,750:</td>
<td>80.35:</td>
</tr>
<tr>
<td>Mackinaw</td>
<td>Reprocessed wool, with cotton-flannel lining</td>
<td>35: 1</td>
<td>89,250:</td>
<td>4.25:</td>
</tr>
<tr>
<td>Sweater</td>
<td>Pullover, long sleeve, min. 50% wool</td>
<td>35: 1</td>
<td>89,250:</td>
<td>2.00:</td>
</tr>
<tr>
<td>Work trousers</td>
<td>Cotton denim or covert (overalls); or moleskin</td>
<td>80: 1</td>
<td>204,000:</td>
<td>1.40:</td>
</tr>
<tr>
<td>Trousers</td>
<td>Shoddy, min. 50% wool</td>
<td>35: 1</td>
<td>89,250:</td>
<td>2.00:</td>
</tr>
<tr>
<td>Shirt</td>
<td>Cotton flannel, 5½-6 oz., pre-shrunk</td>
<td>35: 1</td>
<td>89,250:</td>
<td>0.60:</td>
</tr>
<tr>
<td>Underwear</td>
<td>Undershirt &amp; underdrawers, long arms &amp; legs, medium weight, min. 25% wool</td>
<td>55: 1</td>
<td>140,250:</td>
<td>2.10:</td>
</tr>
<tr>
<td>Work socks</td>
<td>Cotton or part wool</td>
<td>50: 2</td>
<td>255,000:</td>
<td>0.20:</td>
</tr>
<tr>
<td>Work shoes</td>
<td>High shoes preferred</td>
<td>90: 1</td>
<td>229,500:</td>
<td>2.00:</td>
</tr>
<tr>
<td>Gloves</td>
<td>Wool knit</td>
<td>35: 1</td>
<td>89,250:</td>
<td>0.40:</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1,938,000:</td>
<td></td>
</tr>
</tbody>
</table>

#### Women 18 and over (350,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent Number of:</th>
<th>Total:</th>
<th>Whole-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coat</td>
<td>Shoddy tweed, min. 60% wool</td>
<td>35: 1</td>
<td>122,500:</td>
<td>7.00:</td>
</tr>
<tr>
<td>Sweater</td>
<td>Cardigan, long sleeve, min. 50% wool</td>
<td>35: 1</td>
<td>122,500:</td>
<td>1.50:</td>
</tr>
<tr>
<td>Blouse</td>
<td>Flannel, long sleeve, min. 20% wool</td>
<td>35: 1</td>
<td>122,500:</td>
<td>1.50:</td>
</tr>
<tr>
<td>Skirt</td>
<td>Gored skirt, min. 50% wool</td>
<td>35: 1</td>
<td>122,500:</td>
<td>1.50:</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit vest, long sleeve, bloomers, 25% wool</td>
<td>55: 1</td>
<td>192,500:</td>
<td>1.25:</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton</td>
<td>50: 2</td>
<td>350,000:</td>
<td>0.15:</td>
</tr>
<tr>
<td>Shoes</td>
<td>High shoes preferred</td>
<td>90: 1</td>
<td>315,000:</td>
<td>2.00:</td>
</tr>
<tr>
<td>Gloves</td>
<td>Mitten or glove type, shoddy wool</td>
<td>35: 1</td>
<td>122,500:</td>
<td>0.40:</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>2,350,250:</td>
<td></td>
</tr>
</tbody>
</table>
## Bedding

<table>
<thead>
<tr>
<th>Item</th>
<th>Units</th>
<th>Unit Price</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blankets, 72&quot;x84&quot;, 5 lbs., cotton &amp; wool mixed</td>
<td>100,000</td>
<td>$2.70</td>
<td>$270,000</td>
</tr>
<tr>
<td>Comforaters, 72&quot;x80&quot;, wool-waste filled</td>
<td>100,000</td>
<td>4.00</td>
<td>400,000</td>
</tr>
<tr>
<td>Bed sacks, 84½x34-3/4&quot; (made of unbl. drill 37&quot;, 2.35yd.)</td>
<td>100,000</td>
<td>1.35</td>
<td>135,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>805,000</strong></td>
</tr>
</tbody>
</table>

## Piece goods

<table>
<thead>
<tr>
<th>Item</th>
<th>Yards</th>
<th>Unit Price</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flannel, outing, cotton(36&quot;, 4yd.) for underwear, etc.</td>
<td>1,500,000</td>
<td>$0.14½</td>
<td>217,500</td>
</tr>
<tr>
<td>Sheeting, unbleached, 81&quot; (or equivalent in other widths)</td>
<td>500,000</td>
<td>.22</td>
<td>110,000</td>
</tr>
<tr>
<td>*Bleached nainsook, 36&quot;, for dresses</td>
<td>50,000</td>
<td>.11</td>
<td>5,500</td>
</tr>
<tr>
<td>*Dyed nainsook and printed percale, 36&quot;, for dresses</td>
<td>50,000</td>
<td>.15</td>
<td>7,500</td>
</tr>
<tr>
<td>Denim, chambray, cottonade, corduroy, etc. (for work clothing)</td>
<td>100,000</td>
<td>.24</td>
<td>24,000</td>
</tr>
<tr>
<td>Woolens, 54&quot; (for skirts and dresses)</td>
<td>50,000</td>
<td>.90</td>
<td>45,000</td>
</tr>
<tr>
<td>Black shetland type wool flannel, 47&quot;, 54&quot;, 56&quot;, or 12 oz. all-wool lining cloth (Army rejects) for shawls, capes, etc.</td>
<td>50,000</td>
<td>1.00</td>
<td>50,000</td>
</tr>
<tr>
<td>Birds eye cloth (for sanitary napkins)</td>
<td>50,000</td>
<td>.08</td>
<td>4,000</td>
</tr>
<tr>
<td>Toweling, plain, 18&quot;</td>
<td>100,000</td>
<td>.15</td>
<td>15,000</td>
</tr>
<tr>
<td>Toweling, terry-woven, 22&quot;</td>
<td>50,000</td>
<td>.20</td>
<td>10,000</td>
</tr>
<tr>
<td>Mosquito netting (Army rejects - 35&quot; at 14½&quot;, 47&quot; at 19½&quot;)</td>
<td>50,000</td>
<td>.17</td>
<td>8,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>497,000</strong></td>
</tr>
</tbody>
</table>

## Findings

<table>
<thead>
<tr>
<th>Item</th>
<th>Units</th>
<th>Unit Price</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton sewing thread (Nos. 40, 30 &amp; 20), 500-yd. spools, doz.</td>
<td>2,000</td>
<td>$1.50</td>
<td>3,000</td>
</tr>
<tr>
<td>Needles, dozen papers</td>
<td>2,000</td>
<td>.90</td>
<td>1,800</td>
</tr>
<tr>
<td>Pins (¼ lb. boxes), dozen</td>
<td>2,000</td>
<td>1.40</td>
<td>2,800</td>
</tr>
<tr>
<td>Buttons, great gross</td>
<td>200</td>
<td>1.50</td>
<td>300</td>
</tr>
<tr>
<td>Yarn for handknitting (in hanks), 50% wool, pounds</td>
<td>150,000</td>
<td>1.50</td>
<td>225,000</td>
</tr>
<tr>
<td>Darning cotton, dark colors, 50-yd. spools, dozen</td>
<td>2,000</td>
<td>.80</td>
<td>1,600</td>
</tr>
<tr>
<td>Scissors</td>
<td>1,000</td>
<td>.50</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>235,000</strong></td>
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</tbody>
</table>

## Shoe repair materials

<table>
<thead>
<tr>
<th>Item</th>
<th>Pounds</th>
<th>Unit Price</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather or composition</td>
<td>350,000</td>
<td>$0.45</td>
<td>157,500</td>
</tr>
<tr>
<td>Shoe thread (in skeins), linen</td>
<td>750</td>
<td>2.00</td>
<td>1,500</td>
</tr>
<tr>
<td>Tacks (in ½ lb. boxes)</td>
<td>2,500</td>
<td>.25</td>
<td>650</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>159,650</strong></td>
</tr>
</tbody>
</table>

## SUMMARY

<table>
<thead>
<tr>
<th>Category</th>
<th>Units</th>
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</thead>
<tbody>
<tr>
<td>Clothing (from pages 1, 2, 3, 4-A)</td>
<td>5,943,782</td>
</tr>
<tr>
<td>Bedding, piecegoods, findings, shoe repair materials</td>
<td>1,696,650</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>7,640,432</td>
</tr>
</tbody>
</table>
CLOTHING AND ACCESSORIES
Anticipated emergency requirements for a total civilian population of 1,000,000 persons living in warm climate (say Southern Europe)

WARM CLIMATE

Infants 0-6 months (20,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent of total</th>
<th>Number of infants</th>
<th>Whole price per infant</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacoque</td>
<td>Cotton flannelet</td>
<td>50</td>
<td>1</td>
<td>10,000</td>
<td>$0.20</td>
</tr>
<tr>
<td>Wrapping blanket</td>
<td>4 oz. cotton flannel, 36&quot;x 36&quot;, pink and blue</td>
<td>35</td>
<td>2</td>
<td>14,000</td>
<td>$0.30</td>
</tr>
<tr>
<td>Vests</td>
<td>Knit, cotton</td>
<td>35</td>
<td>2</td>
<td>14,000</td>
<td>$0.20</td>
</tr>
<tr>
<td>Diapers</td>
<td>Birdseye cotton 27&quot;</td>
<td>90</td>
<td>6</td>
<td>108,000</td>
<td>$0.08</td>
</tr>
<tr>
<td>Towels</td>
<td>Terry cloth squares, 27&quot;x 27&quot; or 22&quot;x 33&quot;</td>
<td>30</td>
<td>1</td>
<td>6,000</td>
<td>$0.15</td>
</tr>
<tr>
<td>Safety pins</td>
<td>Rust-proof, medium size</td>
<td>90</td>
<td>4</td>
<td>72,000</td>
<td>$0.005</td>
</tr>
<tr>
<td>Soap</td>
<td>Castile or mild, 4 oz.</td>
<td>40</td>
<td>2</td>
<td>16,000</td>
<td>$0.05</td>
</tr>
<tr>
<td>Oil</td>
<td>Antiseptic baby oil, 6 oz.</td>
<td>20</td>
<td>1</td>
<td>4,000</td>
<td>$0.25</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>Total</td>
<td>$20,571</td>
</tr>
</tbody>
</table>

WARM CLIMATE

Infants 7 months - 2 years (45,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent of total</th>
<th>Number of infants</th>
<th>Whole price per infant</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweater</td>
<td>Slipover, long sleeve, min. 50% wool</td>
<td>20</td>
<td>1</td>
<td>9,000</td>
<td>$0.65</td>
</tr>
<tr>
<td>Rompers</td>
<td>Cotton percale or broadcloth or jersey</td>
<td>35</td>
<td>1</td>
<td>15,750</td>
<td>$0.20</td>
</tr>
<tr>
<td>Undershirt</td>
<td>Cotton, knit, medium weight long or short sleeves</td>
<td>35</td>
<td>2</td>
<td>31,500</td>
<td>$0.20</td>
</tr>
<tr>
<td>Underpants</td>
<td>Cotton, knit, short</td>
<td>35</td>
<td>2</td>
<td>31,500</td>
<td>$0.10</td>
</tr>
<tr>
<td>Socks</td>
<td>Cotton, short</td>
<td>25</td>
<td>2</td>
<td>22,500</td>
<td>$0.08</td>
</tr>
<tr>
<td>Shoes</td>
<td>Soft leather, ankle-supporting, pliable, lined</td>
<td>30</td>
<td>1</td>
<td>13,500</td>
<td>$1.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>Total</td>
<td>$33,750</td>
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</tbody>
</table>
### WARM CLIMATE

**Boys 3 - 8 years (65,000)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of Units</th>
<th>Whole per Unit</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweater</td>
<td>Cardigan or pullover, long sleeve, 50% wool</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$1.00</td>
</tr>
<tr>
<td>Short pants</td>
<td>Gabardine or heavy suiting</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$.70</td>
</tr>
<tr>
<td>Shirt</td>
<td>Knit cotton polo shirt</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$.50</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit cotton shirt and shorts</td>
<td>35</td>
<td>2</td>
<td>$45,500</td>
<td>$.45</td>
</tr>
<tr>
<td>Socks</td>
<td>Cotton</td>
<td>50</td>
<td>1</td>
<td>$32,500</td>
<td>$.10</td>
</tr>
<tr>
<td>Shoes</td>
<td>Oxford type</td>
<td>50</td>
<td>1</td>
<td>$32,500</td>
<td>$1.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**WARM CLIMATE**

**Girls 3 - 8 years (65,000)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of Units</th>
<th>Whole per Unit</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweater</td>
<td>Cardigan or pullover, long sleeve, min. 50% wool</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$1.00</td>
</tr>
<tr>
<td>Blouse</td>
<td>Cotton chambray or suiting</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$.40</td>
</tr>
<tr>
<td>Skirt</td>
<td>Cotton corduroy or suiting</td>
<td>35</td>
<td>1</td>
<td>$22,750</td>
<td>$.75</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit cotton shirt and drawers</td>
<td>35</td>
<td>2</td>
<td>$45,500</td>
<td>$.40</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton rib, long, short</td>
<td>50</td>
<td>1</td>
<td>$32,500</td>
<td>$.11</td>
</tr>
<tr>
<td>Shoes</td>
<td>Oxford type or sandals</td>
<td>50</td>
<td>1</td>
<td>$32,500</td>
<td>$1.30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### WARM CLIMATE

#### Boys 9-17 years (100,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of:</th>
<th>Total:</th>
<th>Whole-:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweater</td>
<td>Pullover, long sleeve, min. 50 percent wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>$1.60</td>
</tr>
<tr>
<td>Trousers</td>
<td>Long, denim or twill cord, or corduroy</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>1.40</td>
</tr>
<tr>
<td>Shirt</td>
<td>Knit cotton polo shirt</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>.50</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit cotton shirt and shorts</td>
<td>40</td>
<td>1</td>
<td>40,000</td>
<td>.45</td>
</tr>
<tr>
<td>Socks</td>
<td>Cotton</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>.15</td>
</tr>
<tr>
<td>Shoes</td>
<td>Oxford type</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>1.70</td>
</tr>
</tbody>
</table>

**Total cost:** $217,000

### WARM CLIMATE

#### Girls 9-17 years (100,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of:</th>
<th>Total:</th>
<th>Whole-:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweater</td>
<td>Pullover or cardigan, min. 50 percent wool</td>
<td>25</td>
<td>1</td>
<td>25,000</td>
<td>$1.25</td>
</tr>
<tr>
<td>Blouse</td>
<td>Cotton chambray or suiting</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>.60</td>
</tr>
<tr>
<td>Skirt</td>
<td>Cotton corduroy, gored</td>
<td>35</td>
<td>1</td>
<td>35,000</td>
<td>1.25</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit cotton shirt and drawers</td>
<td>40</td>
<td>1</td>
<td>40,000</td>
<td>.35</td>
</tr>
<tr>
<td>Stockings</td>
<td>Cotton</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>.11</td>
</tr>
<tr>
<td>Shoes</td>
<td>Oxford type</td>
<td>50</td>
<td>1</td>
<td>50,000</td>
<td>1.40</td>
</tr>
</tbody>
</table>

**Total cost:** $185,500

Regraded Unclassified
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of</th>
<th>Total</th>
<th>Whole-</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>of total units for</td>
<td>men to each man</td>
<td>of units</td>
<td>sale price</td>
<td>per unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweater</td>
<td>Cardigan, long sleeve, min. 50 percent wool</td>
<td>35</td>
<td>1</td>
<td>89,250</td>
<td>$2.00</td>
<td>$178,500</td>
</tr>
<tr>
<td>Work trousers</td>
<td>Cotton denim or covert (or overall) or moleskin</td>
<td>80</td>
<td>1</td>
<td>204,000</td>
<td>1.40</td>
<td>285,600</td>
</tr>
<tr>
<td>Shirt</td>
<td>Cotton knit polo shirt, short sleeve, or woven</td>
<td>35</td>
<td>1</td>
<td>89,250</td>
<td>0.50</td>
<td>44,625</td>
</tr>
<tr>
<td>Underwear</td>
<td>Cotton knit or woven shirt and shorts</td>
<td>40</td>
<td>1</td>
<td>102,000</td>
<td>0.45</td>
<td>45,900</td>
</tr>
<tr>
<td>Work socks</td>
<td>Cotton</td>
<td>70</td>
<td>1</td>
<td>178,500</td>
<td>0.10</td>
<td>17,850</td>
</tr>
<tr>
<td>Work shoes</td>
<td>Cotton</td>
<td>70</td>
<td>1</td>
<td>178,500</td>
<td>2.00</td>
<td>357,000</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Total-----$929,470</td>
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**WARM CLIMATE**

Men 18 and over (255,000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Percent</th>
<th>Number of</th>
<th>Total</th>
<th>Whole-</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>of total units for</td>
<td>men to each man</td>
<td>of units</td>
<td>sale price</td>
<td>per unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweater</td>
<td>Cardigan, min. 50 percent wool</td>
<td>35</td>
<td>1</td>
<td>122,500</td>
<td>$1.50</td>
<td>$183,750</td>
</tr>
<tr>
<td>Blouse</td>
<td>Cotton broadcloth or chambray, long sleeve</td>
<td>25</td>
<td>1</td>
<td>87,500</td>
<td>0.65</td>
<td>56,875</td>
</tr>
<tr>
<td>Skirt</td>
<td>Gored skirt, corduroy or heavy cotton suiting</td>
<td>35</td>
<td>1</td>
<td>122,500</td>
<td>1.50</td>
<td>183,750</td>
</tr>
<tr>
<td>Underwear</td>
<td>Knit cotton vest, knit or woven bloomers</td>
<td>40</td>
<td>1</td>
<td>140,000</td>
<td>0.40</td>
<td>56,000</td>
</tr>
<tr>
<td>Hose</td>
<td>Cotton</td>
<td>50</td>
<td>1</td>
<td>175,000</td>
<td>0.35</td>
<td>26,250</td>
</tr>
<tr>
<td>Shoes</td>
<td>Oxford type</td>
<td>50</td>
<td>1</td>
<td>175,000</td>
<td>2.00</td>
<td>350,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total-----$856,625</td>
</tr>
</tbody>
</table>

**WARM CLIMATE**

Women 18 and over (350,000)

Regraded Unclassified
## WARM CLIMATE

### Bedding

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Units</th>
<th>Price</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blankets, 70&quot; by 80&quot;, 2 1/2 lbs., cotton</td>
<td>100,000</td>
<td>$1.00</td>
<td>$100,000</td>
</tr>
<tr>
<td>Bed sacks, 84 1/2&quot; by 34 3/4&quot; (made of unbl drill 37&quot;, 2.35 yd.)</td>
<td>100,000</td>
<td>1.35</td>
<td>135,000</td>
</tr>
</tbody>
</table>

### Place Goods

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Units</th>
<th>Price</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flannel, outing, cotton (36&quot;, 4 yd.) for underwear, etc.</td>
<td>300,000</td>
<td>$0.142</td>
<td>$42,600</td>
</tr>
<tr>
<td>Sheeting, unbleached, 81&quot; (or equivalent in other widths)</td>
<td>500,000</td>
<td>.22</td>
<td>110,000</td>
</tr>
<tr>
<td>Bleached nainsook, 36&quot;, for underwear</td>
<td>50,000</td>
<td>.11</td>
<td>5,500</td>
</tr>
<tr>
<td>Dyed nainsook and printed percale, 36&quot;, for dresses</td>
<td>100,000</td>
<td>.24</td>
<td>24,000</td>
</tr>
<tr>
<td>Denim, chambray, cottonade, corduroy, etc. (for work clothing)</td>
<td>25,000</td>
<td>1.00</td>
<td>25,000</td>
</tr>
<tr>
<td>Black shetland type wool flannel, 47&quot;, 54&quot;, 56&quot;, or 12 oz.</td>
<td>25,000</td>
<td>1.35</td>
<td>33,750</td>
</tr>
<tr>
<td>Birdseye cloth (for sanitary napkins)</td>
<td>50,000</td>
<td>.08</td>
<td>4,000</td>
</tr>
<tr>
<td>Toweling, plain, 18&quot;</td>
<td>100,000</td>
<td>.15</td>
<td>15,000</td>
</tr>
<tr>
<td>Toweling, terry-woven, 22&quot;</td>
<td>50,000</td>
<td>.20</td>
<td>10,000</td>
</tr>
<tr>
<td>Mosquito netting (Army rejects—35&quot; at 14 1/2&quot;, 47&quot; at 19 1/2&quot;)</td>
<td>20,000</td>
<td>.17</td>
<td>3,400</td>
</tr>
</tbody>
</table>

### Findings

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Units</th>
<th>Price</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton sewing thread (Nos. 40, 30 &amp; 20), 500-yd. spools, dozen</td>
<td>2,000</td>
<td>1.50</td>
<td>$3,000</td>
</tr>
<tr>
<td>Needles, dozen papers</td>
<td>2,000</td>
<td>.90</td>
<td>1,800</td>
</tr>
<tr>
<td>Pins (1/2 lb. boxes), dozen</td>
<td>2,000</td>
<td>1.40</td>
<td>2,800</td>
</tr>
<tr>
<td>Buttons, great gross</td>
<td>200</td>
<td>1.50</td>
<td>300</td>
</tr>
<tr>
<td>Yarn for handknitting (in hanks), 50&quot; wool, pounds</td>
<td>50,000</td>
<td>1.50</td>
<td>75,000</td>
</tr>
<tr>
<td>Darning cotton, dark colors, 50-yd. spools, dozen</td>
<td>2,000</td>
<td>.80</td>
<td>1,600</td>
</tr>
<tr>
<td>Scissors</td>
<td>1,000</td>
<td>.50</td>
<td>500</td>
</tr>
</tbody>
</table>

### Shoe Repair Materials

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Pounds</th>
<th>Price</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather or composition</td>
<td>350,000</td>
<td>$0.45</td>
<td>$157,500</td>
</tr>
<tr>
<td>Shoe thread (in skeins), linen</td>
<td>750</td>
<td>2.00</td>
<td>1,500</td>
</tr>
<tr>
<td>Tacks (in 1/2 lb. boxes)</td>
<td>2,500</td>
<td>.25</td>
<td>625</td>
</tr>
</tbody>
</table>

### SUMMARY

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing (from pages 1, 2, 3, 4-B)</td>
<td>$2,475,129</td>
</tr>
<tr>
<td>Bedding, piece goods, findings, shoe repair materials</td>
<td>727,550</td>
</tr>
<tr>
<td>Grand total</td>
<td>$3,202,679</td>
</tr>
</tbody>
</table>
MEMORANDUM TO THE SECRETARY:

There is submitted herewith the operating report of Lend-Lease purchases for the week ended December 12, 1942.

The Lend-Lease budget for items purchased by the Procurement Division, as requested by the Lend-Lease Administration, is now being revised as directed by that Office to cover the period from January 1 to June 30, 1943.

Clayton E. Mack
Director of Procurement
LEND-LEASE  
TREASURY DEPARTMENT, PROCUREMENT DIVISION  
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS  
AS OF DECEMBER 12, 1942  
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>U.K.</th>
<th>Russia</th>
<th>China</th>
<th>Administrative Expenses</th>
<th>Miscellaneous &amp; Undistributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocations</td>
<td>$2721.8</td>
<td>$1251.4</td>
<td>$826.2</td>
<td>$58.3</td>
<td>$3.7</td>
<td>$582.2</td>
</tr>
<tr>
<td></td>
<td>(2719.2)</td>
<td>(1248.3)</td>
<td>(816.2)</td>
<td>(58.3)</td>
<td>(3.7)</td>
<td>(592.7)</td>
</tr>
<tr>
<td>Purchase Authorizations</td>
<td>$1980.1</td>
<td>$1149.8</td>
<td>$763.5</td>
<td>$41.0</td>
<td>-</td>
<td>$25.8</td>
</tr>
<tr>
<td>(Requisitions)</td>
<td>(1960.5)</td>
<td>(1147.1)</td>
<td>(751.7)</td>
<td>(41.3)</td>
<td>-</td>
<td>(20.4)</td>
</tr>
<tr>
<td>Requisitions Cleared</td>
<td>$1876.8</td>
<td>$1123.5</td>
<td>$687.5</td>
<td>$41.0</td>
<td>-</td>
<td>$24.8</td>
</tr>
<tr>
<td>for Purchase</td>
<td>(1842.0)</td>
<td>(1108.6)</td>
<td>(672.5)</td>
<td>(41.3)</td>
<td>-</td>
<td>(19.6)</td>
</tr>
<tr>
<td>Obligations</td>
<td>$1772.8</td>
<td>$1060.9</td>
<td>$646.3</td>
<td>$41.0</td>
<td>$3.1</td>
<td>$21.5</td>
</tr>
<tr>
<td>(Purchases)</td>
<td>(1754.8)</td>
<td>(1054.6)</td>
<td>(639.4)</td>
<td>(41.3)</td>
<td>(3.0)</td>
<td>(16.5)</td>
</tr>
<tr>
<td>Deliveries to Foreign</td>
<td>$778.4</td>
<td>$615.9</td>
<td>$136.3</td>
<td>$20.3</td>
<td>-</td>
<td>$5.9</td>
</tr>
<tr>
<td>Governments at U. S.</td>
<td>(766.6)</td>
<td>(606.4)</td>
<td>(134.1)</td>
<td>(20.3)</td>
<td>-</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Ports*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Note: Figures in parentheses are those shown on report of December 5, 1942.
LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
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AS OF DECEMBER 12, 1942
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<td>Deliveries to Foreign</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
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Note: Figures in parentheses are those shown on report of December 5, 1942.
EXPLANATION OF DECREASE

The reduction of $300,000.00 in Purchase Authorizations, Requisitions cleared and Obligations for China is the result of revised cost on one requisition.
December 15, 1942

Dear Mr. Secretary:

Your very kind letter of December 11, 1942, has just been received and I deeply appreciate the statements contained therein with respect to my service in the Treasury Department.

Please remember that I hold you in the highest esteem and shall always be more than pleased to be of aid to you in any way that I can.

It may interest you to know that I now occupy the position of Director of Personnel with Aircraft Accessories Corporation in Kansas City, Kansas. Mr. R. C. Walker is President of the company, has been more than kind to me, and while this work is a little new to me I am enjoying it very much.

With the best of wishes, I am

Yours respectfully,

Alf Oftedal

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
Dear Mr. Oftedal:

I am pleased to receive your letter of November 30, written upon the occasion of your retirement from the service as a special agent in the Intelligence Unit of the Bureau of Internal Revenue.

You have given many years to the Government Service, a great portion of which have been with the Treasury Department. You have made a record of excellent service and successful work in the handling of important cases on which I know you can look back with great satisfaction, and I congratulate you on this record. It is pleasing to know of your feelings with respect to my conduct of the Treasury Department, and I am glad to have your commendation of the Intelligence Unit, with which you were so long connected.

I regret that the Department has lost your services. However, from the name of the corporation with which you are associated it appears that you are in a position to continue in a type of work which is closely related to the war effort, and I wish for you every success in your new line of endeavor.

Very sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Alf Oftedal,
Aircraft Accessories Corp.,
Kansas City, Kansas.
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
Kansas City, Kansas,
November 30, 1942.

Personal

Dear Mr. Secretary:

As you perhaps know, I retire today, of my own volition, as a Special Agent of the Intelligence Unit. I am sure that you know very well, without my saying so, that it has been and is to this day, one of the most efficient and effective agencies of the Government. This is due in large part to your leadership, for you have left no room for doubt as to your purpose to clean the Department of all kinds of inefficiency and corruption, and to keep it clean.

You were not only extremely kind and considerate of me during our several discussions about the law and the facts in the several cases involving Joseph M. Schenck and his business associates, but you clearly demonstrated by word and act your purpose to support your special agent to the limit if he was right. I appreciated that very much. Without that support, the Schenck case and the other criminal actions related to it would certainly have "gone by the board."

May I state to you, quite frankly, that I admire you greatly for the manner in which you have discharged your duties as Secretary of the Treasury. No one that I know of questions either your superior ability or your honesty and integrity. Here's hoping that you will have full opportunity to contribute all that you have toward the present war effort and that you will continue in your extremely important position just as long as you may desire.

It may interest you to know that I am now employed as a special assistant to the President, Mr. R.C. Walker, of Aircraft Accessories Corporation, Kansas City, Kansas. He is a prince of a man, and I am very happy in my new work.

With the highest of esteem and the best of wishes, I am

Yours respectfully,

[Signature]
MEMORANDUM

December 15, 1942.

TO: The Secretary

FROM: Mr. Sullivan

Mr. Temple Seay accepted a position as an attorney with the Division of Foreign Funds Control at $6,400 a year. I talked to him today after the position had been offered to him and he was pleased.
To       Secretary Morgenthau
FROM Randolph Paul

In the publication American Banker for December 8, 1942 there appeared an article concerning the census of foreign-owned property in the United States taken by the Treasury Department on Form TFR-300. I am sure that you will be much interested in this article. A copy is attached for your information.

In summary, the article reviews the requirements of Form TFR-300, the large amount of work on the part of the banks which was entailed by this report, the importance of the information secured by the Treasury from the banks and their willingness to cooperate in furnishing this information to the Treasury. In general, the article is complimentary to the Treasury. While, as aforesaid, it emphasizes the difficulties and expense of complying with the requirements of the Treasury, it offers no criticism of the manner in which the report was taken and enlarges upon the necessity for the report.

It occurs to me that this article is particularly significant at this time, when the Congress is concerned with the burdens on industry of reports required by Government departments and much has appeared on this subject in the public press. A few significant excerpts from the article mentioned follow:

"An outstanding example of what U.S. bankers have done--without counting the cost or sacrifice--to help the Government as well as the boys in khaki fight this war effectively and victoriously has been their contribution under what is known as TFR-300. ** *a highly important instrument of economic warfare which is but little known to the public at large."
"**FFC has been co-operating closely with the Board of Economic Warfare, the State and Commerce Departments, in order to dry up our enemies' sources of cash and credit here and thus curtail sinister espionage and sabotage plots in our own nation and abroad among our Allies. This is a contributory achievement of TFR-300.

"When the full story of the war behind the business front can be told, it will probably be discovered that TFR-300 represented one of the main pillars upon which the edifice of our economic warfare was built.

***

"While highly important in wartime, TFR-300 is likely to be of still greater value at the peace table and in the post-bellum period."

As to the parts which the banks themselves played in fulfilling their requirements under TFR-300, the article says, among other things,

"Whatever use the prescribed TFR-300 money may be put to eventually, the much maligned banking fraternity of the United States performed a vital public service speedily and effectively and at considerable monetary cost and sacrifice. ***This is as it should be, ***."
THOUSANDS OF DOLLARS AND HOURS SPENT
BY TFR CENTRAL

(Continued from page 21)

fare was built. It, the "Pro-
claimed List of Certain Blocked Na-
tionals"—more familiarly known as
"the American Blacklist"—could have
hardly become the effective instrument
it is today. Its first edition appeared
about a quarter of a year after comple-
tion of the foreign property census, in
January, 1942, and contained more than
2,000 names throughout the world.

Without TFR-300 Washington would not
know to this day precisely how much
foreign money and property was hidden
in the United States. Without it, many
valuable cargoes of strategic materials
could not have been discovered in time
for the benefit of our war industries.

Thousands of tons of valuable key indus-
trial materials and products turned up in
the reports of outstanding letters of
credit in which foreigners had an interest
and the Government acted with admira-
table speed in acquiring them for war
purposes.

TFR-300 did the trick. In 130 days
of sweat and overtime, American bank-
ers tabulated and catalogued more money
than the total resources of all reporting
banks in the United States amounted to
on Apr. 30, 1940. According to the
Comptroller of the Currency, on that
date national, State, savings and private
banks as well as loan and trust com-
panies boasted of total assets of $9,906,-
011,000. Beginning with the new century
they broke through the ten-billion mark.

Here in 1942 foreigners held title to
more than that amount of property in the
U. S. A.

TFR-300 Continues to Be of
Post-War Value

While highly important in wartime,
TFR-300 is likely to be of still greater
value at the peace table and in the post-
bellum period. Some planners already
have their eyes on this huge frozen fore-
ign wealth, as a factor in international
exchange and planning after the war,
although governmental fiscal authorities
disclaim knowledge of any official blue-
prints along these lines. Hereinafter
assumed suggestions want these
polarised foreign billions earmarked as
votable exclusively in terms of
American goods, services or foreign
trade; or they would like to see them
thrown into the international lend-lease
accounting which appears as the most
probable solution at the present time.

Whether use the prescribed TFR-300
money may be put to eventually, the
much-maligned banking fraternity of the
United States performed a vital public
service speedily and effectively and at
considerable monetary cost and sacrifice.
The labor and sweat that have gone
into TFR-300 constituted no gain or
profit to our financial institutions. But
it stands the Government and the people
of the United States in good stead.
This is as it should be, but must contrasted
with the multitudinous self-seeking
pressure groups in our midst, the banks.
Work on TFR-300 stands out as a shin-
ing example of good citizenship and
patriotism during one of the most peril-
ous times of the country's history.

And be it remembered, it was co-
eration and understanding of the
nation's war needs "before Pearl
Harbor."
THOUSANDS OF DOLLARS AND HOURS SPENT IN TFR CENSUS

(Continued from page 20)

In case you should be apprised by sources which you consider reliable that our country has been invaded, you are hereby authorized to open the enclosed sealed envelope bearing the code word XYZ and to follow all instructions contained therein without any responsibility on your part.

Quite often the cover letter from abroad enclosing sealed envelopes did not reveal any names or other details, but merely stipulated that it together with hundreds of other envelopes should be opened under certain circumstances. The American bank which had undertaken such troublesome task, in full cognizance of the perilous conditions confronting the people of Europe, found at the time of the foreign property censuses that it had two categories of Pandora’s boxes in its vaults. One was a bunch of sealed envelopes concerning the property of Swiss, Swedish and Spanish banks; their homelands had not been invaded and all that could be surmised logically was that cash and securities which were about to be reported as some alien bank’s corporation’s assets, in reality were the bank’s nest egg. The other group consisted the less fortunate Dutch, Belgian and French accounts where envelopes had been opened and instructions followed.

In most instances, John Doe in collaboration with his own bank instructed that such and such securities and so much cash was to be transferred immediately out of the account of Bank X and placed in names of John, Mrs. Doe, their sons or daughters. Thus, many accounts had been opened over night and only in rare instances the address and citizenship of these new depositors were known. In the last two years, many of these people found their way into the free world and claimed their money, but at the time when TFR-300 plagued the banking fraternity, “unknown” was the answer of even the most conscientious official to many a pertinent question contained in the multi-hued blank of the U. S. Treasury.

New York Banks Co-operate Under Committee

In order to arrive at a uniform treatment of intricate cases, the New York banks formed a group of expert operating officials who were a sub-committee of the Foreign Exchange Committee, headed by Mr. Robert F. Loree, vice-president of the Guaranty Trust Co. His principal associates were Messrs. Josiah L. Palmer, assistant comptroller of the National City Bank of New York, George C. Hencell, assistant secretary of J. P. Morgan & Co. Inc., Gordon Palmer, second vice-president of the Guaranty Trust Co., Henry Nagle, assistant comptroller of the Chase National Bank, John L. Timoney, assistant treasurer of the Guaranty Trust Co., and William F. Treiber, assistant counsel and secretary of the Federal Reserve Bank of New York. These men convened regularly and worked out a series of questions and answers to the most pressing TFR-300 problems which were always published in the American Bankers for the guidance of out-of-town bankers.

Bank’s Spend Thousands of Dollars

After the last report had been turned in, as a matter of academic interest, some of the auditors and comptrollers got busy adding up the extra expenses the Treasury’s requests for information on all foreign clients had cost. Although for obvious reasons, official tally sheets were never published, and no compensation from the Government was asked or expected, insiders understand that among the metropolitan banks here, out-of-pocket expenditures ran anywhere from $20,000 to $100,000 each, depending on the size of the bank, the number of foreign accounts tabulated and the difficulties that had been encountered in the process. The “sacrifice” on part of the banks, therefore, involved handsome amounts of hard cash for which no reimbursement is to be expected. They incurred these burdens willingly—several months before, Pearl Harbor—realizing that their contributions would prove to be of the utmost value to Washington, once this country became an active participant in the war.

Foreign Owners of Billions of U. S. Property Tabulated

The Government’s own tabulation of all TFR-300 reports and data, though turned in a year ago, has not yet been completed to this day, but Edward H. Foley, Jr., then general counsel for the U. S. Treasury stated in a speech on Sept. 29, 1941 that European-owned blocked assets in the United States amounted to about seven billion dollars. Since the TFR census also covered the holdings of friendly nationals of the United Nations, it is quite safe to assume—in the opinion of informed officials—that more than $10,000,000,000 worth of property assets as well as liabilities had been catalogued by the 15,000 banks of the United States between June 18 and Oct. 31, 1941. These billions represent the private, bank and governmental holdings of 34 countries—dead or alive.

The Foreign Funds Control of the Federal Reserve Banks as agent for the U. S. Treasury is in charge of all these frozen billions. A portion is released for living expenses and business purposes to friendly aliens who have resided here since before the “effective dates,” but the vast majority of the money is likely to remain on ice for the duration. FFC has been co-operating closely with the Board of Economic Warfare, the State and Commerce Departments, in order to dry up our enemies’ sources of cash and credits here and thus curtail sinister espionage and sabotage ploys in our own nation and abroad among our Allies. This is a contributory achievement of TFR-300.

When the full story of the war behind the business front can be told, it will probably be discovered that TFR-300 represented one of the main pillars upon which the edifice of our economic war is being built.

(Continued on page 21)
Thousands of Dollars and Hours Speculated Before Pearl Harbor, Proves Vain

American Banker

A standing example of what U. S. bankers have done—without counting the cost or sacrifice—to help the government as well as the boys in khaki fight this war effectively and victoriously has been their contribution under what is known as TFR-300. These abstruse symbols stand for "Treasury Foreign Report No. 300,"—a highly important instrument of economic warfare which is but little known to the public at large.

If Goering, Goebbels, or any one of the devil's crew of the "master race" have secreted property in this country or its banks, the TFR-300 census was designed to turn it up. Perhaps it has. The authorities are not talking. But when Germany and Japan attacked this country, and active war developed, the data compiled by the banks and cataloged under this symbol TFR-300 was immediately available for locating and confiscating the property of enemy nationals.

In non-technical language TFR-300 was a census of all foreign interests in property in the United States, as reflected in bank credit or debit balances, loan accounts, letters of credit, security portfolios, stock and bond holdings, trust ledgers and safe deposit boxes. In the big metropolitan banks where alien moneys had converged, banks had to create special divisions and hire hundreds of clerks and stenographers to comply with Uncle Sam's requests to fill out the complicated and voluminous questionnaires by which the census was made.

The great magnitude of the effort required was not realized immediately, either by the banks or by the authorities for whom the census was undertaken. The work grew as the size of the job came to be more clearly known.

On June 14, 1941, President Roosevelt issued Executive Order 8239, which not only amended the original and bank Order 8339, but it stipulated that the banks' tabulation of their foreign deposits and other funds was to be completed by July 14, 1941. So difficult and burdensome a job did TFR-300 turn out to be, however, that the time limit had to be extended time and again. Three and one half months after the first deadline—on Oct. 31, 1941—95% of the census was finally completed. Only on rare occasions, such as special year-ends, quarterly accounting periods or important calls, had bank staffs ever worked so late into the night, compiling so many details from so few facts and so little evidence in their possession, as they did on TFR-300.

Data of Hidden Nature Sought

In God's own country it had never been the custom to pry too deeply into depositors' private affairs. While some few institutions required a letter of introduction and satisfactory references before accepting new accounts, in normal times little or any attention was paid to the citizenship or political affiliations of clientele. In many banks not even references might have been asked when a client offered a substantial deposit at the opening of an account. Nobody ever foresaw or could possibly envisage that the U. S. Treasury one day would request data on the origin and the residence of bank customers. Moreover, an individual's citizenship had little or no relation to "nationality" in the sense of the Executive Order. A Swede residing in Oslo on April 10, 1940—the date of the German invasion—was considered a Norwegian "national," for example, within the meaning of the emergency regulations; a native-born American, by fate, was called a Nazi gendarmerie in the capital of the Netherlands on May 10, 1940 was regarded as Dutch, and an English citizen vacationing in St. Nazaire on June 10, 1940 had to be catalogued as French "nationality." When clients faithfully reported their movements to American bankers, it was relatively easy to establish their assumed whereabouts on the so-called "effective dates," although injuries were unavoidable since the individual in question could have managed to escape the invaders' clutches and simply was not heard from in the meantime.

The question of what kind of citizenship customers possessed on certain calendar dates was infinitely more difficult to determine than their residence. Quite frequently, lengthy research was necessary. Correspondence, credit files and possible affidavits had to be dug up and carefully analyzed. Warehouses and safes of all descriptions were turned upside down for specific references and for possible answers to dubious questions. Much of that work often proved inconclusive, though because of the unpredictable vagaries of vagabondage, many wealthy depositors who constituted a large part of TFR-300 candidates. In fact, only accounts of $1,000 or more were reportable. Some members of the weaker sex, particularly, shed huge citizenship on so numerous occasions that coin tossing was as safe a method as any other in determining whether the recently married Count and Countess X were travelling under French, Belgian or Italian passports in the bloody Spring of 1940. The headlong flight of refugees across frontiers and their arrival with only meagre means of identification was one of many miseries in the question and answer game. Sworn statements were accepted in lieu of missing papers and documents. Bankers became detectives in a most tedious and unromantic search of files, transactions and dusty data. But the need was great and readily understood.
My dear Mr. Secretary:

With reference to the request of the Spanish Government that it be permitted to ship to this country approximately $1,100,000 in United States currency, I have received a memorandum from the President transmitting your memorandum recommending that this Government grant the request of the Spanish Government.

It is difficult for the Treasury Department to regard the acceptance of the currency in question as an effective measure of economic warfare. As you will recall, we recently acquired pesetas equivalent to $6,000,000 against blocked dollars, and this Department knows of no reason why additional pesetas might not be obtained in the same way if any more are actually needed. Moreover, it appears that obtaining pesetas in this way is far more desirable from the point of view of economic warfare than that suggested in your memorandum to the President. This is particularly true in view of the objections voiced by me in my memorandum to the President dated November 24, 1942.

It is also difficult for this Department to concur in the importance of this transaction in our over-all relations with Spain, particularly in view of the amount involved. Some question also might be raised as to whether this is a propitious time to accede to the Spanish demands, particularly in view of the tenor of both General Franco's telegram to Hitler on December 4 and his speech to the Falangist Party Council on December 8.

If, on further consideration, you still wish to recommend that the Treasury grant a license for the importation into the United States of this currency for credit to a generally licensed account, we are prepared to do so at once.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable,

The Secretary of State.

Delivered by Hand (Bundy) 6:15
12/15/42

Remainder of File to White's office
You inquired as to whether it is too late to do anything about the million dollars which the Spanish are attempting to get us to accept, in view of Franco's speech.

We have not yet advised State of our willingness to accept the currency in question, although in view of the President's memorandum we seem to have no alternative. Of course, even if we should agree to accept such currency, it may be months before it actually arrives here, and in the meantime, circumstances may alter the situation entirely, and we may be able to reconsider the matter at that time in the light of such facts.

There are attached two drafts of letters to State on the subject. Both letters indicate our willingness to issue the appropriate license in view of the President's decision, but reflect our objections thereto. The longer letter is more emphatic in voicing our objections.
My dear Mr. Secretary:

With reference to the request of the Spanish Government that it be permitted to ship to this country approximately $1,100,000 in United States currency, I have received a memorandum from the President transmitting your memorandum recommending that this Government grant the request of the Spanish Government.

It is difficult for the Treasury Department to regard the acceptance of the currency in question as an effective measure of economic warfare. As you will recall, we recently acquired pesetas equivalent to $6,000,000 against blocked dollars, and this Department knows of no reason why additional pesetas might not be obtained in the same way if any more are actually needed. Moreover, it appears that obtaining pesetas in this way is far more desirable from the point of view of economic warfare than that suggested in your memorandum to the President. This is particularly true in view of the objections voiced by me in my memorandum to the President dated November 24, 1942.

It is also difficult for this Department to concur in the importance of this transaction in our over-all relations with Spain, particularly in view of the amount involved. Some question also might be raised as to whether this is a propitious time to acquiesce in the Spanish demands, particularly in view of the tenor of both General Franco's telegram to Hitler on December 4 and his speech to the Falangist Party Council on December 8.

In view of the position of the President in this matter, this Department is prepared to license the importation into the United States of this currency for credit to an appropriate blocked account, subject to the limitation you suggest.

Very truly yours,

Secretary of the Treasury

The Honorable,

The Secretary of State.
My dear Mr. Secretary:

With reference to the request of the Spanish Government that it be permitted to ship to this country approximately $1,100,000 in United States currency, I have received a memorandum from the President transmitting your memorandum recommending that this Government grant the request of the Spanish Government.

It is difficult for this Department to concur in the importance of this transaction in our over-all relations with Spain, particularly in view of the amount involved. Furthermore, with regard to the suggested difficulties in acquiring Spanish pesetas, the peseta equivalent of $6,000,000 was recently acquired against blocked dollars for this Government's account in one transaction.

In view of the position of the President in this matter, this Department is prepared to license the importation into the United States of this currency for credit to an appropriate blocked account, subject to the limitation you suggest.

Very truly yours,

Secretary of the Treasury.

The Honorable,

The Secretary of State.
Mr. Paul
Dr. White

Secretary Morgenthau

December 9, 1942

In view of Franco's speech, is it too late to do anything about bringing that million dollars of Franco's gold over here or has the thing already been passed? I would like to have the matter reviewed and brought to my attention today without fail.

12/19 - Whit asked for affil., but couldn't see any.
5/16 - "" another affil.
Mr. Bell
Mr. White
Mr. Paul
Secretary Morgenthau

Dec. 6, 1942

I am attaching hereto copy of documents received from the President this morning. Please get together on this, and I would like to see the three of you at three o’clock Monday afternoon, December 7th.
THE WHITE HOUSE
WASHINGTON

December 4, 1942

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

Reference is made to your memorandum of November 24 concerning the United States currency held by the Spanish Government.

I have discussed this matter with the Secretary of State. His views are expressed in the attached memorandum. I concur and suggest you consult with the Secretary of State concerning the details.

[Signature]

Regraded Unclassified
MEMORANDUM FOR THE PRESIDENT

Reference is made to Secretary Morgenthau's memorandum to you of November 24 concerning the request from Ambassador Hayes, contained in telegram 1814, November 17, that the Spanish Government be permitted to ship to this country approximately $1,100,000 in United States currency.

The State Department is fully aware of the adamant attitude of the Treasury Department against permitting this currency to enter the United States. Nevertheless, in view of the importance attached to this matter by Ambassador Hayes in the light of our present over-all policy toward Spain, I recommend that permission be granted to the Spanish to ship this currency to the United States for deposit in a regular blocked account. The currency could then be used under the terms of the Spanish General License. I also recommend that the granting of this permission be conditioned upon the agreement of the Spanish Government to make available to us an equivalent amount of pesetas against a deposit by us of the countervalue in dollars in the regular blocked account of the Spanish Government.

We are sorely in need of pesetas to finance our preclusive buying program in Spain. Thus conditioning our permission to let this currency enter the United States would, therefore, be of direct benefit to that part of our economic warfare program.

There is attached a memorandum from you to Secretary Morgenthau. If you concur in the above views, it is suggested that you sign the memorandum and send it along.

Will you please let me know what action you take so that I may take the matter up with the British? A navigert will be necessary before the currency can be shipped from Spain.
Received by telephone from New York.


Chungking, Dec. 15, 1942

Referring to 1937 agreement between you and us, we wish to extend for further six months. Please consult Treasury and advise.

Central Bank of China.
Information received up to 7 A.M., 15th December, 1942.

1. NAVAL

Yesterday morning one of H.M. Cruisers was torpedoed while returning from patrol off BON. One of H.M. submarines is overdue at MALTA and presumed lost.

2. MILITARY

LIBYA. 13th. In the morning enemy withdrew from MARSA BREGA and later also from ES SUERA. Our forces although delayed by mines followed up the enemy along coastal road while other formations further south reached a point about 13 miles southeast of EL AĞHILÌA without meeting opposition.

TUNISIA. 13th. Three enemy armoured columns advanced from the direction of TUNIS upon MEDJES EL BAB but failed to penetrate our positions.

NEW GUINEA. Allied forces have captured BUNA.

RUSSIA. Germans have begun an offensive operation southwest of STALINGRAD in the KOTOJNIKOFLO Area where they appear to have achieved a local penetration of Russian defences.

3. AIR OPERATIONS

WESTERN FRONT. 14th. Hudsons attacked a convoy off THE HAGUE. A 4,000 ton ship was probably damaged. Spitfires damaged a 2,000 ton tanker off OSLOND.

14th/15th. 33 aircraft laid 76 sea mines. 9 enemy aircraft operated over DURHAM and YORKSHIRE Coast and dropped bombs at a number of places. Some damage was caused at Dorman Long’s Steel Works in MIDDLESBOROUGH.

TUNISIA. 13th. Docks at TUNIS and BIZERTA and the harbour at ROUSSE were successfully bombed and two ships sunk.

13th/14th. During two attacks on TUNIS and LA GOULETTE 3 ships including one of 7,000 tons and some oil cisterns were set on fire.

TRIPOLITANIA. 13th. Our fighter bombers flew a record total of nearly three hundred sorties. M.T. withdrawing from MARSA BREGA and EL AĞHILÌA were continuously attacked and many vehicles were destroyed or damaged. Enemy casualties, 6, nil, four; ours 4, nil, nil.

MEDITERRANEAN. 13th/14th. Naval aircraft torpedoed and set on fire an escorted southbound ship of 5,000 tons off West Sicily.