

**DEPARTMENT OF STATE****ASSISTANT SECRETARY**

March 24, 1943

Copy for The Honorable  
The Secretary of Treasury.

A. A. B., Jr.

## DEPARTMENT OF STATE

*Memorandum of Conversation*

DATE:

March 24, 1943

SUBJECT: Tentative Stabilization  
Fund ProposalsPARTICIPANTS: Sir Frederick Phillips;  
Mr. A. A. Berle, Jr.

COPIES TO:

Copy to Mr. Harry White

---

Sir Frederick Phillips came in to see me at his request. He had received a cable from London commenting on the proposed press statement by Treasury. He said:

(1) Did we contemplate publishing the American stabilization fund proposal now? I said we did not.

(2) The British Government still hopes that in our press statement we could carry a reference to the fact that a plan had been put forward by British experts. I noted the point.

(3) They hoped that the phrase which reads: "fixing values of currencies in terms of gold" in the proposed press statement could be changed to read: "fixing values of currencies by relating them to gold." He enlarged this point slightly. He said there was a large and choate body of public opinion in England which was definitely opposed to return to the old gold standard. It was an article of political doctrine with the Labor Party. They feared an endless number of questions and comments as to whether the British Government proposed to revert to the deflationary policy which prevailed after the last war. I said that we, on the other hand, had a considerable body of public opinion that still thought in terms of the gold standard and that

the

-2-

the Treasury would have to determine ~~a little~~ what was meant. Sir Frederick agreed that of course we had a perfect right to describe our own proposal as we saw fit, but he hoped we would modify on this point.

(4) He considered the last sentence of paragraph 3 of the press statement, giving an opinion of Secretary Morgenthau that the stabilization fund might "point the direction for international cooperation" as going pretty far. He thought this indicated a degree of American commitment to the plan whereas it had been circulated merely as a tentative proposal. He hoped we might modify this line so that it would read that the proposals of American experts might "form a useful basis for discussions directed towards international cooperation". I said I thought that, of course, was a matter for the Secretary of the Treasury to decide, though it seemed to me a point of minor importance either way.

*as*  
A.A.B., Jr.

A-B AAB:AA

## THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

TELEPHONE EXECUTIVE 2020

Box 680  
BENJAMIN FRANKLIN STATION  
WASHINGTON, D. C.

March 24, 1945.

Dear Mr. Secretary,

I understand that the Algiers Meeting was supposed to take place before the end of this month, but that it is now unlikely to be quite so early, as General Catroux (who is due to precede General de Gaulle in Algiers by a few days) has been held in Syria by local business. It should, however, take place in the near future.

Yours sincerely,

*F. Phillips*

(F. Phillips)

The Honourable  
Henry Morgenthau, Jr.,  
Secretary,  
United States Treasury,  
Washington, D.C.

March 24, 1943

Dear Sumner:

This is to acknowledge receipt of your letter of March 23 and to thank you for sending me a copy of the personal letter to you from Ambassador Braden.

Yours sincerely,

(Signed) Henry

Honorable Sumner Welles,  
Under Secretary of State.

"Personal and Confidential"  
on envelope

File in Diary

THE UNDER SECRETARY OF STATE  
WASHINGTON

March 23, 1943

Personal and Confidential

Dear Henry:

I am sending you for your information a copy of a personal letter I have received today from Spruille Braden under date of March 20.

Believe me

Yours very sincerely,

A handwritten signature in dark ink, appearing to read "H. Morgenthau, Jr.", written in a cursive style. The signature is positioned below the typed phrase "Yours very sincerely,".

Enclosure

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

COPY

AMERICAN EMBASSY  
Habana, March 20, 1943

Dear Sumner:

In case you have not seen the report by Messrs. Young and Brister of the Inter-American Navigation Corporation on the possibilities of constructing wooden vessels in Cuba and particularly by José Arechabala, S. A., I am pleased to inform you that it entirely confirms previous findings to the effect that the boats could be built here providing we supplied everything with the sole exception of hardwood frames and labor. Moreover, the cost of the ships will exceed that of those which can be built elsewhere in the Caribbean area. We would have to put up \$85,000 for the amplification of the Arechabala yard and would have to send an expert here at our cost. In short, it is evident that Arechabala misled Secretary Morgenthau by their undue optimism and, in fact, are probably well satisfied not to have any contract awarded them.

This relieves my mind because while we cannot pretend in as large an organization as this Embassy that we do not occasionally make a mistake, I certainly did not want to be in a position of having slipped up on anything so important as this.

With all best wishes,

Faithfully yours,

SPRUILLE BRADEN

The Honorable  
Sumner Welles,  
Under Secretary of State,  
Washington, D. C.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau  
FROM Frances McCathran

March 24, 1943

## CONTROVERSIAL ISSUES BEFORE CONGRESS

1. Salary Ceiling - By a vote of 74 to 3, the Senate passed and returned to the House yesterday the Debt Limit Bill with the new Senate Finance Committee salary ceiling rider providing that no salaries or wages shall be restricted below the level reached between January 1 and September 15, 1942. This rescinds the President's Salary Ceiling Executive Order and also replaces the Disney amendment passed by the House. In the Senate discussion yesterday Senator Langer quoted a speech by Representative Burdick which condemned the attaching of the salary amendment to the Debt Limit Bill as "foxy legislation." "Every person with just a common understanding of parliamentary law," Langer quoted Burdick as saying, "will see that the matter of the President's order should have come before the House as a direct issue rather than being sneaked in under cover of legislation that everyone favored anyway." Senator Barkley also regretted the attachment of such "extraneous" matter to "essential and emergency legislation," claimed that the President had every right to his interpretation of the Stabilization Act, and added that it might not be so easy "to convince eight or ten million American soldiers, who are required to serve their country for \$600 a year, that the President has done any very great injustice in limiting salaries to \$25,000 a year." Nevertheless, Barkley said he felt it was his "duty to vote for the Senate Committee amendment and to vote for the bill."
2. Tax Legislation - As the House prepares to begin debate on the tax issue tomorrow, Representative Forand yesterday introduced a proposal similar to one submitted to the House Ways and Means Committee by Representative Robertson but rejected by them. The Forand plan provides for: (1) cancellation of 6% normal tax and 15% surtax on 1942 income; (2) a 20% withholding tax of which 3% would be Victory Tax and 6% income tax; (3) discounts up to 6% for voluntary advance payments on that part of tax not withheld at the

source; (4) exemptions up to \$3,500 for members of the armed forces; (5) cancellation of taxes of those who die in service. Meanwhile Representative Celler told the House yesterday that the Treasury's position on the tax issue was "like a green apple--it agrees with no one." Representative Hebert also attacked the Treasury's position on tax legislation, saying, "The issue is whether the American people will have what they want or what the Treasury Department is determined to force down their throats."

3. Criticism of the Treasury - Senator E. H. Moore yesterday criticized the Treasury Department for a War Bond advertisement which said that although all the materials required for rural electrification are out for the duration, "farmers of the nation can start now buying rural electrification and all the equipment which goes with it through purchase of War Bonds. Your War Bonds today will buy rural electrification tomorrow and give you back \$4 for every \$3 you invest." Senator Moore then charged that since "the rural electrification activity is conducted by a Government-sponsored corporation" whose "capital is contributed by the Government" and since "money is expended from the United States Treasury only by appropriations made by Congress," the "Treasury of the United States is without authority to represent to the purchasers of War Bonds that the proceeds of the War Bonds will be used for rural electrification."
4. Steel Investigation - A Truman Committee investigation of the Carnegie-Illinois Steel Corporation of Irvin, Pa., revealed yesterday that inspectors, allegedly acting on instructions from their superiors, had altered the results of various tests to make it appear that steel, some of which was earmarked for lend-lease shipments, met required specifications. In Committee hearings yesterday a statement by George E. Dye, supervisor of inspection, was introduced to the effect that since July, 1942, he had been "aware that the mill was shipping badly laminated and piped plates to U. S. Navy and Maritime shipyards and that defective steel was being supplied on U. S. Treasury lend-lease orders." Dye's statement claimed that he had brought the matter to the attention of his superiors but that "no appropriate measures" were taken.
5. Farm Parity - Despite the War Labor Board's warning that any "radical change" in the price of food, might result in a

revision of the "Little Steel" industrial wage formula, the farm bloc gave every indication of continuing their attempts to revise farm parity prices. The House expects to consider today the Steagall bill, a companion measure to the Senate-approved Bankhead bill, to include all Government subsidies in parity computations, and on Friday the Senate is expected to take up the Pace bill, already approved by the House, which would require the inclusion of all farm labor costs, including that of the farmer and his family, in farm price ceilings. Although a Presidential veto is predicted for both of these measures if passed, the farm bloc claims to have the necessary two-thirds majority to override it.

NAVY DEPARTMENT  
MAR 25 AM 11 04  
SECRET

NOT TO BE RE-TRANSMITTED

BRITISH MOST SECRET  
U.S. SECRET

OPTEL NO. 97

Information received up to 7 a.m. 24th March, 1943.

1. NAVAL.

Before dawn 23rd. Eight Motor Torpedo-boats sighted off TARBOROUGH a west-bound convoy of eight ships heavily escorted. The Motor Torpedo-boats attacked and seriously damaged one of the escort and hit two others. No hits seen on convoy. Motor Torpedo-boats sustained slight damage. One of R.M. Submarines is overdue at ALGIERS and must be presumed lost. May have struck a mine since no enemy claim made. This was to have been her last patrol before coming home.

2. MILITARY

TUNISIA. On 22nd United States Infantry attacked the high ground south-east of GAFSA. At last night the attack was still in progress. An enemy counter-attack 23rd made some penetrations along the GABES-GAFSA ROAD towards GAFSA.

Eighth Army. A strong enemy counter-attack was launched against our MARSH Bridgehead in the early afternoon of 22nd but at last night we still held the main Bridgehead and only a little ground, between ZARAT and the Coast, had to be yielded. Fighting continued throughout 23rd. Prisoners taken this area now over 2,000. South of EL HAMMA some of our armoured forces, who had advanced north from KSAE RHILANE, attacked enemy positions on 21st and took them after heavy fighting. By morning of 22nd our forces had made gaps in the mine-fields and crossings over anti-tank ditches, thus establishing a Bridgehead against which the enemy, on the afternoon of 23rd, launched a tank attack. Fighting continued throughout the afternoon. By evening 23rd our forces had reached a line roughly parallel with the EL HAMMA-KEBILI ROAD about six miles south of it and twelve miles south-west of EL HAMMA.

3. AIR OPERATIONS.

WESTERN FRONT. 22nd/23rd. ST. NAZAIRE. 584 tons high explosive and 324 tons incendiaries were dropped, including 1253 1000-lb. high explosives. Bright moonlight, only thin cloud; most crews could identify objectives visually in spite of smoke-screen and some ground haze. Main attack from 9.30 - 10.50 P.M. Bombing well concentrated in docks area, where fires developed satisfactorily. One very large explosion reported. Moderate anti-aircraft, ineffective search-lights, fighters active

23rd. Twelve Mosquitoes made a low-level attack on Nantes Locomotive Works. Many hits on the buildings were seen. Four enemy aircraft crossed the South Coast. One was destroyed by anti-aircraft.

23rd/24th. Following aircraft despatched - See Mining 45 (one missing), Leaflets LILLE and ORLEANS 21 (one missing), Offensive Patrols 11.

TUNISIA. 21st/22nd. Twelve Wellingtons bombed SPAX on 52 Medium and Heavy Bombers attacked enemy concentrations near GABES. 22nd. PALERMO was attacked by 24 Fortresses. 78 United States Fighter and Medium Bombers attacked enemy positions in the ZARAT area. "Hurri-tankbusters" and Kittyhawks attacked concentrations of enemy tanks at EL HAMMA destroying nine. Fighters flew offensive patrols. A large ship was probably sunk by Marauders off CAPE BON. A total of 577 sorties was flown during the day. Enemy casualties 27.11.20. Ours - 11 missing.

ITALY AND SICILY. On 21st/22nd five Liberators bombed Naples, and on 22nd/23rd Malta Mosquitoes destroyed four locomotives.

BURMA. 21st. Fifteen United States Liberators bombed and hit the viaduct at GOKTAIR north-east of MANDALAY. 22nd. 23 escorted B-24s attacked an enemy camp at PROMAY.

March 25, 1943  
10:00 a.m.

Re: MR. FRANCIS GOODALE

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

H.M. JR: I just wanted to tell you gentlemen about Mr. Francis Goodale of Boston, who has been very highly recommended, and who is here today.

He is in with Mr. Gaston. He is going to make appointments with you different people. What I have in mind is just as general assistant to me, personally.

He will come down here with no administrative responsibility - just sit here. I have some things which I don't have time to study, and I am going to give them to him.

He may have nothing to do for a week, and he may be very busy. I want him to look into Procurement. If he wants to find out something about taxes, he can do just what Justice Byrnes does. He can ask you people's advice. If he wants to know something about the cost of living, he can go to you (Bell), or to Harry White.

In my talking with him - it would be sort of a trial for a month to see if he decided he wanted to come and I decided I want him. But I very, very much need somebody of this type. He is a man about sixty; he enjoys an excellent reputation. He voted three times for Roosevelt. He is a man of very moderate means.

MR. PAUL: Was his father Treasurer of Amherst?

- 2 -

H.M.JR: Might be. He must have gone to Amherst. He is that type of person.

MR. PAUL: They don't stick out that way, do they? (Laughter)

H.M.JR: Yes, these New England high vests - I mean, he is distinctly very, very much Boston.

MR. PAUL: There was a fellow there at the time I was there, I think he was Treasurer - a man named Goodale.

H.M.JR: A nice twinkle to his eye - looks to be shrewd. I said to him, "I hope you are liberal to the left."

He said, "I am as much to the left as the New Republic and The Nation." I said, "That suits me."

He is an ardent supporter of the Loyalist Spanish business. He has never met Thomas Jefferson Coolidge. (Laughter)

MRS. KLOTZ: That is in his favor. (Laughter)

(The Secretary held a telephone conversation with Mr. Biddle.)

H.M.JR: Anyway, Gaston will ask each of you to see him.

In his favor I had Greenbaum do some checking amongst the lawyers in the Army, and they said the minute that I said I didn't want him they want him, and have got a very responsible position for him. They just couldn't understand how they overlooked him.

He was recommended to me - although he doesn't know him - never met him - by Ben Cohen. General advisor on anything that I need where my desk is overflowing and I can't do it.

- 3 -

I mean to say, it may be Procurement. I am worried a little bit about Procurement. Right now I am worried because the Labor people are worried about what is happening in War Bonds. I have got to see the Labor press on Saturday.

I might say, "I want you to go into this whole thing and meet the Labor people. What is their problem and why are they worried - what are they worried about?" anything which I happen to be handling.

As I say, if he wants legal work done, then the General Counsel's office would do it. I realize that normally it isn't the kind of thing, but if I had a vacancy as Assistant Secretary, he is the kind of person I would make Assistant Secretary. He is that caliber.

So, if you people would talk to him, and then come back and see me at quarter of three and tell me what you think--

MR. PAUL: I will try to do it. I may have to be up at - debate starts today. I have to go back now and write an additional statement for Doughton for his speech. I probably ought to be up there.

H.M.JR: Well, anyway, my schedule is - I told Gaston I would see him - and you people - at quarter of three, and then I would see Mr. Goodale at three-thirty.

MR. PAUL: If I can't be here, I can tell Gaston or Dan.

H.M.JR: Does anybody have any question?

MR. WHITE: The only question I might ask - do I understand he is to be your advisor, that it isn't another channel between us and you - we don't have to go through him to you? It is not a general assistant in that sense?

H.M.JR: No, it is just somebody that will sit

- 4 -

in that chair half the time. I mean, right now I have got to impress on these people that they can't just slap Labor down after I have built up this beautiful relationship. Somebody has to sit down and say, "What is the trouble? What are you worried about?"

If he is here, I will say, "All right, go into it with Houghteling and tell me what I can do to satisfy Labor." I have to face them Saturday morning.

MR. WHITE: I have a problem which I want to take an opportunity to ask you about, that might fit.

Ben Cohen wrote me a letter about selling the Army and Navy stuff. I turned it over to Gamble for a report. The report that Gamble gave me - the table looks to me to be one that will create considerable criticism; not the quality of the report, but the fact that only forty-five thousand, if I remember the figures exactly, of the entire Navy personnel are having pay-roll deductions - forty-five thousand out of over a million. If I send that report to Ben, I know we will hear of it some way.

Now, I told Ted that I would have Ben get in touch with him, but I don't know who you want to handle that. I don't want to get into that. I am sure it will create some kind of subsequent discussion and criticism that it is not being properly handled.

Now, is that the sort of thing you mean?

H.M.JR: Yes.

MR. BELL: That ought to go to Bartlett as Chairman of the Interdepartmental Committee. I question the figure you give. The Navy is way ahead of everybody else.

MR. WHITE: You are talking about personnel. I was talking about sailors.

H.M.JR: Enlisted men?

- 5 -

MR. WHITE: The men in the Navy Department have a very excellent record. I am speaking of sailors and soldiers, which is what Ben Cohen inquired about.

H.M.JR: You mean only forty-five thousand sailors who are deducting their pay?

MR. WHITE: Yes. There are others who are buying, of course, in the various places. Of that they don't have figures.

MR. PAUL: That ties in--

MR. WHITE: I didn't know who was supposed to handle it.

H.M.JR: It is the overflow things that I don't get the time off to digest. Look at that pile there. It is not somebody - you would come to me and I would say to Mr. Goodale, "Now look, I want you to listen to what Harry White has got to say." And he would sit there.

I will say, "Now think it over. If you are not satisfied, go talk it over with Harry. What do you think I should do?"

Take this whole postwar business - I mean, take this thing - should there be a release or shouldn't there? I acted very fast yesterday. Maybe I am right; maybe I am wrong.

MR. WHITE: Quite all right.

H.M.JR: I mean that kind of thing. Supposing England published it. I just want another wise head.

He said, "What are the qualifications?" I said, "Just good common horse sense."

You see what I mean. I don't want the most brilliant person in the world - a person necessarily generating ideas. I want a person who will listen.

- 6 -

MR. WHITE: We always had more of those around in the past years than recently.

H.M.JR: Gaston said, "We are all so busy signing mail, nobody around here has got a chance to think."

Does that explain it to you?

MR. WHITE: All except the last sentence. (Laughter)

H.M. JR: He (White) always gets so personal. (Laughter)

March 25, 1943  
10:02 a.m.

HMJr: Hello.

Operator: Mr. Biddle.

HMJr: Right. Hello.

Francis  
Biddle: Henry?

HMJr: Speaking.

B: This is Francis.

HMJr: Good morning.

B: Henry, in reference to that Fish matter, I looked at the file and I find that January 29 we returned it to - to the Bureau....

HMJr: Yeah.

B: ....for appropriate disposition of civil liability.

HMJr: Yeah.

B: Now I didn't know if, in view of that, you wanted us to discuss the ground of civil liability. We think there is ground for it, and I'll be very glad to go over it with - with your people if you want us to.

HMJr: I see.

B: In other words, it was sent back for....

HMJr: Oh, I know.

B: ....action on civil liability.

HMJr: Well, it's a thing that - the reason I took it to the President was there was this letter, which I think - you got all the correspondence....

B: I have.

- 2 -

HMJr: ....and where the Commissioner of Internal Revenue wanted me to sign, you see?

B: Yes.

HMJr: Approving.

B: Yeah.

HMJr: And I didn't want to do this without the approval of the President.

B: I understand.

HMJr: And that's why I gave it to him.

B: I understand, yeah.

HMJr: So you think there is grounds for civil?

B: Well, I think there probably is. Of course, it's a matter for your determination.

HMJr: Yes. Well, I tell you what I'd like you to....

B: In other words, you'd assess the tax against him.

HMJr: Yeah. Would you send me back those papers?

B: Yeah, you bet, yeah. All right, and then....

HMJr: And....

B: ....you can consider it, and if you want a conference, then let me know.

HMJr: Right.

B: Fine.

HMJr: Thank you very much.

B: All right.

March 25, 1948.  
10:10 a.m.

TAXES

Present: Mr. Bell  
Mr. Paul  
Mrs. Klotz

MR. PAUL: I have one problem here which has to be faced.

About a week ago John McCormack asked me for a description of the various plans that had been offered. I didn't - I couldn't, in fact, do anything about it until recently because the Republicans have just changed their plan yesterday, but he asked for information, and I have written a letter in response. He renewed his request day before yesterday, and I have written him a purely informational letter.

As a matter of precaution, at the end I put the sentence, "You will recall that Secretary Morgenthau has announced his full support for the Ways and Means Committee plan." I think that is all right to send him, isn't it? (Referring to letter and report to Mr. McCormack.)

H.M.JR: You are asking my advice?

MR. PAUL: Yes.

H.M.JR: What I would do is, before I show it to him, I would tell old Bob Doughton just what you are telling me. He can't refuse, you see, to let you do it. But I would say, "Now, Bob, if you don't want it, all right, but we want you to know we are going to play ball with you. Here is the leader of the House that wants this thing."

MR. PAUL: I don't see how you can refuse the leader.

- 2 -

H.M.JR: You can't, but if you are asking me - what do you think, Bell, where Doughton is so sensitive on this thing?

MR. BELL: Yes, I think it is better.

H.M.JR: To show it to Bob first?

MR. BELL: Or tell him about it. He probably won't read it. It is long, isn't it?

MR. PAUL: Eighty pages.

MR. BELL: The report doesn't cover the various plans?

MR. PAUL: Yes, it does.

MR. BELL: I mean, the committee report. It goes into a lot of them.

MR. PAUL: No, it doesn't cover these. That is why he wants the information. He wants it so he can act if some emergency arises.

H.M.JR: I would walk in there and tell Bob, "I have this thing; I can't refuse it, but I didn't want to do anything without talking to you first." The chances are he will say, "O.K."

MR. BELL: I think he will. I don't think he can refuse it.

MR. PAUL: The only difficulty is one of time, now.

March 25, 1943  
11:26 a.m.

Grace Tully: Mr. Secretary, how are you?

HMJr: I'm fine.

T: That's good. Mr. Secretary, the President said, "Fine," take that up with him on Friday after Cabinet, hmmm?

HMJr: Oh, you got my letter?

T: No.

HMJr: Oh.

T: Just this minute. I haven't even opened it, but - but somebody did bring over to me an envelope which I haven't yet opened. It's....

HMJr: Well....

T: ....just been handed to me a second ago, but I had intended to call you before he came in and I didn't know it related to that.

HMJr: Well, I don't - I don't even - I had written you a letter and sending you a copy of what I wanted to take up with him.

T: Yes, all right.

HMJr: And I don't know whether it's gone yet.

T: Yes, it's here. I think I've - wait a minute, I haven't opened - let me open it.

HMJr: I don't think it's gone yet.

T: No, this - no, that isn't....

HMJr: Well, you move so fast I can't keep up with you.

T: (Laughs)

HMJr: But it will be over there shortly, and I thought he might want to - give - give it to him so he can read it before Friday.

- 2 -

T: All right, fine. I'll do that, and then will you mention it to the Secretary of State or do you want me to?

HMJr: I think it would be nice if you would mention it, and he's so formal, you know.

T: Call him up and say the President would like to talk to you and him after the Cabinet about this matter in North Africa, hmm?

HMJr: That's right.

T: The French franc - all right, I'll do it.

HMJr: Thank you so much.

T: Fine, Mr. Secretary. Goodbye.

March 25, 1943  
1:04 p.m.

HMJr: Hello.

Operator: Mr. McCormack.

HMJr: Oh, yes. Hello.

Operator: Go ahead.

Cong. John  
McCormack: Hello, Henry?

HMJr: Yeah.

M: John McCormack.

HMJr: Right.

M: Henry, on Bill Schulte - you know Bill.

HMJr: Yes.

M: I just wanted you to know the Speaker and I  
have a very fond regard for him....

HMJr: Oh.

M: ....close attachment....

HMJr: Good.

M: ....always right....

HMJr: Good.

M: ....and dependable and - while the Speaker's  
away, I know I speak his sentiments, but I -  
I recommend him strongly to you, and I know  
the Speaker would and also that you try and  
give him -- if he's appointed - if you make  
an appointment -- the best break you can from  
the salary angle.

HMJr: Yeah. Well, of course, we're limited on that.

M: I see.

- 2 -

HMJr: But I - I did make him an offer, you know.

M: Yeah.

HMJr: Yeah.

M: Well, I didn't know - I didn't know what the status was, see?

HMJr: Well, I told what's-his-name from Indiana, you know....

M: Louie Ludlow?

HMJr: Yes.

M: Yeah.

HMJr: ....that we'd be glad to pay him \$5,000, and I told him that about a month ago.

M: Yeah.

HMJr: Then he turned us down; then he came back and said he'd like to have it. So I said, "Well, the job is still there."

M: Yup.

HMJr: So that's....

M: Well, that's fine, Henry.

HMJr: Right.

M: Now while I get you, on Goodale....

HMJr: Yes.

M: ....I have made inquiry. I sent you a report - a letter that I got from one - a very good friend of mine, a very reputable lawyer in Boston.

HMJr: Oh, yes.

M: You'll get it tonight or tomorrow morning.

- 3 -

HMJr: Yeah.

M: Mr. Goodale is a gentleman of unimpeachable reputation and character and an outstanding man in the - and a man whom this friend of mine has checked....

HMJr: Yeah.

M: ....and I have never received - I've never seen a finer recommendation of anyone than I - than the one I received from this friend of mine, and which I've transmitted to you.

HMJr: Fine.

M: I just wanted you to....

HMJr: Well, I - I asked some lawyers that I knew over at the War Department to check him, and they did, and they said, "My God! How did we overlook him?" They said, "If you don't want him, we do."

M: Hmm. Well, he's a top-rate man and the interesting - he's a Democrat.

HMJr: Oh, he voted three times for Roosevelt.

M: Yeah, but he's a registered Dem. too.

HMJr: Good.

M: He goes further than that. He's a registered Dem.

HMJr: Yeah.

M: Yeah.

HMJr: Thank....

M: I thought - I thought you'd be glad to hear that, and you'll - you'll get that - you'll get my letter to you - sent to you personally  
....

HMJr: Yeah.

- 4 -

M: ....and with the enclosure that I received from  
this friend of mine.

HMJr: Ever so much obliged.

M: Thanks, Henry.

HMJr: Take care of him.

M: Goodbye.

March 25, 1943  
2:50 p.m.

Re: FRANCIS GOODALE

Present: Mr. Gaston  
Mr. Bell  
Mr. White  
Mrs. Klotz

H.M.JR: Now, would you please - what about Francis Goodale?

MR. GASTON: He looks like a pretty high-grade character to me. I liked him a great deal.

H.M.JR: Do you think he will be useful to me around here?

MR. GASTON: I think he might be very useful.

H.M.JR: Liberal enough?

MR. GASTON: Liberal enough - not an extremist, not a fanatic - good balance, I thought. I don't know his reputation as a lawyer, but he seems to be with a good firm.

H.M.JR: His reputation as a lawyer is the highest.

MR. GASTON: As a personality I liked him, his temperament, and so on.

H.M.JR: Good sense of humor?

MR. GASTON: Yes.

Did you get my little note about what John McCormack said to Randolph Paul?

- 2 -

H.M.JR: I am just two days behind.

MR. GASTON: That was just this morning. Randolph Paul phoned me that John McCormack said to him that the word he got about Goodale from Boston was that he was exceedingly fine. John is sending you a letter which he got from a pal of his in Boston - a lawyer in Boston.

H.M.JR: He called, and said he is tops.

MR. GASTON: You saw the letter?

H.M.JR: No. He called me on the phone.

MR. GASTON: Then you got the message direct from him.

H.M.JR: John called. He said he is tops. He said, "Henry, he is even a registered Democrat." (Laughter)

MR. GASTON: He told me he was born and brought up a Republican, but he became a Woodrow Wilson Republican in 1912, and he has never voted for anybody but a Democrat since then.

H.M.JR: According to John McCormack, he is a registered Democrat.

Anything else? Harry?

MR. WHITE: I liked him. He made a favorable impression on me.

I have no way of judging competence or his imagination - that is something that you will have to get elsewhere or take a chance on. But his personality I found attractive.

He is a man who apparently also has sufficient drive and social interest to undertake outside of his work to pursue problems of adult education. He has started and conducted some classes. From him I got this. I think it is something in his favor.

- 3 -

I did not get any definite impression as to his ability, but I did get the feeling that he is a kind of fellow who might well be useful and who would not be a source of friction.

He is certainly worth a try.

H.M.JR: Bell?

MR. BELL: I only had a few minutes with him. I just got started, and then went into the other room. But he favorably impressed me, and I think he impresses you more as you talk with him. At first I don't think you get a very good impression of him. He hasn't such a good personality at first, but I think after you talk with him a little while--

MR. GASTON: What I like about him is that he has none of this high-pressure front about him. He is the old-shoe, New England intellectual kind.

MR. BELL: He seemed a farmer rather than a lawyer.

H.M.JR: Did you see his hands? Do you remember that other man that came in, his hands always bothering him - didn't know what to do with his hands.

MR. BELL: He looks like a dirt farmer.

He has had quite a bit of experience. He has worked in the United States Attorney's Office, or the State Attorney's Office.

MR. GASTON: United States District Attorney's. He handled antitrust and war contract cases in Boston under the famous Judge Anderson, who was the liberal New England judge of the Circuit Court of Appeals. He was the district attorney during and after the last war, and Goodale served as assistant to him.

H.M.JR: That doesn't ring a bell with me, but it does with you?

- 4 -

MR. GASTON: Yes.

MR. BELL: He has had enough Government experience to know something about it. I mean, he isn't particularly lost. He knows he is up against a certain amount of red tape. He wouldn't be particularly lost in a job in the Treasury.

I think he would like to come. He said the prospects are interesting, but he has got some trouble in his own firm and also has family responsibilities, which he told me about.

H.M.JR: He is not a man of means.

MR. BELL: He has four children, all of whom are married. One boy has been called into the Army and kept at school - he got married while he was at school so he has that family to support.

I think he told me he has three daughters, all of whom are married, and the three husbands are liable to be called to the service at any minute. He says, "If they are I will have to assume the responsibility of those three families."

He has a brother that has had very hard luck, and he helps there.

H.M.JR: It is amazing how little he has been earning considering the reputation of his firm.

MR. BELL: He said the firm's work had kept up well. There were twelve partners at the top - I don't know whether he called them senior or not - and they lost, I think, eight of them into the Government service in one form or another. If he left it would leave three to carry on the work of twelve.

He said, "That is what I am up against, and in considering this job I have to think of the family troubles and firm troubles." But he said, "If there

- 5 -

is a job to be done, I am willing to take that chance."

H.M.JR: My proposal is for him to come down and try it for a month. I don't want to take a chance. But the people - anybody asked about him - just go into raptures about this fellow.

In all my life I never heard Eddie Greenbaum - he doesn't know him, but all the people he checked with in the War Department give this fellow such a reputation.

MR. WHITE: A month is not an awfully long time.

H.M.JR: I just said a month.

MR. GASTON: That is one thing I didn't do. I didn't send him over to Eddie Greenbaum.

H.M.JR: Oh, well.

You people are all favorably inclined?

MR. WHITE: I am.

MR. BELL: Try him.

H.M.JR: The way I feel is this. Bill Douglas recommends two fellows. One of them turns out to be a character witness for Schenck, the movie man, and was put in there by Schenck as comptroller--

MR. BELL: Director of finance.

H.M.JR: He is now a chief justice of the State court of California. A couple of years he was just a leg man for Schenck, wasn't he?

MR. BELL: Yes, just about that, I guess. He was a practicing attorney in California. He apparently had an inside track to Schenck. Olson got him in the campaign for his informative service.

- 6 -

H.M.JR: I don't know what the other fellow is like, but this fellow - I don't think he is going to set the world on fire. I don't want anybody to set the world on fire. I have enough people doing that. I just want the fellow to sit as a judge and advisor.

MR. BELL: I don't know what he does. Harry said he was interested in certain social activities.

MR. WHITE: Outside of his law. This was prior to the war.

MR. BELL: He didn't know Charlie Spencer, and you say he never met Coolidge. I know a pretty able lawyer in Boston, and he never heard of him. So apparently he keeps pretty close to his own clique.

H.M.JR: I will have another talk with him at three-thirty. I think I could do a lot worse, don't you?

MR. GASTON: I am sure you could.

H.M.JR: The man is certainly thoroughly respectable. He is on the right side on the Spanish question.

MR. BELL: He looks like a fairly honest individual.

H.M.JR: As I say, I was surprised, being with that kind of a firm, that his income was as moderate as it is.

MR. WHITE: Did you know Codman of Boston?

MR. GASTON: No.

MR. WHITE: He apparently did a lot of work with him. He is rather a well-known, upstanding figure in Massachusetts.

H.M.JR: Peter Odegard checked him through

- 7 -

Civil Liberties. They think very well of him. I mean of the Massachusetts - he is not a national figure.

But all I can say is if I don't take him the Army is going to snap him up in a second and give him a very important position.

All right, gents.

## ASSISTANT SECRETARY OF THE TREASURY

March 25, 1943.

MEMORANDUM

TO: Secretary Morgenthau  
FROM: Mr. Gaston

Randolph Paul phoned that John McCormack told him that the report he got on Goodale was exceedingly good. McCormack is sending you a letter from a lawyer friend in Boston.



}

Message from  
TO: Mr. Paul

Mr. Paul saw Mr.  
Goodale on the hill  
this afternoon and  
is favorably impressed.  
Paul can be reached  
thru Cong. McCormack's  
office if you wish  
to speak with him.

3/25/43  
2:57

From: Mr. Fitzgerald

Treasury Department  
Division of Monetary Research

195

Date March 25 194 3.

To: Mrs. Klots

This is a report I received on  
Mr. Goodale from a friend who did not  
know Mr. Goodale himself but who in-  
quired of a reliable friend.

H. D. White

MR. WHITE  
Branch 2058 - Room 2I4 $\frac{1}{2}$

Mr. Goodale is a fine and kindly gentleman. He is a member of the much-respected Boston law firm of Hill, Barlow, Goodale and Wiswall. Some four or five years ago I tried a suit in equity wherein Goodale represented a Cambridge Savings Bank. I considered him the kind of a fellow who would be on the money side in a law suit. To my surprise, as I did not think of him as having such interests, he became somewhat active in the Civil Liberties Union of Massachusetts. He is a liberal in the sense of being for the Bill of Rights. No one would suspect him of being radical, which he is not, but he is a fine fellow and unquestionably a good lawyer. His law firm is one of long standing and was formerly known as Hill, Barlow and Howans. I seem to recall that he has a son who is also a lawyer, but I am not sure of this. Should you want more detailed information I can get it readily enough by inquiring from some of the Civil Liberties boys.

cc - Mr. Graves  
Mr. Gamble

197

March 25, 1943  
3:03 p.m.

Operator: Go ahead.

HMJr: Hello.

Gardner  
Cowles: Hello, Mr. Secretary.

HMJr: Yes.

C: This is Gardner Cowles in New York.

HMJr: In New York?

C: Yes, sir.

HMJr: Yes, sir!

C: Chet LaRoche and I have been talking with Frank Tripp of the Gannett Newspapers....

HMJr: Know him - know him very well.

C: And we have persuaded him to be the chairman....

HMJr: Yes.

C: ....of this Allied Newspaper Council.

HMJr: Good!

C: Now he makes one request....

HMJr: Yes.

C: ....which seems to be reasonable. You have a man working for you now in the Treasury named Don Bridge.

HMJr: Bridge?

C: B-r-i-d-g-e.

HMJr: Never heard of him.

- 2 -

C: Well, I don't think he has a very important job there, and he's in the War Savings - Consultant, I think that's his title.

HMJr: Yeah.

C: He wants to have Don Bridge assigned to him....

HMJr: Yes.

C: ....for the next couple of months to help organize the newspapers adequately.

HMJr: Well, I - he can't be terribly important or I - I would have known about him, but I would say off-hand unless - well, we'll - we'll - I'll say "yes." I don't know what the man's doing.

C: All right.

HMJr: Don - Don Bridge.

C: That's right.

HMJr: I'll say "yes."

C: Now I wanted Frank Tripp to come to Washington....

HMJr: Yes.

C: ....to talk to you briefly....

HMJr: Good.

C: ....at your earliest convenience.

HMJr: Well....

C: And I wondered how Monday suits your schedule.

HMJr: Well, we'll make it suit it. What time Monday - around what time of the morning?

C: Any time you say.

HMJr: Well, let's say eleven o'clock.

- 3 -

C: Eleven o'clock. All right, I'll....

HMJr: Wait a minute - wait a minute, I've got somebody else. Ten-thirty.

C: All right, ten-thirty Monday morning.

HMJr: Will you bring him over?

C: I'll bring him over, yeah.

HMJr: And that's yourself and Tripp - and the man that you want again is who?

C: Don Bridge.

HMJr: Don Bridge.

C: B as in "baby"....

HMJr: Right.

C: ....r-i-d-g-e.

HMJr: Right.

C: Okay. Thank you, Mr. Secretary.

HMJr: Thank you.

C: Fine.

March 25, 1943  
4:48 p.m.

HMJr:            Would you tell Senator O'Mahoney, please,  
                  that I have today sent over to the  
                  President of the United States Mrs. Ross'  
                  reappointment.

Senator  
O'Mahoney's  
secretary:        Oh, fine!

HMJr:            Will you tell him that?

S:                Yes, indeed, and he'll be delighted.

HMJr:            And I imagine it'll shortly go up to the  
                  Hill.

S:                Yes, indeed. Well, thank you so much, sir,  
                  and he'll appreciate that.

HMJr:            Give him my very best regards.

S:                Yes, sir, I shall.

HMJr:            Thank you.

S:                Thank you.

March 25, 1943

My dear Mr. President:

I thought you would be interested in the enclosed clipping from the New York Herald Tribune of March 23rd.

Our meeting last Saturday was most successful. General Marshall gave one of the best off-the-record talks on the war that I have ever heard. It is most encouraging to me to have the newspapers enthusiastically behind our April War Bond Drive.

Sincerely yours,

(Signed) H. Morgenthau, Jr

The President,

The White House.

*Sent by S.D. Agent.*

*12:45 - P.M.*

NEW YORK  
**Herald Tribune**  
 MAR 23 1943

## Nation's Press To Aid U. S. in 13-Billion Drive

### Allied Newspaper Council Set Up to Back Biggest Loan Appeal in History

WASHINGTON, March 21 (AP).—Representatives of America's newspapers formed an Allied Newspaper Council Sunday to support the Treasury's \$13,000,000,000 Second Victory Drive, the greatest financial undertaking in history, which starts April 12.

The council was organized after the newspaper representatives heard Secretary Henry Morgenthau Jr. and General George C. Marshall, chief of staff.

The council issued the following statement:

"At the request of the Secretary of the Treasury, Henry Morgenthau Jr., a group of editors and publishers representing the various newspaper organizations, met in the Treasury Building Saturday morning, March 20.

"The meeting was called by the Secretary for the purpose of acquainting the newspapers of this country with the necessity of driving home to every American citizen the vital importance of the \$13,000,000,000 Second War-Loan Drive, to be launched April 12.

"Every one present was tremendously impressed with the magnitude and importance of the task which lies immediately ahead, as explained by Secretary Morgenthau and amplified by General Marshall, who presented the military aspects of the present situation.

#### Greatest Drive of Kind

"This war-loan campaign will be the greatest financial undertaking in the history of the world, and will demand the participation of every person in the United States. No matter how much of their money individuals are currently investing in war bonds, it is essential

that their buying be stepped up for the period of the drive. Pay-roll deductions are producing approximately \$400,000,000 a month. Additional war-bond purchases total approximately \$500,000,000 a month. The April goal for non-bank subscriptions is eight out of a total of \$13,000,000,000.

"This money can be raised only through investment in more government bonds by every man, woman and child.

"These figures will give you some idea of the magnitude of the job which confronts the Treasury Department in its financing of the war. It's a job which must be accomplished on the home front if we are to bring the war to an early and successful conclusion. Furthermore, the responsibility for persuading our people to put their surplus funds in the safest investment in the world lies largely with the newspapers. This is very definitely a sales job which we can do.

"As these are vital, representatives of the newspaper profession who were in attendance at the meeting formed a committee, to be known as the Allied Newspaper Council; pledged their complete support to Secretary Morgenthau and assumed the responsibility for transmitting this important message to you. The newspapers of the nation were almost entirely responsible for the outstanding success of the scrap campaign. Here is another opportunity to help our country win the war at the earliest possible date.

#### Need to Speed Victory

"The job at hand must be done locally. The only way that the message can be brought to every citizen is through your newspaper. That is where you can help. This war should not be permitted to continue one minute longer than is absolutely necessary, if we are to save the needless loss of precious lives and avoid the useless spending of money. If those of us on the home front fail to do our part in every possible respect, the end of this horrible conflict will be tragically delayed.

"As the plan is now set up, the president of the Federal Reserve Bank in your district will be area chairman. He will have, under the

United States Treasury War Finance Committee, the combined facilities of the War Savings Staff and the Victory Fund Committee.

"It is planned further to organize hard-hitting local committees who know how to get things done. Representatives of the committee in charge will shortly call upon you for your help and advice.

"Those of us who attended Secretary Morgenthau's meeting heard his story and that of General Marshall. It was an effective, telling presentation of a critical situation. We are sure that had you been present, you would have offered immediately your complete support and assistance.

"We know that you will give this drive the same responsive, cooperative and general help that proved so effective in the scrap campaign, and that, as leaders of public thought, you will accept the challenge that has been placed before you by your government."

#### Membership of Council

The Allied Newspaper Council is made up of the following:

Walter M. Dear, president, American Newspaper Publishers Association.

John S. Knight, vice-president, American Society of Newspaper Editors.

Basil L. Walters, secretary, American Society of Newspaper Editors, and president of the Managing Editors Association.

E. H. Abels, president, National Editorial Association.

A. C. Hudnutt, president, Inland Daily Press Association.

O. G. Andrews, president, New England Daily Newspaper Association.

Charles P. Manship, president, Southern Newspaper Publishers Association.

Cranston Williams, general manager, American Newspaper Publishers Association.

Frank E. Gaxnell, president, Gannett newspapers.

Roy D. Moore, vice-president and general manager, Truth-Moore newspapers.

H. W. Stodghill, general manager, "The Philadelphia Evening Bulletin."

Litwood I. Noyes, vice-president, American Society of Newspaper Editors.

E. S. Friendly, "The Sun," of New York.

March 25,  
1943

Ted Gamble  
Secretary Morgenthau

I understand from Robbins that he left you in charge of the New York meeting at which I am going to speak. I wish you would find out as much as you can about it. Who are the speakers? I want to be consulted.

I heard yesterday from Houghteling that they're thinking of having Murray and Green, and I think it's a mistake to have them there in New York. I think they should have New York State labor leaders and not national labor leaders. Anyway I want to be consulted, please.

March 25, 1943

TO THE SECRETARY:

Following your instructions that I look into the War Department bond situation, I called upon General Carter, Chief, Fiscal Service, War Department, yesterday afternoon. This afternoon I called on General Loughry, Chief of Finance, under whose jurisdiction the work falls. Present at the meeting with General Loughry were General Neuper and Colonel Fillman who is in immediate charge. I will give you a more detailed report upon my return from Newark. Meanwhile, here are some of the highlights.

There are roughly 4 million accounts, civilian and military. These accounts will involve the posting of roughly 23,000,000 pay-roll deductions.

They now have about 2,000 employees working in the Bond Issue Division, with absenteeism running about 20 per cent, sometimes as high as 30 per cent. The actual working time, therefore, is equivalent to about 1,600 or 1,700 employees. They are running two shifts.

Between 50 and 60 per cent of the help is colored, a great percentage being inexperienced. Some of them cannot read figures; some cannot add, but apparently they are the best that can be obtained. They need about 1,000 more employees. They would have enough space if they should run a third shift.

Under the present slow and tedious ledger-posting process, assuming that there would be provided additional help, and assuming further that a large part of the civilian accounts should be returned to the field, the military accounts might be processed about as follows, although as a matter of caution, the figures cannot be accepted without careful analysis and check:

<u>Month in which deductions were made</u>	<u>Month received in War Dept.</u>	<u>Number of pay-roll deductions (postings)</u>	<u>Number of bonds to be issued</u>	<u>Approximate date when bond delivery would be completed</u>
October	November	1,500,000	300,000	April 30
November	December	2,000,000	400,000	May 31
December	January	3,000,000	600,000	July 15
January	February	3,500,000	700,000	September 1
February	March	3,500,000	700,000	October 15
March	April	3,500,000	700,000	December 1
Total .....		<u>20,000,000</u>	<u>3,400,000</u>	

- 2 -

In January they issued about 200,000 bonds; in February, 215,000. In March they will probably increase to 235,000 bonds. From this it will be seen that the above estimate of December first for clean-up is too optimistic. It is more likely to run up to 15 or 16 months unless something drastic is done with respect to a change in procedure.

With this in mind, I took the liberty of making a suggestion to General Leughry this afternoon, making it clear that it was not to be taken as a recommendation since it had not been discussed at the Treasury. General Leughry, General Heuper, and Colonel Fillman expressed keen interest in the suggestion since they are anxious to find a satisfactory solution to the problem. I suggested that if the idea appeared to have merit from a practical standpoint, after careful study in the War Department, and if the Treasury should agree, the matter might be discussed jointly by the War Department, Treasury, and the General Accounting Office. In considering the procedure, I stated that there should be weighed the effect on the morale of the soldiers and their families, and the saving in administrative expenses against the probable loss which the Government might sustain. In this connection there is for consideration the fact that the saving of administrative expenses and manpower would undoubtedly outweigh the loss, if any, which might occur.

The suggestion is this: Instead of posting the earliest pay roll first, to be followed by the separate posting of each subsequent roll, we would take the most recent pay roll. In every case where the bond deduction as shown on the most recent pay roll is exactly the same as the deductions which had been made consistently on earlier pay rolls, we would assume that all of the intermediate deductions are the same, and bonds would be issued accordingly. This might take care of 75 to 90 per cent of the load. This would leave the other bonds to be taken care of under the present or modified procedure. This latter group would contain a large number of cases where the bond deductions are only \$1.25 a month, on which the soldiers would not be entitled to bonds until a future date.

I informed General Leughry that the Treasury would give him all the help that it could in the way of clearing any changes in accounting procedure with the Comptroller General. Also, if they would agree to some change in procedure, I would make available for a reasonable time one or two of my best men who could serve in an advisory capacity, directing or organizing work, where necessary, or in training new and inexperienced employees.

- 3 -

Incidentally, General Carter has assigned three men to go through the Bond Issue Office for the purpose of determining what steps might be taken to clear the situation up.

The other day, when I called at Colonel Fillman's office, I learned that arrangements had been made to return civilian accounts to several of the arsenals for the processing of bonds in the field. Yesterday afternoon I learned that General Carter is opposed to this movement on the grounds that it might delay the current issuance of bonds under the new decentralized program. It is my hope that General Carter will not insist upon this in the event the arsenal can assure the War Department that by taking over the cases prior to December 31, there will not result a delay in the issuance of bonds.

H. F. BARTLETT

HFB:hbw 3/26/43

WAR DEPARTMENT  
OFFICE OF THE UNDER SECRETARY  
WASHINGTON, D. C.

March 24, 1943.

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

Dear Henry:

I have looked into the situation on issuance of War Bonds to people in the Army. There have been serious delays in the delivery of bonds.

The plan was set up a year ago. Experience has shown that the procedure was unduly complicated in a number of ways. There were too many choices extended as to monthly subscriptions. Again, the plan was one of pay reservation rather than of pay allotment, and the pay reservation idea required too much work in the way of checking records.

The chief difficulty, however, has been in the character of office personnel assigned to do the work. The War Bond Division had to be built up at a time when the Civil Service Commission was sending us employees of the lowest skills, people utterly without experience or aptitude for office work. These employees were unfitted to do good work, and the rate of absenteeism and rate of turnover were very high.

The volume of subscriptions has been heavy, with 3,250,000 subscriptions from soldiers, 850,000 subscriptions from civilians employed by the War Department. This volume of subscriptions was more than the working force could handle with promptness. Deliveries are now some five months in arrears.

Sometime ago the following remedial measures were taken:

a. The existing plan for purchase by military personnel was cancelled, to be effective the end of March.

b. A new allotment plan was instituted, to be effective April 1st, with the number of plans limited and monthly deductions made for a full bond or a part of a bond.

c. A new War Bond Office was opened in Chicago in February, to operate the new plan. The office is in charge of an officer selected from industry and specially commissioned for the purpose. The office has now been organized and it is safe to say that all bonds will be issued promptly.

d. The handling of subscriptions by civilian personnel was decentralized to the field as of December 31, 1942, thus relieving the Washington office of all responsibility for subscriptions after that date.

e. Measures have also been taken to clear up the work of the old War Bond Division in Washington with speed. The division will be liquidated as soon as the present arrears are cleared up.

Sincerely yours,

  
Robert P. Patterson  
Under Secretary of War.

RPP:er

## UNITED STATES TREASURY WAR FINANCE COMMITTEE

Bulletin  
March 25, 1943

Presidents, Federal Reserve Banks:

We have arranged through the cooperation of the NBC and Mutual radio networks, facilities for holding a nation-wide zero hour rally of the workers for the Second War Loan.

The networks will provide for a closed circuit broadcast from Washington on Saturday, April 10th from 1 to 1:15 PM Eastern War Time. Closed circuit means that the broadcast will go out over the wires from here into the studios of the networks but not on the air.

The plan is to have Secretary Morgenthau deliver an inspirational talk to the workers who will be gathered in the radio studios of the network cities.

This will need quite a job of organization in these cities. It will be necessary for one of your local representatives to call on each station in your district (list attached hereto), make sure the station plans to receive the broadcast, and determine the number of people who can be accommodated in the studio. He will then need to invite the number of workers who can be accommodated, and arrange for them to be there.

In some cases, where studio facilities are limited, it may be possible for the radio station to arrange for the broadcast into the ballroom of a hotel or some other large meeting place. All stations have been advised to expect a call from your representative. It would probably be helpful to the drive and important in our radio relations if your representative were to invite the studio personnel to listen to the broadcast.

This is obviously a program which must be organized through your office, but we will be glad to be of any help we can.

Stuart Peabody  
Head Advertising Specialist

Attachment (1)

ADV 5

## MUTUAL BROADCASTING SYSTEM

AMERICA'S STATION OPERATED NETWORK

CHICAGO OFFICE: TRIBUNE TOWER \* NEW YORK OFFICE: 1440 BROADWAY

All Programs Listed Current New York Time - WEEK BEGINNING SUNDAY, April 4, 1943

Aberdeen, S. Dak. . . . .	.KABR	Corpus Christi, Texas. . . . .	.KRIS
Aberdeen, Wash. . . . .	.KXRO	Dallas, Texas. . . . .	.WRR
Abilene, Texas . . . . .	.KRBC	Dalton, Ga. . . . .	.WBLJ
Akron, Ohio . . . . .	.WJW	Danville, Va. . . . .	.WBTL
Albany, Ga. . . . .	.WALB	Decatur, Ala. . . . .	.WMSL
Albany, N. Y. . . . .	.WABY	Denver, Colo. . . . .	.KFEL
Albany, Oregon . . . . .	.KWIL	Des Moines, Iowa . . . . .	.KSO
Albert Lea, Minn. . . . .	.KATE	Detroit-Windsor . . . . .	.CKLW
Amarillo, Texas . . . . .	.KFDA	Devil's Lake, N. D. . . . .	.KDLR
Appleton, Wis. . . . .	.WBXY	Dubuque, Iowa . . . . .	.KDTH
Ashland, Wisc. . . . .	.WATW	Duluth-Superior, Minn. . . . .	.WDSM
Ashland-Huntington, W. Va. . . . .	.WCHI	Easton, Pa. . . . .	.WEST
Asheville, N. C. . . . .	.WISE	El Centro, Calif. . . . .	.KXO
Astoria, Ore. . . . .	.KAST	Elmira, N. Y. . . . .	.WENY
Atlanta, Ga. . . . .	.WATL	Emporia, Kans. . . . .	.KTSW
Augusta, Me. . . . .	.WFRD	Erie, Pa. . . . .	.WLEU
Austin, Texas . . . . .	.KMOV	Eugene, Ore. . . . .	.KORE
Bakersfield, Calif. . . . .	.KFLC	Eureka, Calif. . . . .	.KIEH
Baltimore, Md. . . . .	.WFRB	Everett, Wash. . . . .	.KRKO
Bangor, Me. . . . .	.WIBZ	Fall River, Mass. . . . .	.WJAR
Bartlesville, Okla. . . . .	.KTON	Fargo-Moorhead, N. D. . . . .	.KVCX
Big Spring, Texas . . . . .	.KBST	Fayetteville, N. C. . . . .	.WFNC
Binghamton, N. Y. . . . .	.WBFB	Fergus Falls, Minn. . . . .	.KGDE
Birmingham, Ala. . . . .	.WGNB	Fitchburg, Mass. . . . .	.WEIM
Bismarck-Mandan, N. D. . . . .	.KGCU	Fond du Lac, Wisc. . . . .	.KFIZ
Boston, Mass. . . . .	.WNAC	Fort Dodge, Iowa . . . . .	.KVFD
Bowling Green, Ky. . . . .	.WLBZ	Fort Lauderdale, Fla. . . . .	.WFTL
Bridgeport, New Haven, Conn. . . . .	.WICC	Fort Worth, Texas. . . . .	.KFJZ
Buffalo, N. Y. . . . .	.WGR	Fresno, Calif. . . . .	.KPRE
Burlington, N. C. . . . .	.WBBS	Gadsden, Ala. . . . .	.WJEY
Canton, Ohio . . . . .	.WBBC	Gainesville, Fla. . . . .	.WRUF
Cedar Rapids, Iowa . . . . .	.WRT	Goldsboro, N. C. . . . .	.WGBR
Centralia-Chehalis, Wash. . . . .	.KELA	Grand Forks, N. D. . . . .	.KILQ
Charlotte, N. C. . . . .	.WAYS	Grand Junction, Colo. . . . .	.KFXJ
Chattanooga, Tenn. . . . .	.WDEF	Grand Rapids, Mich. . . . .	.WLAU
Chicago, Ill. . . . .	.MGN	Great Bend, Kans. . . . .	.KVCB
Chico, Calif. . . . .	.KHSL	Greeley, Colo. . . . .	.KFKA
Cincinnati, Ohio . . . . .	.WKRC	Greenfield, Mass. . . . .	.WBAI
Clarksville, Tenn. . . . .	.WJZN	Greenville, N. C. . . . .	.WOTC
Cleveland, Ohio . . . . .	.WCLE	Greenville, S. C. . . . .	.WERC
Columbia, S. C. . . . .	.WCOS	Hagerstown, Md. . . . .	.WJEJ
Columbus, Miss. . . . .	.WCBI	Harrisburg, Pa. . . . .	.WBO
Columbus, Ohio . . . . .	.WKIK	Hartford, Conn. . . . .	.WHTT

Wazleton, Pa. . . . .	WAZL	Ogden-Salt Lake, Utah. . . . .	KLO
Helena, Ark. . . . .	KFFA	Oklahoma City, Okla. . . . .	KOCY
Holyoke-Springfield, Mass. . . . .	WHYN	Olympia, Wash. . . . .	KGY
Hot Springs, Ark. . . . .	KWFC	Omaha, Neb. . . . .	KBON
Houston, Texas . . . . .	KXYZ	Opelika, Ala. . . . .	WJMO
Huntsville, Ala. . . . .	WBHP	Paris, Texas . . . . .	KPLT
Indianapolis, Ind. . . . .	WIBC	Pine Bluff, Ark. . . . .	KOTN
Ironwood, Mich. . . . .	WJMS	Philadelphia, Pa. . . . .	WIF
Jackson, Tenn. . . . .	WTJS	Pittsfield, Mass. . . . .	WBRK
Jacksonville, Fla. . . . .	WJHP	Pittsburgh, Pa. . . . .	WCAE
Jamestown, N. D. . . . .	KSJB	Port Arthur, Texas . . . . .	KFAC
Janesville, Wisc. . . . .	WCLO	Portland, Ore. . . . .	KALE
Jefferson City, Mo. . . . .	KWOS	Portsmouth, Ohio . . . . .	WPAY
Jonesboro, Ark. . . . .	KBTM	Portsmouth, Va. . . . .	WSAP
Joplin, Mo. . . . .	WJBH	Poynette, Wisc. . . . .	WIBU
Kansas City, Mo. . . . .	WHB	Providence, R. I. . . . .	WEAN
Klamath Falls, Ore. . . . .	KFJI	Price, Utah. . . . .	KEUB
Knoxville, Tenn. . . . .	WBIR	Provo, Utah. . . . .	KOVO
Lacena, N. H. . . . .	WLNH	Racine, Wisc. . . . .	WRJN
La Grange, Ga. . . . .	WLAG	Raleigh, N. C. . . . .	WRAL
Lake Worth-Palm Beach, Fla. . . . .	WWPG	Redding, Calif. . . . .	KVCV
Lancaster, Pa. . . . .	WGAL	Richmond, Va. . . . .	WRNL
Lewiston-Auburn, Me. . . . .	WCOU	Roanoke, Va. . . . .	WSLS
Lexington, Ky. . . . .	WLAF	Rochester, N. Y. . . . .	WSAY
Lincoln, Neb. . . . .	KFOR	Rockford, Ill. . . . .	WROK
Little Rock, Ark. . . . .	KGHI	Rock Is.-Davenport-Moline, Ill. . . . .	WHBF
Longview, Wash. . . . .	KWLE	Roseburg, Ore. . . . .	KRNR
Los Angeles, Calif. . . . .	KHJ	Rutland, Vt. . . . .	WSYB
Louisville, Ky. . . . .	WGRC	St. Louis, Mo. . . . .	KWK
Lowell-Lawrence, Mass. . . . .	WLLH	St. Peterburg-Tampa, Fla. . . . .	WTSP
Dubbock, Texas. . . . .	KFYO	Salina, Kans. . . . .	KSAL
Lynchburg, Va. . . . .	WLVA	Salisbury, Md. . . . .	WBOD
Macon, Ga. . . . .	WBML	Salisbury, N. C. . . . .	WSTP
Manchester, N. H. . . . .	WFBA	San Angelo, Texas. . . . .	KGKL
Marshfield, Ore. . . . .	KOOS	San Antonio, Texas . . . . .	KABC
Marysville, Calif. . . . .	KMYC	San Bernardino, Calif. . . . .	KFXM
Memphis, Tenn. . . . .	WSPS	San Diego, Calif. . . . .	KGB
Merced, Calif. . . . .	KYOS	San Francisco, Calif. . . . .	KFRG
Midland, Texas. . . . .	KRLH	San Luis Obispo, Calif. . . . .	KVEC
Minneapolis-St. Paul, Minn. . . . .	WLOL	Santa Ana, Calif. . . . .	KVCE
Minot, N. D. . . . .	KLPM	Santa Barbara, Calif. . . . .	KDB
Mobile, Ala. . . . .	WLOB	Scranton, Pa. . . . .	WARM
Monterey, Calif. . . . .	KDON	Seattle, Wash. . . . .	KOL
Muscle Shoals, Ala. . . . .	WLAY	Selma, Ala. . . . .	WBHB
Nashville, Tenn. . . . .	WSIX	Sheboygan, Wisc. . . . .	WBBL
New Bedford, Mass. . . . .	WNBH	Sherman, Texas . . . . .	KRRV
New London, Conn. . . . .	WNLC	Sioux City, Iowa . . . . .	KTRI
New Orleans, La. . . . .	WNCE	Spokane, Wash. . . . .	KFIO
New York, N. Y. . . . .	WOR	Springfield, Mo. . . . .	KTTS

- 3 -

Steubenville, Ohio . . . . .	WSTV	West Point, Ga. . . . .	WDAK
Syracuse, N. Y. . . . .	WAGE	Wichita, Kans. . . . .	KFBI
Tacoma, Wash. . . . .	KMO	Wilkes-Barre, Pa. . . . .	WBAX
Temple, Texas . . . . .	KTEM	Willmar, Minn. . . . .	KWLM
Texarkana, Texas . . . . .	KCMC	Wilmington, Del. . . . .	WILM
Toronto, Ont. . . . .	CKCL	Wilson, N. C. . . . .	WGTL
Tulsa, Okla. . . . .	KOME	Winona, Minn. . . . .	KVNO
Valdosta, Ga. . . . .	WGOV	Winston-Salem, N. C. . . . .	WATR
Vernon, Texas. . . . .	KVWC	Wisconsin Rapids, Wisc. . . . .	WFHR
Waco, Texas. . . . .	WACO	Worcester, Mass. . . . .	WAAB
Wallace, Idaho . . . . .	KWAL	Yakima, Wash. . . . .	KIT
Washington, D. C. . . . .	WOL	York, Pa. . . . .	WORK
Waterbury, Conn. . . . .	WATR	Hilo, Hawaii . . . . .	KHBC
Wausau, Wisc. . . . .	WTAU	Honolulu, Hawaii . . . . .	KGLB
Weslaco, Texas . . . . .	KRGV	Ketchikan, Alaska. . . . .	KOBV

The following frequency modulation stations regularly broadcast Mutual programs:

W71NY - New York City, N. Y. \* W43B - Boston, Mass. \* W39B - Mt. Washington, N. H.  
 K45LA - Los Angeles, Calif. \* W59C - Chicago, Ill. \* W49PH - Philadelphia, Pa.

ADV - 5

NBC AFFILIATED STATIONS

WAS.....BASIC	WY (AV B).....NORTHWESTERN
WAS SUPP(AV B)..BASIC SUPP(AVAIL BLUE)	PAC.....PACIFIC
WAS SUPP(R)....BASIC SUPP(RED)	PAC SUPP(AV B)..PACIFIC SUPP(AVAIL BLUE)
CAN.....CANADIAN	SC.....SOUTHCENTRAL
CAN OUT(AV B)..CINCINNATI OUTLETS(AVAIL BLUE)	SE.....SOUTHEASTERN
FLA.....FLORIDA	S MTN(AV B)....SOUTH MOUNTAIN(AV BLUE)
MTD S(AV B)....MID SOUTH(AVAIL BLUE)	SW.....SOUTHWESTERN
MTN.....MOUNTAIN	SW SUPP(AV B)..SOUTHWESTERN SUPP(AV BLUE)
N MTN(AV B)....NORTH MOUNTAIN(AVAIL BLUE)	SPEC SER(AV B)..SPECIAL SERVICE(AV BLUE)
CRF MONTREAL QUE.....CAN	KYW PHILADELPHIA PENN..BAS
CBL TORONTO ONT.....CAN	VALA MOBILE ALA.....SC
CFM MONTREAL QUE.....CAN	WAIL LAUREL MISS.....SC
CHX HAVANA CUBA.....SPEC SER(AV B)	WAOO CHATTANOOGA TENN....SC
KANS WICHITA KANS.....SW	WAVE LOUISVILLE KY.....BAS
KARK LITTLE ROCK ARK.....SW	WBAL BALTIMORE.....BAS
KDKA PITTSBURGH PENN....BAS	WBAP FORT WORTH TEX.....SW
KDYL SALT LAKE CITY UTAH..MTN	WBNB BUFFALO N Y.....BAS
KFLO SIOUX FALLS S D.....BAS SUPP(AV B)	WBLK CLARKSBURG W VA.....BAS SUPP(AV B)
KFAM ST CLOUD MINN.....BAS SUPP(AV B)	WBOV THREE RIVERS IND....BAS SUPP(AV B)
KFI LOS ANGELES CALIF....PAC	WBRC BIRMINGHAM ALA.....SC
KFYR HISLACK N D.....NW(AV B)	WBRE WILKES BARRE PA.....BAS SUPP(AV B)
KGEX SPRINGFIELD MO.....BAS SUPP(AV B)	WBZ BOSTON MASS.....BAS
KOHL BILLINGS MONT.....N MTN(AV B)	WBZA SPRINGFIELD MASS....BAS
KOTR BUTTE MONT.....N MTN(AV B)	WCOA PENSACOLA FLA.....SC
KODI SAFFORD ARIZ.....PAC SUPP(AV B)	WORS GREENWOOD SC.....SE
KGNC AMARILLO TEX.....SW	WCSH PORTLAND ME.....BAS
KOU HONOLULU T H.....SPEC SER(AV B)	WDAF KANSAS CITY MO.....BAS
KGW PORTLAND ORE.....PAC	WDAY PARKO N D.....N(AV B)
KHC SPOKANE WASH.....PAC	WDEL WILMINGTON DEL.....BAS
KLDQ BOISE IDA.....N MTN(AV B)	WEAF NEW YORK N Y.....BAS
KMED MEDFORD ORE.....PAC SUPP(AV B)	WEAU LAU CLINE WIS.....BAS SUPP(AV B)
KMJ FRESNO CALIF.....PAC	WEBC SUPERIOR WIS.....BAS SUPP(AV B)
KOA DENVER COLO.....MTN	WBEU READING PA.....BAS SUPP(R)
KOAM PITTSBURGH KANS.....SW SUPP(AV B)	WFAA DALLAS TEX.....SW
KOB ALBUQUERQUE N M.....S MTN(AV B)	WFBC GREENVILLE S C.....SE
KOMO SEATTLE WASH.....PAC	WFBC ALTOONA PA.....BAS SUPP(AV B)
KPFA HELENA MONT.....N MTN(AV B)	WFCA MANCHESTER N H.....BAS SUPP(R)
KPO SAN FRANCISCO CALIF..PAC	WFLA TAMPA FLA.....FLO
KPRC HOUSTON TEX.....SW	WFOR HATTIESBURG MISS....SC
KREB BOZEMAN MONT.....N MTN(AV B)	WGAL LANCASTER PA.....BAS SUPP(AV B)
KRGV WESLACO TEX.....SW SUPP(AV B)	WGFB EVANSVILLE IND....BAS SUPP(AV B)
KRIS CORPUS CHRISTI TEX..SW SUPP(AV B)	WOKV CHARLESTON W VA.....BAS SUPP(AV B)
KROC ROCHESTER MINN.....BAS SUPP(AV B)	WOL FORT WAYNE IND.....BAS SUPP(R)
KSD ST LOUIS MO.....BAS	WGY SCHENECTAY N Y.....BAS
KSEI POCATELLO IDA.....N MTN(AV B)	WHIS BLUEFIELD W VA.....BAS SUPP(AV B)
KSOO SIOUX FALLS S D.....BAS SUPP(AV B)	WHIZ ZANESVILLE OHIO....BAS SUPP(AV B)
KSTP ST PAUL MINN.....BAS	WHLE VIRGINIA MINN.....BAS SUPP(AV B)
KTAI PHOENIX ARIZ.....PAC SUPP(AV B)	WHO DES MOINES IOWA.....BAS
KTPS SHREVEPORT LA.....SW	WIBA MADISON WISC.....BAS SUPP(AV B)
KTFI TWIN FALLS IDA.....N MTN(AV B)	WIOD MIAMI FLA.....FLO
KTSM EL PASO TEX.....S MTN(AV B)	WINE INDIANAPOLIS IND....BAS
KVA TUCSON ARIZ.....PAC SUPP(AV B)	WIS COLUMBIA S C.....SE
KWOG TULSA OKLA.....SW	WISB ASHEVILLE N C.....SE
KYSM WANKATO MINN.....BAS SUPP(AV B)	WJAC JOHNSTOWN PA.....BAS SUPP(AV B)
KYUM YUMA ARIZ.....PAC SUPP(AV B)	

- 2 -

WJAR PROVIDENCE R I.....	BAS	WSYR SYRACUSE N Y.....	BAS
WJAX JACKSONVILLE FLA.....	FLO	WTM CLEVELAND O.....	BAS
WJLA JACKSON MISS.....	SC	WTAR NORFOLK Va.....	SE
WKBH LACROSSE WIS.....	BAS SUPP(AV B)	WTIC HARTFORD CONN.....	BAS
WKBO HARRISBURG PA.....	BAS SUPP(AV B)	WTMA CHARLESTON S C.....	SE
WKPT KNOXSPORT TENN.....	SE	WTMJ MILWAUKEE WIS.....	BAS
WXY OKLAHOMA CITY OKLA.....	SW	WWJ DETROIT MICH.....	BAS
WLCB LAKELAND FLA.....	FLO		
WLEB SANGOL ME.....	BAS SUPP(AV B)		
WLDL LIMA OHIO.....	BAS SUPP(R)		
WLB CINCINNATI OHIO.....	CINN OUT(AV B)		
WMDQ CHICAGO ILL.....	BAS		
WMBQ RICHMOND VA.....	BAS SUPP (R)		
WMC MEMPHIS TENN.....	SC		
WMFG HIRSHING MINN.....	BAS SUPP(AV B)		
WMRF LEWISTOWN PA.....	BAS SUPP(AV B)		
WMVA MARTINSVILLE VA.....	SE		
WOAI SAN ANTONIO TEX.....	SW		
WOOD GRAND RAPIDS MICH.....	BAS SUPP(AV B)		
WOPI BRISTOL TENN VA.....	SE		
WOPK YORK PENN.....	BAS SUPP(AV B)		
WOT OMAHA NEB.....	BAS		
WPTP RALEIGH N C.....	SE		
WRAK WILLIAMSPORT PA.....	BAS SUPP(AV B)		
WRBA READING PENN.....	BAS SUPP(R)		
WRC WASHINGTON D C.....	BAS		
WRIO AUGUSTA ME.....	BAS SUPP(AV B)		
WHOL KNOXVILLE TENN.....	SC		
WBAI CINCINNATI O.....	CINN OUT(AV B)		
WBAW ALLENTOWN PENN.....	BAS SUPP(AV B)		
WBAV SAVANNAH GA.....	SE		
WBB ATLANTA GA.....	SC		
WBFA MONTGOMERY ALA.....	SC		
WBJS WINSTON SALEM N C.....	SE		
WSE NASHVILLE TENN.....	MID E (AV B)		
WSMB NEW ORLEANS LA.....	SC		
WSOC CHARLOTTE N C.....	SE		
WSFD TOLEDO O.....	BAS		
WCHN HUTCHISON KANSAS.....			
WSM SAGINAW MICH.....			

ALV-5



OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

TREASURY DEPARTMENT  
WASHINGTON

*Hollis* 215

March 25, 1943.

Memorandum for the Secretary.

With my memorandum of March 17, 1943, I attached tabulations prepared from 146 telegrams received from various local unions of the American Federation of Labor and the Congress of Industrial Organizations in connection with a canvass of their membership in respect to filing of income tax returns. The tabulations covered all telegrams received to midnight, March 16.

Since that time, 24 additional telegrams have been received, the last of which was received March 23. The attached tables have been revised to include the original 146 telegrams previously reported to you, as well as the 24 additional telegrams subsequently received. The additional telegrams have not materially changed the situation as compared with that reported to you in my memorandum of March 17. There follows a summary of the revised tables.



- 2 -

Number of workers canvassed.....	52,805
Number claiming exemption from filing income tax returns.....	14,440
Number filing before midnight, March 15, 1943...	35,947
Number with return forms available but not filed at time of canvass.....	2,418

  
Commissioner.

Cumulative total of telegrams received through March 23, 1943

States	Telegrams with sufficiently definite data						Number of telegrams without sufficiently definite data	Percentage of workers filing a return before midnight March 15	Percentage of workers exempt from filing a return
	Number of telegrams	Number of workers canvassed	Number of workers exempt from filing returns	Number of workers filing before midnight March 15	Number of workers with a return but not yet ready to file	Number of workers with a return			
Alabama	5	4	2,322	1,461	504	357	1	22	63
Arizona	4	4	1,977	1,014	896	67	-	45	51
Arkansas	1	1	252	-	252	-	-	100	-
California	5	3	418	49	362	7	2	87	12
Florida	2	2	2,600	797	1,332	471	1	51	31
Georgia	2	-	-	-	-	-	2	-	-
Illinois	48	28	4,983	618	4,320	45	20	87	12
Indiana	14	13	3,310	951	2,315	44	1	70	29
Kansas	2	-	-	-	-	-	2	-	-
Kentucky	1	1	2,041	209	1,388	444	-	68	10
Louisiana	5	4	10,091	3,761	6,330	-	1	63	37
Maine	1	-	-	-	-	-	1	-	-
Maryland	1	1	255	12	204	39	-	80	5
Massachusetts	4	2	3,496	520	2,851	125	2	82	15
Michigan	7	1	1,400	300	1,100	-	6	79	21
Minnesota	2	2	575	101	468	6	-	31	18
Mississippi	2	2	1,310	690	125	495	-	10	53
Missouri	15	12	5,036	1,345	3,627	64	3	72	27
Nebraska	2	2	772	47	725	-	-	94	6
Nevada	1	-	-	-	-	-	1	-	-
New Hampshire	1	1	200	3	197	-	-	99	1
New Jersey	5	3	1,353	336	1,017	-	2	75	25
New York	2	-	-	-	-	-	2	-	-
Oklahoma	1	-	-	-	-	-	1	-	-
Ohio	13	8	2,933	482	2,272	179	5	77	16
Pennsylvania	11	3	3,267	618	2,649	-	8	81	19
Rhode Island	3	-	-	-	-	-	3	-	-
Tennessee	8	5	4,214	1,126	3,013	75	3	71	26
Virginia	1	-	-	-	-	-	1	-	-
Total	170	102	52,805	14,440	35,947	2,418	68	68	27

Table 2. - Distribution of telegrams with sufficiently definite data by size groups of workers canvassed

Cumulative total of telegrams received through March 23, 1943

Size group of workers canvassed	Number of telegrams	Number of workers canvassed	Number of workers exempt from filing a return	Number of workers filing a return by midnight March 15	Number of workers with a return but not yet ready to file	Percentage of workers filing a return by midnight March 15	Percentage of workers exempt from filing a return
Under 50	10	226	43	178	-	79	21
50 under 100	17	1,205	353	800	52	66	29
100 under 250	30	4,687	1,349	3,202	136	68	29
250 under 500	19	6,516	1,305	5,108	103	78	20
500 under 1,000	10	7,081	2,281	4,088	712	58	32
1,000 under 1,500	7	8,900	2,623	5,956	321	67	29
1,500 under 2,000	4	6,554	2,227	3,877	450	59	34
2,000 under 3,000	3	6,041	1,234	4,288	519	71	20
3,000 and over	2	11,595	3,020	8,450	125	73	26
Total	102	52,805	14,440	35,947	2,418	68	27

March 25, 1943.

Dear Mr. President:

I am enclosing herewith a suggested reply to the letter of Senator Tunnell of Delaware, dated March 17.

Sincerely,

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

The President,  
The White House.

By Mess. Bundy 5:25 3/25/43  
Photo file in Diary  
File in Gaston's office

25/43

My dear Senator:

I wish to acknowledge your letter of March 17th in which you repeat your recommendation of February 25th that Norman Collison of Bridgeville, Delaware, be appointed Collector of Internal Revenue for that District.

I thought you would like to know that I have requested the Secretary of the Treasury to look into this matter.

Sincerely yours,

Honorable James M. Tunnell,  
United States Senate.

The Senator's previous request of Feb. 5th was turned down in a letter prepared by Treasury for President's signature. Reason given was that President would like to defer consideration until after the March 15th payment date.

The attached letter for the President's signature is just an interim acknowledgment. Mr. Gaston is handling the matter with Mr. Ewing of Democratic Committee.

THE WHITE HOUSE  
WASHINGTON

March 20, 1943.

MEMORANDUM FOR THE  
SECRETARY OF THE TREASURY

FOR PREPARATION OF REPLY  
FOR MY SIGNATURE.

F.D.R.

(COPY)

223

THE WHITE HOUSE  
WASHINGTON

March 18, 1943

Memorandum for Miss Grace Tully

Herewith is transmitted to you for presentation to the President a letter from Senator James Tunnell concerning the appointment of his candidate, Norman Collison of Bridgeville, Delaware, to the position of Internal Revenue Collector.

I shall be grateful if you will advise me after the President has acknowledged this letter.

Sincerely yours,

(Signed) Gene  
Eugene Casey  
Special Executive Assistant  
to the President

UNITED STATES SENATE  
Committee on Foreign Relations

March 17, 1948.

Hon. Franklin D. Roosevelt  
President of the United States  
The White House  
Washington, D.C.

Dear Mr. President:

I am again writing with reference to the position of Internal Revenue Collector for the District of Delaware. I wrote you on February 5th of this year about this matter, and on February 18th you wrote me stating that you should like to defer for a time consideration of any change in the Delaware district because of the March 15th payment date. I thought your suggestion was a wise one, but have noticed that there are some Internal Revenue appointments being made since the 15th of this month.

The present Collector, James H. Latchum, has held the position for several years. He is a man of ability, and my request is not connected with any allegation of dereliction or incompetency. However, I believe that the appointment of some one else is now desirable. I again suggest the name of Norman Collison of Bridgeville, Delaware, who in my opinion is in every way competent to perform the duties of the office.

Thanking you for any consideration you may give to this matter, I remain

Very sincerely yours,

(Signed) James M. Tunnell

JAMES M. TUNNELL

JMT:F

March 25, 1943.

MEMORANDUM

TO: Secretary Morgenthau  
FROM: Mr. Gaston

Referring to the attached file of correspondence with Prentiss Brown, the situation is this. Elmer Irey, Frank Wilson, Dwight Avis and Mal Harney had a conference on Monday of this week with representatives of the O.P.A. There are several difficulties to overcome, including questions of: (1) authority to operate; (2) funds; (3) inadequacy of punitive provisions of the law; (4) machinery for getting quick action where necessary. The plan is to hold further conferences and I expect to be able to give you something more definite the first of the week.

*W.S.*

OFFICE OF PRICE ADMINISTRATION  
WASHINGTON, D. C.

MAR 22 1947

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

Dear Henry:

I wish to thank you for your letter of March 9 with respect to the use of the Treasury enforcement agencies in connection with counterfeiting and theft of ration coupons and in connection with gangster operations in the black market. We appreciate immensely your very generous offer of cooperation. I understand that Mr. Thomas Emerson, Chief of our Enforcement Division, has already been in touch with your people regarding the details.

Sincerely yours,

*Prentiss M. Brown*

Administrator



FROM: MR. SCHWARZ'S OFFICE

TO: .....The Secretary.....

Bert Andrews, chief of the New York Herald-Tribune bureau here, just called to ask about a "hot" rumor from New York that you planned to resign and would be succeeded by George Harrison. He said he thought the tip had come out of Wall Street. I reassured him and reminded him that Nick Gregory of his staff had asked the same question a few weeks ago. @ 3/16 - 5:05pm

MAR 25 1943

My dear Mr. Stricker:

I have received your letter of March 18 and thank you for sending me copies of your correspondence with the editors of Time Magazine on the subject of the article printed in their issue of January 25. I appreciate greatly not only your generous action in coming so vigorously to my defense with respect to an article that I also thought somewhat unfair but more especially your fine loyalty to our President and his Administration in the time of such great difficulty.

With the freedom that our Press enjoys there are bound to be instances of prejudice or partisanship that can only be effectively restrained by a critical attitude on the part of readers who are willing to form their own judgments. I think well-reasoned remonstrances have their effect even though it may not be immediately apparent.

At any rate, I am highly grateful for what you have done in my behalf.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Sidney G. Stricker,  
Ridge Road, Amberley Village,  
R.R. 6, Box 31-A,  
Cincinnati, Ohio.

HEG:pm

MSS

SIDNEY G. STRICKER  
RIDGE ROAD, AMBERLEY VILLAGE  
R. R. 6 BOX 31 A CINCINNATI, OHIO

March 18, 1943.

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

Dear Mr. Morgenthau:

In the classic lines of Chaucer:

"The earth trembled, the mountain shook,  
And lo! there came forth a mouse."

Time finally replied to my letter of February 2nd. I enclose copy of letter dated March 8th, received last week, to which I am replying, as per copy attached.

While not a complete retraction, you will notice they say the Article "gives understanding credit to Henry Morgenthau's strong qualities: bravery, loyalty, honesty, highmindedness, and sincerity", which is quite a backdown from the scurrilous and gratuitously insulting Article they featured in their issue of Time of January 25th.

It is, perhaps, too much to expect of Time, but I have asked them in my reply to make public apology to you and the President in their columns, for the contemptible Article they published in Time on January 25th.

My statement that the Article is "not privileged and constitutes a willful and malicious libel" may give them something to think about.

I am not suggesting that you bring suit against them for libel, and was very careful to say I had no authority to speak for you, and never met or spoke to you in my life. But my experience with newspapers is that they are very sensitive on the subject of libel.

You will recall that Theodore Roosevelt, after he was President, if my recollection serves me correctly -

page 2.  
Honorable Henry Morgenthau,  
3/18/43.

brought a suit for libel against one of the leading Chicago newspapers, that referred to him as a "drunkard". When the case was reached for trial, Roosevelt went to Chicago to appear in court to testify in his own behalf. The newspaper backed down, printed a public apology, paid the costs of the suit, and by consent the case was dismissed.

There are no end of cases in the books and precedents where editorial and news publications of men high in public office were held not to be privileged. If Time consults their counsel they may pull in their horns or at least think twice before they take advantage of their columns to satisfy their partisan spleen and prejudice.

Sincerely yours,

*Sidney G. Stricker*  
Sidney G. Stricker

March 18, 1943.

Time Magazine,  
Time & Life Bldg.,  
Rockefeller Center,  
Editorial Offices,  
New York, N.Y.

Gentlemen:

This is to acknowledge receipt of your letter of March 8th, in reply to my letter of February 2nd.

I did not misunderstand your Article, or "report" as you call it, in regard to Secretary Morgenthau, published in Time of January 27th. I have read it again, in the light of your letter of March 8th, which only confirms my original conclusion. The Article was a willful and malicious libel, published for the purpose of discrediting Secretary Morgenthau and destroying public confidence in his Administration.

Your reference to his "aged and distinguished father, former Ambassador to Turkey, appointed by Woodrow Wilson, who served so creditably during the World War, as a - "distinguished Jewish lawyer and philanthropist, who made a fortune in Bronx real estate", had but one object: to call public attention to the fact that Secretary Morgenthau is of Jewish origin - intended to stir up race hatred and prejudice against his Administration.

Your statement that:

"Young Henry was restless in school, never took a college degree, had a few unhappy tries at finding a career."

\* \* \* \* \*

"Then at 22, he bought a \$25,000 farm in New York's Dutchess County. Half the money was put up by his father, the other half was his own, from a \$200 Bronx lot his father gave him years before."

\* \* \* \* \*

page 2.  
Time Magazine,  
3/18/43.

232

"Gentleman Farmer Morgenthau made a go of his property, from the start. He also met another gentleman farmer who dwelt only 25 miles away - Franklin Roosevelt."

.....

"He went to Albany, with Governor Roosevelt (as a farm official) to Washington with President Roosevelt," etc.

The picture you painted was of a man born and reared in obscurity, suddenly lifted to a position of great national responsibility, utterly incompetent, untrained, with little or no education, who had made a failure of his early career until he became a "Gentleman Farmer" and met another "gentleman farmer who lived 25 miles away - Franklin Roosevelt". The same man, if you please, who you say, in your letter of March 5th, has:

"Strong qualities: bravery, loyalty, honesty, high-mindedness, and sincerity."  
(*Italic mine*).

I have no authority to speak for Secretary Morgenthau, in fact, never met or spoke to him in my life. But there are some limitations to the right of free speech and liberty and freedom of the press, which even Time is bound to respect.

When under the guise of constructive criticism, you indulge in false statements, willful and malicious ridicule, bitter partisan prejudice, and descend to race hatred, your publication is no longer privileged, and affords no protection against liability, legal and moral, for willful and malicious libel. Your counsel, I think, will tell you, this is the law.

If, as you say, "Time's founders stated in their original prospectus 'its not founded to promulgate prejudices, liberal or conservative'", you have drifted afar from the prospectus of your founders in the Article you published about Secretary Morgenthau, to say nothing of the caricature on the cover page.

Men, high in office and public office, are too frequently made the target for personal abuse by scandal mongers and an unbridled and irresponsible press.

I have no desire to influence or control editorial

page 3.  
Time Magazine  
3/18/43

233

policy of Time. The public in due time will put its own appraisal on the value and fairness of your editorial comments, if they have not already done so.

If you did your plain duty, you would publicly apologize in your columns for the malicious, false and gratuitously insulting attack on Secretary Morgenthau and President Roosevelt, who have the hardest wartime jobs in our history. They are doing their best to win the war, and in my opinion and all fairminded persons not blinded by partisan prejudice, are doing a good job of it. They are entitled to encouragement and support, free from petty bickering and backbiting, vicious partisan and race prejudice which, unfortunately, your columns frequently reflect.

You owe this to the soldiers overseas and at home, the men and women of America and our Allies, who are sacrificing their lives and all they possess, in order that free people and civilization may survive.

Sincerely,

Sidney G. Stricker

Sidney G. Stricker

234

March 18, 1943.

Hon. Stephen Early,  
Secretary to the President,  
White House,  
Washington, D.C.

Dear Mr. Early:

Time Magazine finally replied to my letter of February 2nd, in regard to the Article featured in their issue of January 27th about Secretary Morgenthau.

I enclose herewith copy of their letter dated March 8th, to which I am replying as per copy attached.

Although their letter is not a complete retraction, it is gratifying that they give "understanding credit" to Henry Morgenthau's "strong qualities: bravery, loyalty, honesty, highmindedness, and sincerity". (*Italics mine*).

I know the President has far more important questions to worry about than the partisan vaporing of Time Magazine. If you think the subject worthy the President's attention, or will interest him, you are at liberty to bring this to his attention.

Sincerely yours,

Sidney G. Stricker.

**Note:**

The President will recall that I was the Democratic candidate for Congress in the First District of Ohio, who made the race against Longworth in 1918; and again in 1922. Longworth was elected both times, with the aid of the Republican Boss Cox Machine, although I succeeded in cutting down Longworth's normal majority of 30,000 to 6,000 in 1918.

The President will also recall, I had charge of the Campaign in Ohio for Repeal of the Eighteenth Amendment. At the Constitutional Convention I introduced the Resolution for Repeal, which furnished the necessary three-fourth majority of the State that put over Repeal.

After fifty years of active practice of law, I retired several years ago and am now enjoying the luxury of being a Country Gentleman and am out of politics, but my Democratic instincts were aroused by the cowardly and insulting article that appeared in Time against Secretary Morgenthau which, in reality, was a thrust against the Administration, which was my only interest in the matter.

Sidney G. Stricker.

COPI

236

T I M E

The Weekly Newsmagazine

Time & Life Building,  
Rockefeller Center  
New York

Editorial Offices

8 March 1943

Dear Mr. Stricker:

No, TIME has no prejudice against this Administration, nor any other. As TIME's founders stated in the original prospectus for the Newsmagazine, it "its not founded to promulgate prejudices, liberal or conservative." But this does not mean that an Administration's fiscal policy may not be open to criticism; and, surely, any informative study of the Secretary of the Treasury and the enormous job ahead of him must take into account the strengths and weaknesses he brings to the task.

There are some things that Morgenthau definitely is not. But I hope that you will glance again at TIME's report, for I think you will find that it gives understanding credit to Henry Morgenthau's strong qualities: bravery, loyalty, honesty, highmindedness, and sincerity.

Sincerely yours,

Janet Morison (signed)

Janet Morison  
For the Editors

Mr. Sidney G. Stricker  
Ridge Road, Amberley Village  
R.R. 6, Box 31 A  
Cincinnati, Ohio

is:4;cr

March 25,  
1943

Herbert Gaston

Secretary Morgenthau

In regard to the individual who is in Shepherd Pratt Hospital at Towson, Maryland, I wish you would make some arrangement with her doctor there that we be notified at least a week in advance of her being considered to be allowed out of that hospital. Let me know whether this can be done. Thank you.

*See memo from Gaston  
3/25/43*

*H.  
Miss Mork  
Cochran*

March 25, 1943

My dear Cordell:

*Dated 3/24/43*  
Sir Frederick Phillips handed me the enclosed memorandum yesterday afternoon. Herbert Feis was present.

I would like to come over and discuss this with you the first thing Friday morning if that is convenient for you. The President is going to discuss it with you and me after Cabinet on Friday.

Sincerely yours,

[Signed] HARRY

Honorable Cordell Hull,  
Secretary of State,  
Washington, D.C.

*Sent by S.S. (sent 11:30 A.M.)  
Outside envelope addressed  
to John F. Stone, room to Hull,  
Room 213, State Dept.*

March 25, 1943

Dear Grace:

I am sending herewith a copy of the memorandum handed to me by Sir Frederick Phillips yesterday. This is the memorandum that I would like to discuss with the President and Secretary Hull after Cabinet. *→ dictated 3/25/43*

Sincerely yours,

(Signed) Henry

Miss Grace Tully,  
Secretary to the President,  
The White House,  
Washington, D.C.

*Sent by S.D. Agent -*

*3/25/43 - 12:45 P.M. -*

HSIC's  
initiated for 240  
sent  
"G.C."  
migrated to  
Paul

MAR 25 1948

Secretary Morgenthau  
Randolph Paul

In August, 1942, and again in September, 1942, I raised with you the request of the American Embassy in Panama that two competent investigators be sent to Panama to assist in investigating commercial and financial activity on behalf of the enemy, particularly in the diamond trade, in foreign exchange transactions, and in the activities of international holding companies cloaked under Panamanian names.

You were willing that Foreign Funds Control furnish the necessary investigators, but felt that the State Department should get diplomatic status for these men.

State has persisted in its attitude that it is unwilling that such personnel be given diplomatic status or diplomatic passports.

The State Department now has again raised this matter with the Treasury. Since we have acquiesced in Treasury men going to North Africa without getting diplomatic passports, we would seem to have little if any ground for continuing to insist on diplomatic status or passports for investigators going to Panama. Accordingly, I recommend that we advise State that under the circumstances we are willing to furnish investigators, if still needed, even if diplomatic status or passports cannot be obtained.

(Initialed) R.E.F.

JWPehle:cwh 3-23-43

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau

March 25, 1943

FROM Frances McCathran

## CONTROVERSIAL ISSUES BEFORE CONGRESS

1. Salary Limitation - After a joint Senate-House conference committee agreed to accept the Senate version of the salary limitation rider to the Debt Limit Bill, the House voted its acceptance yesterday and sent the conference report back to the Senate, which is expected to act on it today and send the measure to the White House.
2. Tax Legislation - The first phase of the "Battle of Taxes" begins today as the House opens debate on at least two major tax plans: (1) the House Ways and Means Committee version; and (2) the Ruml Plan as embodied in a proposal by Representative Carlson. It is also said that a compromise plan originally suggested by Representative Robertson may turn the battle into a three-sided struggle. The supporters of all three plans claim to have lined up enough votes to pass their respective measures, but House Majority Leader Ramspeck predicted that the House would draft a bill of its own, containing a partial forgiveness feature. Preliminary verbal skirmishes between Congressmen, both on the floor of the House and outside, indicate that the discussion today will be bitter and heated. Calling it "that sweet-scented tax-gypping proposal of Banker Ruml," Representative Gearhart said yesterday that to date no Congressman had been willing to sponsor the Ruml Plan in its entirety although, he added, Representative Carlson had come closer to it than anyone else. Carlson, however, cited figures of the number of Americans borrowing to pay their income taxes as an example of what he said was the necessity of putting the nation on a current tax basis.
3. Farm Parity - The House passed yesterday the Steagall Bill prohibiting the deduction of subsidy, conservation, or any other benefit payments in determining the parity price on agricultural commodities. The legislation now goes back to the Senate which has passed a similar measure introduced by Senator Bankhead. The Senate also expects to consider

today another measure which is said to threaten the whole Administration anti-inflation program, the Pace Bill, which provides that the cost of all farm labor be included in agricultural price ceilings.

4. Civilian Supply - The Senate Banking and Currency Committee yesterday heard Joseph L. Weiner, Director of the Office of Civilian Supply, urge their approval of the Maloney Bill to set up an independent civilian supply administration under the technical supervision of the Director of Economic Stabilization. Weiner warned that failure to protect civilian needs and failure to maintain the home front, might result in loss of the war.
5. Post-War Planning - The Senate Foreign Affairs Committee, which is now considering the Ball-Hatch-Burton-Hill Allied Council Resolution, yesterday voted unanimously to have Chairman Connally appoint and head a subcommittee to study all proposals relating to post-war settlements and cooperation between the United Nations.

SECRET  
MAR 26 AM 11 30  
TREASURY DEPARTMENT

SECRET  
MAR 26 AM 11 30  
TREASURY DEPARTMENT  
COPY NO 12

NOT TO BE RE-TRANSMITTED

BRITISH MOST SECRET  
U.S. SECRET

OPTEL NO.98

TUNISIA. 8th Army. During night 22nd/23rd enemy continued his counter-attacks on our bridgehead in ZARAI area held by 50th Division and by first light had regained most of ground which he had previously lost.

OPTEL NO.99

Information received up to 7 a.m. 25th March, 1943.

1. NAVAL.

One of H.M. Gunboats bombarded GABES on 22nd in support of 8th Army operations. H.M. Submarine has sunk 2 heavily laden ships off EAST CALABRIA. The 19,000 ton Merchant ship mentioned in Optel No.95 has sunk. Casualties believed very few.

2. MILITARY.

TUNISIA. 7th Army. 23rd. Fighting continued during afternoon both on right flank and south-west of EL HAMMA. By nightfall our positions in general remained unaltered. 50th Division were heavily shelled all day. Late in morning an attempt of enemy to cross an anti-tank ditch 3 miles south-east of ZARAI was checked by our Artillery, and in early afternoon a second attack in same locality by enemy infantry and tanks was again repulsed by accurate shellfire. 51st Division heavily shelled during the day. New Zealand Corps destroyed fifteen abandoned enemy guns.

23rd/24th. Regrouping of our forces took place in MARSH-ZARAI sector. 50th Division withdrawn east of WADI ZIGZAGU.

United States Sector. 23rd. United States armoured patrols were active east of MAGNASSY. United States Infantry positions eleven miles east of EL GUETTAR were attacked by two enemy infantry battalions supported by about 40 tanks. Attempted advance eastwards by French troops about seven miles south of MDILLA met strong enemy resistance. 24th. Light attack by enemy infantry with artillery support at 6.30 a.m. in area immediately south of GAFSA-GABES road was repulsed.

3. AIR OPERATIONS.

WESTERN FRONT. 24th. Fourteen enemy aircraft dive-bombed ASHFORD where southern railway works were hit and 43 persons reported killed and three missing. Enemy casualties 2, nil, 1. Ours - 2 lost, one pilot safe. One Messerschmidt 210 was also destroyed off the ORKNEYS 24th/25th. About 25 enemy aircraft crossed the north-east coast and did some scattered bombing over TYNESIDE and then scattered over a wide area comprising chiefly south-eastern and western Scotland. Enemy casualties 4, nil, 1.

TUNISIA. 23rd/23rd. 98 tons of bombs were dropped on enemy concentrations near KAFENA. Several fires were started among mechanical transport and a bridge was hit. 38 tons were dropped at SFAX. 23rd. 555 offensive sorties were flown in the MARSH G/BeS area. Accurate bombing was carried out against enemy positions, a large number of fires were started among mechanical transport and several guns were silenced. About 46 tons of bombs were released. at BIZERTA.

MEDITERRANEAN. 23rd/24th. A Beaufort torpedoed an east-bound escorted 5000 ton ship off TRAPANI.

RUSSIA. 23rd. Russian aircraft continued their raids on ports in the TAMAN and KASCH PENINSULAS and attacked German troops in the KUBAN.

March 26, 1943  
9:02 a.m.

HMJr: Hello.

Operator: Congressman Doughton.

HMJr: Hello.

Cong.  
Doughton: Oh, yes, Henry.

HMJr: Bob, I called up to congratulate you. God, you're some scrapper.

D: Why, I thank you. Think it's all right?

HMJr: Oh, it was wonderful.

D: Thank you very much. That's very sweet and gracious of you to say that.

HMJr: No punches pulled, and - and you certainly let them have it. It was a wonderful show you put on yesterday.

D: Well, I thank you. I put it on under rather adverse and difficult circumstance. Didn't have time to get my speech prepared like I'd like.

HMJr: I know, but....

D: But the boys were mighty - very gracious about it. The Republicans have been more complimentary, if possible, than the Democrats.

HMJr: Well, I heard that both Democrats and Republicans applauded you when you got through.

D: Yeah, they gave me an ovation, a most unparalleled and unusual ovation on both sides. But they've come round, a good many of them.

HMJr: Well....

D: Old Man - Old Man Treadway said - he said, "You certainly 'dood' a wonderful good job for your side." (Laughs)

- 2 -

HMJr: Yes. Well, I - I was - I was thrilled when I read about it in the papers.

D: Yeah, well, if you have time you might - along between naps you might - hard work you might read my speech in the record.

HMJr: I'll do that.

D: Yes.

HMJr: I'll surely do that.

D: Well, I think we got - had a fine day yesterday.

HMJr: Well, I - I - I just - I couldn't let the day go by without calling you.

D: Well, I thank you, and I appreciate it and I appreciated the statement you gave out - I told - I ought to have called you.

HMJr: Yes....

D: But I told Paul to tell you how much I appreciate it.

HMJr: Well, the newspaper boys asked me again yesterday, "Where do you stand?" and I said, "I stand four-square right behind Mr. Doughton."

D: Well, I thank you, and I appreciate that. We're going to whip the Ruml plan.

HMJr: Good for you.

D: Yeah, we're going to do it. Well, thank you.

HMJr: Okay, Bob.

D: Your staff has worked wonderfully this time.

HMJr: Good.

D: As I said yesterday in my opening remarks -- you've seen my speech....

- 3 -

HMJr: Yeah.

D: ...."they hadn't tried to write the bill.  
They've been helpful."

HMJr: Right.

D: Well, thank you very much. I want you to  
read the opening remarks of my speech, what  
it said about your staff.

HMJr: I'll - I'll - I'll get it right away.

D: Thank you, Henry. Goodbye.

March 26, 1943  
10:15 a.m.

FRENCH FRANCO RATE; EDEN'S VISIT;  
STATE-TREASURY AUTHORITY OVER FISCAL  
MATTERS; AND GOVERNOR LEHMAN'S STATUS.

Present: Mr. White  
Mrs. Klotz

H.M.JR: I called on Secretary of State Hull. He had Mr. Jimmy Dunn present, and Mr. Collado. According to Mr. Hull, it seems that he has turned over to Jimmy Dunn the fifteen or twenty things which he said Eden left undone, for Dunn to try to work out with Eden.

8-150A

Amongst these was this question of the rate with the Free French. During the conversation it turned out that there was a cable that the President sent on February 7 through the State Department to Churchill, although I had asked Mr. Hull that very question and he said that he would find out about it. He never let me know. But it turned out that they looked at the cable and found out that Feis had never seen it.

MR. WHITE: Feis did call me up in response to your telephone call, and informed me that there was no cable. I asked him again if he was sure and if he would know if there was one. He said that he thought he would.

H.M.JR: Jimmy Dunn knew about it, but Feis evidently didn't. They protected him. They were saying his initials weren't on it. I have asked for a copy of it.

Hull said there are lots of things that go on that he doesn't know about. So I made the point that if things transpired, either from the President or through the Secretary of State, with any country having to do with financial affairs I would like to be kept informed. Hull said that half the time he didn't know and that these were things for the President. I still said, "If they are financial I would like to know about it." And after repeating

- 2 -

it two or three times Hull finally gave instructions that I should be advised.

The question came up of how to handle this memorandum of March 24 from Sir Frederick Phillips, and they all agreed that they should go ahead and hold this meeting in Africa between the DeGaullists and General Giraud, and they suggested that it be worked out there. Then I said that Feis made a very good suggestion that if they do work it out we will impress upon them that it can be worked out at the rate of two hundred francs to the dollar, which they all agreed to.

Then Hull said to Jimmy Dunn, "We will inform Eden that this is going to be done."

So I said, "Wait a minute, this was delivered to me by Sir Frederick Phillips," and I said, "The little prestige that the Treasury has got left - in these matters I think we should answer him."

Dunn again said, "Yes, that is right;" and Hull said nothing. Then he again said to Dunn, "Now you inform Eden about it."

I said, "Now wait a minute, this is a financial matter. It has been delivered to me and I think I should answer it."

Dunn said, "That is absolutely the way it should be done."

Hull said, "Well, all right, but you also tell Eden."

Then somebody said, "Would you have a cable drafted to Robert Murphy so that we could keep him advised as to what would be done." I said that I would ask White to draft such a cable, so that after we saw the President and agreed that this was the way this should be handled Murphy could be advised, if you would have the cable ready.

Then Hull went on about how difficult times were and how he had to take it as though from a trip hammer, how

- 3 -

he had been criticized first on the Japanese, then on the Spanish and Africa, and in every case he had been proven to be wholly right in the position he had taken. I didn't answer him.

MR. WHITE: I think that is correct with the exception of the word "right". In every case events have proven him to be wholly wrong.

H.M.JR: Should I have said that to him?

MR. WHITE: No, no. I just didn't want to let the record go uncommented on.

H.M.JR: All right.

MR. WHITE: Did you want a memo to take to the President or will it be in the form of a cable?

H.M.JR: Just oral.

MR. WHITE: I am glad you spoke that way because they are unquestionably whittling away our authority gradually.

I have a letter I just received from Feis in which he says they are setting up an interdepartmental economic committee on China to discuss economic, financial, and monetary problems. Feis is doing it himself. He is inviting me to attend. I mean that--

H.M.JR: Well, I have found this; when you go and face Hull, he can't take it. He doesn't take it, you see. I knew just what I was doing, and the funny thing is, a fellow like Jimmy Dunn completely sided with me in front of Hull.

MR. WHITE: Well, until a year or so ago, there never was any question as to who should take the leadership on financial and monetary and economic questions. This is a development of the last few months.

- 4 -

H.M.JR: Harry, I am partly - it is partly my fault.

MR. WHITE: I think so.

H.M.JR: I know it is.

(The Secretary held a telephone conversation with Admiral Brown of the White House, as follows:)

March 26, 1943  
10:24 a.m.

HMJr: Hello.

Operator: Admiral Brown.

HMJr: Hello.

Admiral Brown: Good morning, Mr. Secretary.

HMJr: Admiral, I thought you'd like to know that I have located that cable.

B: Oh, have you?

HMJr: It was February 7.

B: February 7.

HMJr: And it was sent by Mr. Hull to Mr. Churchill at the request of the President.

B: Oh. Thank you very much.

HMJr: I just was over to see Mr. Hull, and they referred to some cable and I said, "What cable?" And he sent Jimmy Dunn out to get it....

B: Oh.

HMJr: ....and they're going to let me have a paraphrase of it.

B: I see.

HMJr: But if you want your files complete, that's where it is.

B: Thank you very much. I - I - we suspected - well, we felt that that was the only possible remaining clue....

HMJr: Yeah.

B: ....but we didn't pursue it here.

HMJr: No. And, you see, I called up Mr. Hull Saturday a week ago and asked him, and he said, no, there was no such cable.

- 2 -

B: Oh - oh, I see, I see.

HMJr: But this morning Dunn referred to a cable, and I said, "Well, I'd like to see it," and he went and got it.

B: Oh, yes. Well, I'm going to see the President in a few minutes and I'll tell him that. I know he'll be interested.

HMJr: Well....

B: And - because he had lost track of how it had gone.

HMJr: That's it, and if - if you want a copy so - for your files, you know how to get it.

B: Yes, sir. Yes, sir. Thank you very much, and may I....

HMJr: I'm sorry to have bothered you, but I....

B: No, I'm glad to have it brought up.

HMJr: But I knew there must have been someone somewhere because they - Churchill couldn't have been referring to something unless it existed.

B: Yes. May I tell the President about how you made out with your discussions with Halifax?

HMJr: Well....

B: Or have you already done that?

HMJr: No, he - Hull and I are seeing the President after Cabinet on that.

B: Oh, I see, I see.

HMJr: On that.

B: Oh, yes. Yes....

HMJr: And....

B: Thank you, Mr. Secretary. I'll - I'll - I think I will try to get a copy for our files.

- 3 -

HMJr:           Righto.  
B:               Thank you. Goodbye.  
HMJr:           Goodbye.

- 5 -

H.M.JR: Harry, after all, from the first of January until the first of - whenever I came back, about two months - I was ill - and then I had to get this war Bond thing going, and during that time, until I had the new organization going, that was my job. And then I had to get myself straight with Congress on the tax bill, and not being too immodest, I got myself in beautiful shape vis-a-vis Mr. Doughton. I got myself straightened out on my war bond drive. The thing is going to go. And now for the first time I can get my breath and help you.

MR. WHITE: I am glad you are going to pick up the strings. You are the only one strong enough to defend our position. I can follow you; I can follow instructions. But unless you take the initiative in making certain that they don't take anything away from us, we are licked because nobody else in the Treasury can do it.

H.M.JR: Harry, I know that, and what I do in my own mind - I plan my work as best I can.

Now, just to go over a little history, if you don't keep on top of it - look what just happened to Claude Wickard.

MR. WHITE: Sure, exactly - it is not similar, because he isn't doing a good job on his own.

H.M.JR: But supposing I didn't get this job straightened out; supposing I didn't get--

MR. WHITE: First things first, of course.

H.M.JR: That is right. And we haven't lost so much ground opposite the State Department that we can't pick it up.

MR. WHITE: Of course not.

H.M.JR: Because there is a divided house.

- 6 -

MR. WHITE: The chief thing is that first, you should recognize what is happening. I am glad you do. And secondly, that you pick up the strings. We haven't gone too far. But I think the important thing is to know what I have said before, that unless you protect us in the larger way, they are too strong for us. No one else can defend our position.

H.M.JR: I am perfectly conscious of it, and I also realize we were slipping, but it is a question of where it would do us the least damage.

MR. WHITE: It is not too late, in any sense.

H.M.JR: I don't think it is. I demonstrated it this morning, just with a wave of the hand. Hull said, "Jimmy, you tell Anthony Eden," and I said, "No, no."

I know I am repeating myself. The interesting thing is that Jimmy, in front of his boss, should say, "Mr. Morgenthau, you are right."

MR. WHITE: It is only a few there, but they are a very important few, who are pursuing a definite policy. I don't think it includes Welles.

H.M.JR: I don't understand what you mean.

MR. WHITE: I mean, there is apparently a definite policy to assume control over all matters pertaining to foreign Governments whether they are fiscal, monetary, foreign exchange, or political. That is a new development.

You see, formerly, many times Hull has said - many times the others have said - "Well, in the matter of foreign exchange or loans, that is Treasury business." I have heard them say it, and I have heard you repeat it.

H.M.JR: Often.

- 7 -

MR. WHITE: It is changed now. The idea now is that anything that affects a foreign country is State Department business, whether it is agriculture, economics, foreign policy, or anything, and that is the tactics they are adopting on North Africa, of course. They have taken the jump from the fact that they have defeated Wallace in that issue and that that would apply to every country. That lead Feis, for example, to announce at a meeting which we had here of several departments, BEW, Lend-Lease, State, and Treasury, when we were discussing exchange rates of France and Holland to state very clearly and definitely, and go out of his way to do so, to make it clear that such matters were under the jurisdiction of Hull.

H.M.JR: I asked Hull what Anthony Eden was doing over here. He said, "He has come over here to find out just as much as he can about everything. He is interested in how Germany should be divided up after the war; he is interested in what our attitude should be toward the German colonies - should we supervise them from the outside or from the inside. He is interested in this, that after the war Russia should not pull back into its shell.

He said, "He is interested in all those kind of things and he is over here to find out just as much as he can," and I think he was telling me the facts. So much for that.

While we are on the State Department - at a meeting two or three weeks ago - this is also very confidential - Governor Lehman was talking about going to Europe, and I strongly advised him not to go to Europe, although he was crazy to go, until he got himself straightened out vis-a-vis the President. Well, he was crazy to go. I said, "No, you will make a great mistake. You should not go until you have the thing."

He said - he asked me what to do.

I said, "Hull is away. Why don't you try to see Welles?"

- 8 -

He said, "I have never seen Welles. Welles doesn't know anything about this thing."

So I said, "That is all the more reason to see Welles."

He asked to see Welles four or five days, and Welles wouldn't see him. He couldn't even get an appointment. Then he called me up again - Lehman did - and he said, "He hasn't seen me. What do you think about what you said first, to do that and then write the President a letter?"

I said I would go ahead and send him this letter, which he did; and as a result of that the President didn't sign the Executive order which had been lying, according to Lehman, on Harold Smith's desk for three months; but he did write him a letter which Governor Lehman said he would send me. If he hasn't sent it to me, ask Schwarz for it. It has been given out to the press. I would like to see it.

Then Lehman called me up two nights ago and said three times, "I can't begin to thank you for your advice. It was absolutely correct. I never can begin to thank you enough for what you did. Now I am all set. I have the authority; I can go ahead and coordinate. Now I know where I am at." Nothing pleased me more, because it would have been an outrage to bring a man like Lehman down, give him the kind of job he was given, and then have the ground cut out from under him, as has happened to so many other people. Now he is ready to go places.

MR. WHITE: He was heartbroken the last month or two.

H.M.JR: I wish you could have heard him the other night on the telephone. It was pathetic - his thanks. He said, "Everything you have advised me to do has been right. You have been just a hundred percent right on everything."

MR. WHITE: What you said surprised me, because I heard from good source that an Executive order was signed.

- 9 -

H.M.JR: No, and I might add, just for the record, that the difference between Lehman and Nathan Straus was - I gave Straus just as much time, and when Nathan Straus was riding high he would high-hat me; when he was down and low then he would come around and cry on my shoulder. That is the difference between the two men.

MR. WHITE: Lehman strikes me as much more of a man.

**PARAPHRASE OF TELEGRAM SENT TO:****American Embassy, London,****No. 797,****Dated - February 5, 7 p.m.****FOR MATTHEWS**

The President desires that, as early as practicable upon the return of the Prime Minister, the following message be delivered to him:

"The pound and the dollar rates of exchange in French North and West Africa have, in accordance with our conversations, been reduced from 75 to 50 francs to the dollar, and equivalently in terms of pounds. I earnestly request that, by raising the rate from 43 to 50 francs to the dollar and by a corresponding change in the pound-franc rate, the exchange rate in the territories under the control of the Fighting French be brought into conformity with these rates established in North and West Africa. I request that action in view of our common undertakings in the French situation and in the assurance that you will recognize the importance of immediate action."

**HULL****(EA/G;EGG;MJO)**

- 2 -

HMJr: Yeah.

D: "As for salary, I would need something which would have some relation to the added expense, but I'm sure that that could be worked out. I'm taking for granted it would be under \$8,000."

HMJr: Under eight, he said?

D: Yeah.

HMJr: Yeah.

D: "For which Senatorial approval will be necessary." There - I didn't involve you in this, Henry. I just said that some people with Treasury and so on.

HMJr: Well, now let me ask you one - I made a few inquiries. Did you know that one of the reasons that they - he - no, that - it wasn't - it isn't Radin. Was it Radin that wanted to be - they wanted to put on the court?

D: The Supreme Court of California, yeah.

HMJr: Yes. And he was supposed to have tied up somehow or other with the Communists?

D: Yeah, well, it's a lot of hogwash. Max is no - no more a Communist than I am.

HMJr: I see. I see.

D: He - he was in a political fight out there.

HMJr: I see.

D: There's absolutely nothing to worry about on that score.

HMJr: Well....

D: Absolutely not.

HMJr: Well, now, Bill, give me another day or two because I got a fellow down here from Boston - hello?

- 3 -

D: Hello.

HMJr: I got a man down here from Boston....

D: Yeah.

HMJr: .....by the name of Francis Goodale....

D: Yeah.

HMJr: ....who was recommended very highly.

D: Yeah.

HMJr: And just between us, he's considering it.

D: Yeah.

HMJr: Now I'll know in another day or two.

D: Yeah.

HMJr: And then if he doesn't, then I'd like to call you up and talk to you about Radin.

D: Sure.

HMJr: I - I - there's no question about the man's intelligence and his integrity.

D: Yeah.

HMJr: I just don't know what kind of political scrap he was in in California.

D: Well, it doesn't amount to anything.

HMJr: Yes.

D: It was just a - purely some political sniping on the part of the opposition that's now in power out there. That's all there was to it.

HMJr: Well, it was terribly kind of you, and I'll be calling you Monday or Tuesday.

D: Well, the guy is - can come on if you're interested.

- 4 -

HMJr: Well....

D: And if you're not interested, nobody's embarrassed.

HMJr: Right.

D: You bet.

HMJr: Perfect.

D: Fine.

HMJr: Thank you.

March 26, 1943  
10:40 a.m.

Operator: Mr. Milton.

HMJr: Hello.

George F. Milton: Good morning, sir.

HMJr: How are you?

M: Just fine, thank you.

HMJr: Mr. Milton, last night I read in the Saturday Evening Post an article called "Mr. Smith Doubles for Roosevelt."

M: I see.

HMJr: By Blair Moody - and quite frankly, because I'm a frank per.. - after reading it I hesitate greatly to turn over all of my most confidential material to the Bureau of the Budget.

M: Well, now may I make this observation, Mr. Secretary? "

HMJr: You may.

M: This committee....

HMJr: Yeah.

M: ....is a committee that is only theoretically under the Bureau of the Budget.

HMJr: Yeah.

M: The - the material of this committee is under a private lock and key, and Smith does not see it and has nothing to do with it.

HMJr: Well, it's still - you're on the - you're on his - the Bureau of the Budget payroll. Read the article. See....

M: Well, I'll get it and read....

- 2 -

HMJr: I mean see - see what they do to Smith and see what they do to me.

M: Well....

HMJr: In the article - I mean....

M: What - in what general - I haven't read the piece.

HMJr: Well, there's - the thing is that....

M: That's this week's issue?

HMJr: Well, it's - I mean it's - let me just see a minute. It's March 27.

M: March 27.

HMJr: Yeah, I mean....

M: I'll get it during the day and....

HMJr: They use me as a stepladder to - to build Smith up and push me down, and....

M: Good God!

HMJr: ....and it's just a vicious article. I don't know where Blair Moody got his material from, but there's confidential material about stuff that took place in the Cabinet Room....

M: Oh, good God!

HMJr: ....and all at my expense, all at my expense.

M: That sounds vicious as hell.

HMJr: Your language is perfect.

M: (Laughs) Well, I'll read it and - but I have had no - nothing that I write....

HMJr: Yeah.

M: ....goes to Smith.

- 3 -

HMJr: Well....

M: And nothing that I take up, nothing that I accumulate goes to Smith.

HMJr: But if you....

M: And....

HMJr: You read the article, and I think that you'll understand - I mean after all I'm human, and....

M: Why, of course you are.

HMJr: ....and to build him up this way -- solely at my expense, nobody else is picked out -- cannot be an accident.

M: Well, let me - let me read it, and I'll give you my thoroughly frank reaction to it, and....

HMJr: Do it....

M: ....and should I then not come over there this afternoon?

HMJr: For the time being, all bets are off.

M: Well, can I after I've read it - can I have the chance to discuss with you and....

HMJr: Yes, definitely.

M: Sometime, say, early next week?

HMJr: Absolutely. Call up Gaston and I'll see the two of you.

M: It's - why in the hell is somebody always doing things like this to happy birds?

HMJr: Well, I mean it's - you ask that of Smith.

M: (Laughs) Well, I mean - I didn't....

HMJr: This isn't the first time.

- 4 -

M: It's....

HMJr: This isn't the first time. It's a regular campaign....

M: I see.

HMJr: ....which has run against me, and it's like the remark the paper said he made that the reason we're against the Ruml plan, Mr. Smith said, is because I didn't think of it first.

M: Oh, hell!

HMJr: And that - I've been cartooned on that from coast to coast.

M: Well, I'll read the thing and I'll call Gaston....

HMJr: Yeah.

M: ....and we'll - we'll have a talk, and....

HMJr: Do that.

M: ....if it's - that sounds to me terrible. I'm affected from two standpoints. I had a very happy relation with you over there, and I hate to see a friend of mine have a knife thrown in him.

HMJr: Well, that's the way I feel.

M: Well, I'll look at it and I'll call Gaston.

HMJr: If you please.

M: Okay.

March 26, 1943  
10:50 a.m.

OCCUPATION CURRENCY

- Present: Mr. Bell
- Mr. White
- Mr. Pehle
- Mr. Luxford
- Mr. Aarons
- Mr. Friedman

(Agenda for conference handed to the Secretary by Mr. White, copy attached.)

H.M.JR: Six things in ten minutes?

MR. WHITE: What I might suggest we do is run down very briefly and tell you our tentative conclusions.

The first question is, shall we use U. S. regular currency, such as we used in North Africa, with some slight additional distinguishing mark, or a special currency, such as the B.M.A. notes, during the initial stages of our next invasion operation.

The British felt rather strongly that they did not want to follow the practice used in North Africa and that they wanted to go back to what they originally suggested, that is, their using B.M.A. notes but we using something similar, a military dollar, which would not be identical with the dollar.

H.M.JR: May I ask a question. How did our gold-seal notes work?

MR. WHITE: Very satisfactory.

H.M.JR: Why change?

- 2 -

MR. WHITE: That is the way we feel about that, and with other reasons. The British have given several reasons why they would like the change, and we have examined them and evaluated them in each case. We don't think they are cogent, that they are valid.

H.M.JR: Kosher? (Laughter)

MR. WHITE: It means the same thing. (Laughter)

So we will be glad to go into the various things they describe, if you like.

H.M.JR: I don't care. Personally I think it is silly. I think the thing worked. We picked up forty million.

MR. WHITE: More than that. We don't know yet. We have cabled to find out exactly.

H.M.JR: Our Army seems to know what it is. I don't see any reason to change.

MR. WHITE: The chief reason which they had in mind was that North Africa was a small country and that not much money was involved, whereas if they go into Italy or France they might have to use a lot more currency and it may be more expensive to them.

We don't feel that that is true. We don't think it need be.

H.M.JR: Expensive from the standpoint of printing?

MR. WHITE: No, expensive from the standpoint of redeeming. The arrangement we had in North Africa was those B.M.A. notes are just as good as dollars.

H.M.JR: B.M.A.?

- 3 -

MR. WHITE: British Military Authority. That currency is as good as dollars. In London they said that if we used our regular currency, as we plan to do, and they used this stuff which wasn't regular currency, theirs would go to a discount.

I said that we could fix that easily by making them interchangeable. I said that we would take any British Military Authority notes, and give dollars, of any local merchant or anyone else that wanted them. They thought that was all right until I suggested that of course we would take that only for them, and any British Military Authority notes that we collected we would turn over to them and they would give us our dollars back.

MR. BELL: Any evidence of hoarding of our gold-seal notes in North Africa?

MR. WHITE: We have asked for that. We don't know yet.

MR. BELL: Was there a run on the gold-seal notes?

MR. WHITE: They prefer the gold-seal to the British.

MR. BELL: That is one reason the British are objecting.

MR. WHITE: They didn't use these very long, the B.M.A. notes, as they went into francs, which is all right and which we recommend.

But what it does mean to the British is that they are forced to make this currency as good as dollars. Otherwise it would go to a discount, which has disadvantages both from their point of view and ours.

They objected in the North Africa episode. They wanted to reopen the question, which we had already determined here. At a meeting of the British Treasury the day before I left, you remember I told you, they

- 4 -

wanted to reopen it for North Africa. I said at that time that I was sure they would let them reopen the general question any time but they couldn't reopen the North Africa question because all the machinery had stopped.

H.M.JR: Have you all considered this? I don't see any reason to change.

MR. WHITE: We have all considered it. We have had a number of lengthy discussions. I am sure the Army feels as we do, and we are agreed that we ought to pursue the same practice.

H.M.JR: I feel like - you know the custom they have at the Bank of England, they wear the high hat and the pink vest. They don't change; they go on forever. (Laughter)

MR. WHITE: And they are successful. Even the bombs missed them. (Laughter)

MR. PEHLE: We are forcing the British, in effect, to change.

H.M.JR: Why?

MR. PEHLE: Because although they use the B.M.A. note in order to make it work side by side with our note they have to be interchangeable.

H.M.JR: Interchangeable with what?

MR. PEHLE: U. S. dollars, yellow seal.

MR. BELL: I should think they would be glad of that.

MR. PEHLE: That means, in effect, that we are forcing them not to use B.M.A. notes which they have been using in other areas.

MR. WHITE: No, they use the same notes, but what it means is that the note represents the equivalent of a dollar.

MR. LUXFORD: Redeemable in dollars.

H.M.JR: I think that when we go into an occupied country we should be square with the population.

MR. LUXFORD: I think the British would agree that they also feel that way, Mr. Secretary. They say, though, that doesn't mean they have to drain their foreign exchange assets in order to go into this country and turn them over to them. What they should do is agree to give them local currency. Then they have no obligation to strain their foreign exchange assets to liberate these countries.

MR. WHITE: I think that is a little bit confusing.

H.M.JR: If they can get away with it and give them occupational currency which has no mark, no standing in the world in exchange markets, they would like to get away with it.

MR. BELL: That is the way it appears on its face.

H.M.JR: I say to hell with it. Then we would be no better than the Germans are in France.

MR. WHITE: That is the way it would appear to some people.

Actually even the dollars that they get, that a foreign country gets, let's say Italy - the dollars which you spend there in the initial part and which finally land - most of it - in the Central Bank - even that we can get back, but for a very different device. You get it back through any claims or any arrangements that you wish to make later by requiring them to pay for certain things, which is exactly what we are doing in North Africa.

- 6 -

In North Africa we use the regular dollars, but they are not in effect keeping them because it is like the arrangements we are making on Lend-Lease, requiring them to pay for the imported goods because they have these dollars. If they didn't have these dollars they would get that stuff for nothing.

H.M.JR: Now, Feis said that Lend-Lease goods we are getting paid for with francs.

MR. WHITE: But we use those francs and we otherwise would have to buy them.

H.M.JR: What do we use them for?

MR. WHITE: Our troops and expenditures.

H.M.JR: I think it is working beautifully; leave it alone.

Let's go to the next thing.

O.K. with you, Bell?

MR. BELL: Yes.

MR. WHITE: It will not be more expensive than they suggest, to--

H.M.JR: Oh, well, it is a question of good faith. After all, we are going in to free these people, and one of the first things you want to do is give them something on the up-and-up and not a gold brick.

MR. WHITE: The Army asks this question. They said, "Can you guarantee that the public will accept without question and as easily a strange note as they would a regular dollar?" The answer is, "No, we can't give you that assurance. We don't know."

- 7 -

Therefore, the Army said, "Under those circumstances we can't afford to take any chances or any risks. We want the regular currency when we go in."

H.M.JR: Let's go on to the next.

MR. WHITE: There is only one other point I might make, which may come up to you.

The British claim that the Allied governments, the exiled governments, would not like us to use our currency in going in - regular currency. The reason they give does not seem a valid one to us, and I am a little bit skeptical about it; but that is what the British say.

They say if we use American currency the other countries will be afraid they won't be able to re-establish their own. It doesn't make a great deal of sense to me.

H.M.JR: You have leaned over backwards giving the opposition viewpoint. (Laughter)

MR. WHITE: Because they will raise it.

These recommendations which you are agreeing to - it is our suggestion that we have a meeting with the Army and State and say, "This is the Treasury recommendation" - whenever you want to call such a meeting.

The second question is, shall we begin at once the manufacture of local currency.

There is general agreement with the British, ourselves, and with everybody here, that we should not - that we should move--

H.M.JR: Excuse me.

(Discussion off the record.)

H.M.JR: Where were we?

MR. WHITE: On the local currency there is agreement that the forces should move just as quickly as possible from the use of currency, dollars and sterling, into local currency, francs. There is complete agreement on that.

The question as to how soon they could move would be a military decision, depending on how things are there.

But the moment they feel they can appropriately do it they ought to begin paying in local currency, just as they did in North Africa. Very quickly they began paying in francs to the soldiers, and so forth.

The question then becomes the preparation of an adequate supply of the local currency because in most areas they may not have any. The local supply consists of what already is there that they may be able to get from the banks. In the case of the friendly countries, what the various exiled governments are preparing - and we have a list of just what they are preparing, and I will raise that question in a moment. The other source is what the British Government has been able to get or can get.

For example, it is going to take all the lira notes which now circulate in Libya, replace them with another note, which will raise another question which I will take up later. And they will have a lot of lira to go into Italy, and I assume they will allocate that among the various United States and British forces.

In France they have a lot of francs except in low denominations. But the other territories are mostly friendly territories, and they are proceeding and discussing now the printing of notes in preparation for that.

- 9 -

There still may not be an adequate supply, and there will not be an adequate supply in enemy territory. Therefore, it is our suggestion that we prepare ahead of time a currency which the Americans can use, a currency which will be in terms of local units. In other words, the United States military forces decree this is five lira or two lira. That currency can be prepared here in advance in the Treasury in order to meet the question of security. The Army is afraid it will leak out that they are printing lira.

The suggestion is to do one of two things: Either print simultaneously eight or ten currencies, which they can do, or print them in blank and at the last minute fill in the names.

Now, Aarons has been in close contact with the Bureau of Engraving and ought to be able to answer all the questions on this. He has prepared a memorandum as to all the techniques involved and the time element, and so on. So if there are any questions you want to ask on that he will give them; but it is feasible it will--

H.M.JR: No, I want to think about this. I can't answer this right away.

MR. WHITE: We have a long memorandum.

H.M.JR: Why don't you run over this thing once and let it soak in, and we can have another meeting. I haven't allowed enough time.

MR. WHITE: All right. That will take about a month to prepare from the day you give the signal. If they use the blanks it will take another two weeks.

MR. AARONS: It will just take a day or so to get into production if you have the plates ready.

MR. WHITE: Now, the British would be satisfied with that, and they said if we make some of those they

might like to have some made by us for them because they don't have enough facilities, which would say, "British Military Authority" instead of "United States Military Authority."

MR. LUXFORD: I think it should be pointed out we are not intending to use this to finance our operations in that area. This is because there will be a shortage of local currency the same as in North Africa. We are not going to try to buy anything with it. The thing will be necessary. The population won't have any currency.

MR. WHITE: That isn't wholly true.

MR. LUXFORD: That is the contingency.

H.M.JR: Was that true in North Africa?

MR. LUXFORD: There was a shortage.

H.M.JR: Did Colonel Bernstein say so?

MR. LUXFORD: We are manufacturing it now.

MR. WHITE: Aarons has been busy for a long time getting the printing of Algeria and North Africa notes.

MR. BELL: We had the American Banknote Company and another banknote company in Philadelphia printing a lot of those notes, and then we got paper and other supplies for the Algerian situation and are just about ready to ship it.

H.M.JR: Where is the colonel? Why doesn't he sit in on this?

MR. WHITE: Well, he will come in after we have made up our minds. He is in the Army. (Laughter) He will have to report to General Carter. I thought we had better make up our own minds on what the Treasury wants to advise.

- 11 -

H.M.JR: He says he wears the Treasury label.  
(Laughter)

All right, go a little faster. Let me just get the impression.

MR. WHITE: Next, shall we use local currency being prepared by the governments in exile. That raises a political question. These governments want to make arrangements. Do we want to talk with them as to the arrangements, or do you want to prepare your own currency exclusive of arrangements with them? The exiled governments are extremely eager to enter into arrangements because that gives them political status, prestige, and so on.

H.M.JR: From the little I have seen of any of these governments in exile I would disregard them. That is the way I feel.

MR. BELL: It seems to me you ought to get on a local currency basis just as soon as you can after your forces go in. If these exiled governments - and most of them certainly have complete authority - can furnish us this currency, I should think we ought to buy the currency from them.

MR. WHITE: The currency is available, and we couldn't buy it in any case - they merely give it to us on the books, then make a settlement later. The question is not the availability of the currency because you can have currency available. The question is whether you take all of the currency available through them, or ours. There are those two possibilities which need to be discussed. Both ways are possible.

MR. PEHLE: It strengthens their hands politically if we use their currency.

MR. BELL: The Dutch East Indies are having coins minted and currency printed and available for the invasion of that territory.

- 12 -

MR. WHITE: That is true of Poland and almost all of them.

H.M.JR: How much pressure is there on us to clean this up?

MR. WHITE: The British and the Army are pressing us, and I should think if you could take it up early next week - it shouldn't be later than that.

H.M.JR: I didn't allow us enough time on this, and I can't keep this man waiting indefinitely.

Why don't we meet again at three o'clock on Monday. Then I am going to ask this group in for nine o'clock Wednesday.

MR. WHITE: The larger group you mean?

H.M.JR: Yes.

MR. WHITE: The larger interdepartmental group?

H.M.JR: Yes, nine o'clock Wednesday. White plus Army - is the Navy interested?

MR. WHITE: State, BEW, and I think the Navy, but we never have asked them in.

MR. BELL: They haven't been very much interested.

H.M.JR: I would ask them.

MR. BELL: The Navy takes United States currency and doesn't care about regulations or anything; they use it.

H.M.JR: I am putting you down for an hour Monday.

MR. WHITE: We have a couple of memoranda. They are rather long. If you could read them over the week end--

H.M.JR: No, not on your life. (Laughter)

Agenda for Conference in Secretary Morgenthau's  
office on Occupation Currency Problem

1. Shall we use U.S. regular currency or a special currency during the initial stages of our next invasion operation?
2. Shall we begin at once the manufacture of local currency?
  - a. Identical currency for all areas with blank spaces left for all legends.
  - b. Different currency for each of the possible areas with legends filled in.
3. Shall we use the local currency being prepared by the governments in exile?
4. Shall we discuss exchange rates with the exiled governments, as suggested by the British?
5. Do we approve of the replacement by the British Government of lira in North Africa with special currency designated in sterling denominations?
6. Shall the stocks of currency which are being prepared be kept by the Treasury in places designated by the Army, or, shall they be turned over to the Army?

March 26, 1943  
11:00 a.m.

Operator: Go ahead.

HMJr: Hello.

David Niles: Good morning, Mr. Secretary.

HMJr: How are you?

N: All right, sir.

HMJr: Good.

N: Well now, the chap is still a little confused. He's gone away to talk about it. He said that it was suggested that he come down on a month's trial.

HMJr: Yeah.

N: Now he wondered whether that meant, even on a month's trial, that he had to cut himself off from everything.

HMJr: Well, I don't think so. Without asking anybody's advice, my answer would be "no". He could come down on a month's trial.

N: Well, I think he - I think he would come down on a month's trial if it didn't mean - because he said, "If at the end of the month the Secretary doesn't think I'm the man or I don't think I...."

HMJr: Well, he would have burned his bridges.

N: That's right.

HMJr: That would be silly.

N: That's right, and that's why I think if it could be cleared so that he wouldn't have to....

HMJr: I'll clear it on my own responsibility.

N: And then I can tell him then that on your responsibility he does not have to....

- 2 -

HMJr: And instead of saying "a month" I'd say "a month or two."

N: Right.

HMJr: Because a month is a very short time.

N: That's correct. Well, then I'll - I'll just call him up. He's already left, and I'm going to call him up and tell him that.

HMJr: I would say "a month or two."

N: Fine.

HMJr: And also on coming down on the week, if it's two weeks that's all right.

N: Okay.

HMJr: From now.

N: Okay, sir.

HMJr: But on my own, he can come down. I - I won't even consult anybody.

N: Okay, sir.

HMJr: What?

N: I'll call him tonight or tomorrow morning and tell him.

HMJr: And then keep me posted.

N: Righto.

HMJr: Thank you so much.

282-A<sup>✓</sup>

FROM: MR. SCHWARZ'S OFFICE

TO: The Secretary

Blair Moody said this morning that the two incidents in which he referred to you in his Saturday Evening Post piece on Harold Smith were based on conversations with Smith and others at the time they took place. He did not show his copy to Smith before turning it over to the Post, nor did he clear those passages with any Treasury people. He talked with Frank Murphy at some length before writing the article. His original copy, he said, contained a detailed story of the survey made by you, Merriam and Brownlow to get a Budget Director, but this was out by the Post. He said Smith has objected to the way in which he wrote the incidents.

② 2/26/43

March 26, 1943  
12:33 p.m.

HMJr: Hello.

Operator: Mr. Smith is in a conference and would like to call you back if he may.

HMJr: Surely. I'm - just leave word I called.

Operator: All right.

HMJr: Thank you.

12:34 p.m.

HMJr: Hello.

Operator: Harold Smith.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Harold Smith: Hello.

HMJr: This is Morgenthau.

S: How are you, sir?

HMJr: I am not so good.

S: Really?

HMJr: Well, I've just been reading Blair Moody's article in the Saturday Evening Post.

S: Oh, yes.

HMJr: And we asked him where he got this information about the meeting in the Cabinet Room and all that, and he said he got it from you.

- 2 -

S: What part was that?

HMJr: Oh, about where we had a meeting and how Morgenthau alone dissented and Morgenthau this and Morgenthau that - Morgenthau did not like this even a little, which did not worry Smith, and so forth and so on. I think it's terrible, Harold, that all this stuff....

S: Well, I do too. I do too.

HMJr: I mean it's bad enough fighting Cissy Patterson and the McCormicks and all that, but if somebody right out of the White House feeds this stuff to a man like that....

S: Now I just - I want to look at it and see what he - what he - what he had referred to before I - what - just - do you remember what that - what part of the article it is?

HMJr: Well, it's on - it'd be - it's on page - well, it runs all through - I mean all the way through the article he deprecates me to build you up.

S: Well, that - of course, the whole thing is - is - just made me sick, including the title, and it's one of those things that you can't control, and....

HMJr: Well, you....

S: ....I'm - I'm not conscious -- I'll look the thing over -- of having made any critical statements about you.

HMJr: Well, all the way through - and, as I say, it's hard enough functioning these days in the middle....

S: Yeah.

HMJr: ....of a war....

S: Yeah.

HMJr: ....without having somebody out of the White House feeding a newspaper reporter critical material about another Cabinet member.

- 3 -

- S: Well, I - I - I mean I just don't do that sort of thing.
- HMJr: Well, it's here. It's - it's all in - it's all in the Post, and - and....
- S: Yeah.
- HMJr: ....it's - it's - say, we have - if we can't hold a meeting at the request of the President in the Cabinet and have that confidential, what can be confidential?
- S: Yeah. Well, I'll have to - I glanced at the article. I haven't read it carefully, and I don't know where he got some of his stuff. For instance, the lead-off on it was equally bad. I tried to - I - of course, they wouldn't let me see it. I saw the heading in the Post the week before the whole thing was set up. I tried to get something done about it, and they always, you know, do the "man biting dog" stuff and get it distorted, and I felt - I felt terrible about it, and I'll....
- HMJr: Well....
- S: ....I'll look - I'll look it over and - and see where some of that stuff came from. Of course, there's an awful lot of stuff that leaks out.
- HMJr: Well, this story....
- S: The food order yesterday, for example.
- HMJr: Pardon?
- S: Yes, well, I checked up on that and the newspaper people knew all about it and it never came from this office.
- HMJr: I don't know what - what you're referring to.
- S: Well, the order that appointed Chester Davis....
- HMJr: Oh.
- S: ....and so on. Yesterday the President had to release it before the Executive Order was ready.

- 4 -

HMJr: Well, this - before I called you I sent my man to ask Blair Moody where he got it, and he said he got it from you.

S: Hmm.

HMJr: I mean this stuff about me, and....

S: Well....

HMJr: ....I just don't think it's done. I really don't.

S: Yeah, well....

HMJr: And I - I - I'm....

S: Well, I'm not going to accept that, you see. I'm not going to accept that until I - until I look at the part of the article to which you refer and talk to Moody about it.

HMJr: Yeah.

S: Because I cannot recall - I cannot recall having said anything of the sort, and if I - I'm sure that there have been times that perhaps I've been critical of you as you have been of me, but I would not be spreading that around.

HMJr: Well, of course, anyway - all - all I have is what he said. But - but have a look at it.

S: Yeah, I will. You bet.

HMJr: And then....

S: Well, I'm awfully sorry about the whole damn thing....

HMJr: Yes.

S: ....because I would have preferred never to have had it - anything of the sort published. Every time any of us get any publicity it's always turned in a way that it's a bad turn.

HMJr: Yeah.

- 5 -

S: I mean you - you've doubtless noticed that, and that's been my experience around....

HMJr: Well....

S: ....here 100%, and therefore I've tried very hard to stay out of the papers....

HMJr: Of course....

S: ....and stay out of the magazines.

HMJr: The other thing which I never bothered to call you up - but it's been cartooned, me, from one end of the country to the other, and that was that -- it was accredited to you - "the reason that Morgenthau's against the Ruml plan is because he didn't think of it first." Now that ran in the newspaper, and that thing - they've cartooned me on that from one end of the country to the other.

S: Well, they're just taking advantage of the both of us on....

HMJr: And - but - well, anyway I wanted to let you know how I felt direct.

S: All right. Well, I'm awfully sorry about it. I - I will - I will get a hold of it, and - and see what is - what is said and how it could have originated.

HMJr: Okay.

S: All right.

HMJr: Goodbye.

TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION

DATE March 26,  
1943

TO Norman Thompson  
FROM Secretary Morgenthau

I believe there is an Executive Order out signed by the President calling the attention of the various Cabinet members and heads of the departments to public criticism. I would like to have this in connection with a letter that I am writing to Harold Smith. *(My changed his mind & did not send letter to Mr. Smith)*

*File here*

*No. Exec Order. Letter of Aug 20, 1942, copy attached covers the subject. Jm*

August 24, 1942

My dear Mr. President:

I have your letter of August 20th, with reference to criticisms and statements publicly made by responsible officials of the Government.

Your instructions have been brought to the attention of Treasury officials and you may count upon a full compliance by this Department.

Faithfully yours,

/S/ H. Morgenthau, Jr.

The President,

The White House.

Copies of the President's letter were sent to members of the Secretary's 9:30 staff and to the Heads of Bureaus, Offices and Divisions of the Department.

THE WHITE HOUSE  
WASHINGTON

August 29, 1942

My dear Mr. Secretary:

In dealing with the many complex war problems which we face today, it is unavoidable that there be wide differences of opinion between agencies of the Federal Government -- opinions sincerely and honestly held. However, too often in recent months, responsible officials of the Government have made public criticism of other agencies of the Government; and have made public statements based either on inadequate information or on failure to appreciate all the aspects of a complex subject which is only partially within their jurisdiction.

This is inadvisable at any time. But in times of war it is particularly contrary to public policy. It contributes only to the confusion of the public, which naturally does not know what to believe on an involved issue when it gets different stories on successive days from officials of equal standing, though not necessarily of equal understanding.

Such divergencies, especially when coupled, as they often are, with express or implied criticisms of other officials are a direct and serious handicap to the prosecution of the war. Officials divert to quarrels with each other the time and energy they ought to be devoting to fighting the enemy. The people, confused by these contradictory voices, are apt to obtain the false impression that the Government as a whole is uncertain as to its objectives and general method and that it does not know its job.

This feeling is of course pounced upon, exploited, and intensified by opponents of our war effort. Our enemies use this raw material of discord provided for them by men who ought to be making trouble for the enemy and not for one another.

One of the duties prescribed for the Office of War Information is the coordination of war informational activities of all Federal departments and agencies, for the purpose of assuring an accurate and consistent flow of war information to the public and the world at large and for the added purpose of eliminating conflict and confusion among the departments and agencies of the Government in the matter of their public relations. Elmer Davis, Director of this Office, tells me that so far as written statements from departments and agencies are concerned, very

satisfactory progress toward this objective is being made. But, he points out that the attainment of the objective is being gravely hampered by verbal statements dealing with matters touching more than one department or agency made by high officials in press conferences and elsewhere, - statements which do not contribute either to the accuracy or the consistency of public information.

In a recent report to me on this situation, Mr. Davis makes a statement which should be emphasized: "The enemy is constantly at work trying to undermine public confidence in the government; why should members of that government help him along by undermining it themselves?"

Where honest differences of opinion exist no one would propose to suppress them. Nor would anyone attempt to interfere with the free use by every public official of the normal processes of information to the public and press. But it is no solution to a controverted question to argue it out in public. If the agencies would refrain from resorting to public debate of this kind they would have a good deal more time to attend to their business, and the nation would have a good deal more assurance that that business was being done right.

These differences between agencies often deal with matters of fact which can be harmonized by fuller investigation, or questions of policy which should be adjusted by conference between the agencies or by reference to me as the responsible head of the Government. Disagreements either as to fact or policy should not be publicly aired, but are to be submitted to me by the appropriate heads of the conflicting agencies. The policy of the government should be announced by me, as the responsible head thereof. Disagreements as to facts can be resolved, if necessary, by investigations and surveys directed by me.

Will you please see to it that your particular department and its various bureaus and divisions comply with these instructions.

I am sending an identical letter to the responsible head of the department and agency of the Federal Government.

Very sincerely yours,



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

March 26, 1943  
4:01 p.m.

HMJr: Hello.

Sir Fred.  
Phillips: Hello. Yes, Phillips speaking.

HMJr: Phillips.

P: Yes.

HMJr: I've had a chance to discuss that memorandum that you gave me on the 24th both with the President and Mr. Hull.

P: Yes.

HMJr: And the President is going to discuss it with Mr. Eden directly.

P: I see.

HMJr: So I just thought I'd tell you that.

P: Yes, thank you very much.

HMJr: You're welcome.

- 2 -

HMJr: ....could you - would you mind sending over to Mrs. Klotz another copy for my records?

D: Not a bit, not a bit.

HMJr: And....

D: We'd better send you a couple of them now.  
(Laughs)

HMJr: Well....

D: Well, we'll see that one gets in your hands....

HMJr: Well, I've given one to the President and one to Admiral Brown, and if I have one for myself that's enough.

D: Yes. Well, now we've furnished one to - to the map room over there because Commander Mott called me up and said that they didn't have - have one in their file....

HMJr: Yeah.

D: ....and so we - we sent one right over.

HMJr: Good.

D: So they have one....

HMJr: And, look....

D: ....in the President's files now.

HMJr: Now....

D: But I'll see - I'll get one in your hands this afternoon.

HMJr: And then as these things come along that are - that are strictly financial....

D: Yes.

HMJr: ....you keep your own eye open for me, because everybody was searching for that cable, including the White House, and they couldn't find it.

- 3 -

D: Yes, I shall.

HMJr: And....

D: I - I'll keep that in mind, and....

HMJr: And....

D: ....in this case, what happened was that the President was interested in getting this before Churchill, apparently, and he spoke to the Secretary about it....

HMJr: Yes.

D: ....who didn't - didn't know anything about it particularly. None of us did.

HMJr: Yeah.

D: But he - he wanted him to send that message.

HMJr: Yeah.

D: So we just acted as clerks and sent it along. But I'll keep you in mind....

HMJr: Because sooner or later....

D: ....when that comes up.

HMJr: Sooner or later it comes in my lap anyway.

D: Yes, yes. Well....

HMJr: So if you'll do that, I'd appreciate it.

D: Oh, yes, I'll do that.

HMJr: And you'll send me another copy.

D: Yes, sir. Right away.

HMJr: Thank you.

D: Very good.

March 26, 1943  
4:27 p.m.

Nelson  
Rockefeller: Mr. Secretary?

HMJr: Talking.

R: Yes, sir. I called up relative to that matter that you put in my hands a week or so ago....

HMJr: Yeah.

R: ....on magazines.

HMJr: That's right.

R: Since you and I talked....

HMJr: Yeah.

R: ....a very strong and long memorandum has gone down to the Embassy....

HMJr: Yeah.

R: ....and has been - or is being -- don't know the date yet -- transmitted to the government....

HMJr: Yes.

R: ....on that subject, but it was not designed primarily for that subject, but is in answer to a protest of some five months ago about the Black List, which....

HMJr: I see.

R: ....came from the government down there. They have used, however, this particular situation, which was under the discussion you and I had....

HMJr: Yeah.

R: ....as the - the heart of the memorandum. It was written by the man who is running the Black List, Mr. Dickens....

- 2 -

HMJr: Yeah.

R: ....who works in our office but who is handling that situation.

HMJr: Yeah.

R: He has handled it in an extremely able way and an extremely forceful way.

HMJr: Good.

R: However, at the same time, just in case that didn't do the trick, although they are hopeful it will....

HMJr: Yeah.

R: ....we are investigating down there the possibility of handling this situation along the lines which you and I discussed.

HMJr: I see.

R: So that I'll be able to let you know on both those angles as soon as we have any information.

HMJr: What's known as the "blow-torch method", eh?

R: (Laughs) Exactly.

HMJr: Wonderful.

R: The "hot air" or the "blow-torch." You see, the other one's the "hot air method"....

HMJr: I see.

R: ....and sometimes that doesn't work. (Laughs)

HMJr: Yeah. Well, I appreciate what you're doing and I appreciate being called.

R: Well, this other - this memorandum I'm referring to is not known to but a few people in the department.

- 3 -

HMJr: Yeah. Well....

R: And so I'm giving it to you....

HMJr: Well, the conversation that you and I had was strictly between us.

R: That's right, absolutely.

HMJr: And I haven't - I don't think I - I don't think I've told it to anybody here.

R: Well, I didn't either. I just handled it with this fellow who, as I say, is in our office but works - runs the Black List.

HMJr: Right.

R: And he wrote this memo....

HMJr: Yeah.

R: ....so - it's fifteen pages and it's a very strong one. It's going to put them on the "hot seat" down there.

HMJr: Now do you - you present that through the Embassy?

R: That was - yes, sent to the Ambassador down there to present to the government....

HMJr: I hope....

R: ....and he used the excuse of a memo that they had raised protesting about the Black List.

HMJr: I hope they present it, because we sent a written memorandum down there once about five months ago which was never presented.

R: Well, that's why I said to you that I wasn't sure of the date of presentation, but I - that is being checked for me and as soon as it has been presented, I'll let you know.

HMJr: Right.

- 4 -

R: I also - we sent a very nice letter down to the manager of that shipping company down there....

HMJr: Oh.

R: ....and that matter is cleaned up too - they - they were very pleased about it.

HMJr: Good.

R: Sorry not to go ahead, but understood under the circumstances, and so did the Ambassador. He feels that the matter has been handled nicely down there.

HMJr: Okay.

R: All right, sir.

HMJr: Cheerio.

R: Thanks loads. Goodbye.

March 26, 1943  
5:18 p.m.

Kathryn  
Brady: Hello.

HMJr: Mrs. Brady?

B: Yes, sir.

HMJr: I've just got word from Mr. Paul on the Hill....

B: Uh huh.

HMJr: ....that if the President would call Congressman Lyndon Johnson....

B: Uh huh.

HMJr: ....and ask him to go to work to get us some votes to back up Bob Doughton, it would be most helpful.

B: Uh huh.

HMJr: Tonight, if possible.

B: Uh huh.

HMJr: Do you think you could get that....

B: Yes. Yes, sir. Is that Randolph Paul?

HMJr: Yes.

B: All right.

HMJr: That he came down off the Hill and told me that -- I shall repeat it -- that if the President would call Lyndon Johnson....

B: Yes.

HMJr: ....and ask Lyndon Johnson to go to work....

B: Uh huh.

HMJr: ....to get votes to back up Bob Doughton....

B: It would help.

- 2 -

HMJr: A lot.

B: All right, sir. And by the way, your secretary - your secretary called about your cigarettes and they're on the way over.

HMJr: Wonderful!

B: All right. (Laughs)

HMJr: Those are expensive cigarettes.

B: Yes, sir!

HMJr: On all this rationing.

B: All right, sir, I'll take care of this.

HMJr: Thank you.

B: All right.

1050 302

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 26, 1943

TO: Mr. E. J. Fitzgerald

FROM: Mr. Herman Wolf *HW*

The following persons have been invited to the special labor press conference at 11:00 a.m. Saturday, March 27th:

- no show* Philip Pearl, Publicity Director, AFL.
- " " Bernard Tassler, Editor, American Federationist
- " " Len De Caux, Publicity Director, CIO
- " " C. D. Fowler, Publicity Department, CIO
- present* Miss Hollace Mansell, Publicity Department, CIO
- " " Miss Virginia Gardner, Federated Press
- no show* Oliver Carruth or his assistant, International Labor News Service
- present* Edward Keating, Editor of Labor (Railway Brotherhood)
- " " Ruben Levin, Staff of Labor
- " " Herbert Little, Labor Desk, OWI

Would you kindly see that passes are available for these persons?

To the best of my knowledge other people attending the conference will include Mr. Houghteling, Mr. Schwartz and myself, *plus Double* (copy)

Regarding the invitation to Mr. Herbert Little of the OWI Mr. Schwartz and I agreed that this was a good idea.

*HW for read*

TREASURY

1943 MAR 27 AM 9 04

TREASURY

March 26, 1943.

Dear Allan:

Thank you for your letter of March 23, telling me of the plans that are now being made for the rally which will be held at Carnegie Hall on April 12. I was much interested in what you said, and will be glad to have you keep me informed as to the progress of the plans.

With all good wishes,

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Allan Sproul,  
Chairman, War Finance Committee,  
Second Federal Reserve District,  
33 Liberty Street,  
New York, New York.

GEY/abe

stostats to following on 3/24/43 -

Bell  
Robbins  
Graves  
Wamble  
Buffington  
Peabody

70 / e -  
e 1 7 7

305

UNITED STATES TREASURY  
WAR FINANCE COMMITTEE

Second Federal Reserve District

WAR SAVINGS STAFF

FEDERAL RESERVE BANK OF NEW YORK  
33 Liberty Street, New York, N. Y.

VICTORY FUND COMMITTEE

Personal

March 23, 1943.

Dear Secretary Morgenthau:

I am delighted to learn that you are going to be able to come to New York on the night of April 12th, and to make the principal talk at the meeting we are planning at Carnegie Hall to give a sendoff in New York, and by radio throughout the country, to the Second War Loan.

We are in process of forming a committee which will sponsor the meeting, in behalf of the War Finance Committee, and as soon as this committee is completed it will send you a formal invitation. Meanwhile, as Chairman of the War Finance Committee in this District, I am confirming the informal approach made to you through Mr. Robbins.

We shall keep you informed as to the development of the program, and you may be sure that your wishes with respect to your participation in it will be observed.

Yours faithfully,



Allan Sproul,  
Chairman.

1704  
25/72

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

## UNITED STATES TREASURY WAR FINANCE COMMITTEE

BULLETIN  
 March 26, 1943

Publicity Directors, War Finance Committee:

As decided at our meeting here on March 19th, we will send advertising and promotional material for the 2nd War Loan Drive direct to the media and outlets as in the past, and to individuals as follows:

Federal Reserve Presidents	(1 copy)
District Executive Managers VFC	(1 copy)
District Publicity Directors	(see later)
Regional Managers VFC	(1 copy)
War Savings Staff Representatives normally receiving such material down to the county level.	

Publicity Directors agreed to write us the names of additional people to whom they wish the material sent together with quantities. So that there may be no delay, will you please take care of this at once.

For your convenience we are attaching a list of key material presently planned, together with total quantities, and essential facts of distribution including probable dates of shipment.

If you wish changes made in your district on any of the shipments we can still catch, please advise us at once.

Stuart Peabody  
 Head Advertising Specialist

Attachment

Copy to Presidents, Federal Reserve Banks

ADV-7

NEWSPAPER ADVERTISEMENTS

7 full page newspaper ads and 7 - 1000 line adaptations.  
4 - 100 line newspaper ads - all for local sponsorship.  
1 of each size will be used for the week of April 5th.  
2 full pages, 2-1000 lines and 1-400 line ad will be used each week thereafter.

The first ad in all three sizes was mailed to newspapers March 23rd. Advertisements for the second week of the campaign will be mailed March 31st and succeeding ads will go out approximately one week later. Proofs and mats will go direct to daily and weekly newspapers. 1 proof each will go automatically to each Federal Reserve Bank President, Federal Reserve Publicity men, Regional Managers, Victory Fund Committee, and Executive Managers, Victory Fund Committee. All mats and proofs will be mailed from Western Newspaper Union offices in thirty-four key cities.

Points of Sale Bulletins

This bulletin will go direct to 15,000 banks - two for each bank. They will be mailed by March 27th from a supplier in Pennsylvania.

Car Cards

75,000 car cards will be mailed completely by March 30th from the Office of Emergency Management headquarters in Washington. They will go direct to Transit Companies for displaying in most of the large cities in the country. One car card will be mailed to each of the Federal Reserve Bank Publicity men. 10,000 will be sent to our Chicago Mailing Division for requisition.

Basic Pamphlet

4 million of these 2-color pamphlets are being printed for nationwide distribution. They will be shipped as follows:

- 50,000 each to the New York Federal Reserve Bank -
- 30,000 to the Chicago Federal Reserve Bank and
- 25,000 each to the balance of the Federal Reserve Banks.
- 1,000,000 to be divided among War Savings Staff State Administrators,
  - 50 each to 3,800 Savings and Loan associations,
  - 400 each to first class post offices,
  - 100 each to second class post offices.

Delivery will be completed by March 30th. 1 each to Federal Reserve Bank Presidents, Federal Reserve Bank publicity directors, Executive Managers Victory Fund Committee, and Regional Managers Victory Fund Committee.

### Kit for Retailers

This kit will contain:

- (a) 700,000 1-color bulletins entitled "WANTED - 15 BILLION DOLLARS" for retail store display.
- (b) BIG GUNS - This 4-page tabloid newspaper will tell retailers how to tie in with the program and will illustrate promotional materials available.
- (c) Mrs. Brown Goes to War - 2 copies of this booklet, explaining the women's angle, will go into each kit.
- (d) A sticker entitled "WE'VE NEVER BEEN LICKED" "BUY WAR BONDS".
- (e) A 1-page flier, entitled "OUTFITTING THE OUTFIT" - a special women's activity.

One copy of each of (b), (d) and (e) above, will go into an envelope to make up a retailers' kit. From 1 to 6 copies of (a), depending on the size of the outlet, together with two copies each of item (c) will also go into every kit. The mailing of this complete kit will begin on March 25, and will be completed by March 27th. It will be handled by our Chicago Mailing Division. One complete kit will go to each Federal Reserve Bank President, Federal Reserve Publicity man, Executive Managers of Victory Fund Committee and Regional Managers of Victory Fund Committee.

### Newsboys For Defense - 11th Edition.

This 4-page newspaper containing information tying in newsboy activities with the Drive, will be sent to all newspapers which regularly participate in the Newspaper Carrier Boy promotion. This newspaper is being mailed from Chicago on March 26 and March 27. One copy will go to each Federal Reserve Bank President, Federal Reserve Publicity Directors, Executive Managers of Victory Fund Committee and Regional Managers of Victory Fund Committee.

### Publicity Kit -

A publicity kit containing local promotions for county chairmen and for general use in the field, will be mailed from Chicago on March 29. In addition to county chairmen, 10 copies of each kit will go to Federal Reserve Bank, Publicity Directors and 1 each will go to Federal Reserve Bank Presidents, Executive Managers of the Victory Fund Committee and Regional Managers, Victory Fund Committee.

### Press Book

Three issues of a syndicated press book containing over-all publicity on the Drive are to be sent direct to daily and weekly newspapers, together with mats and stereos.

## UNITED STATES TREASURY WAR FINANCE COMMITTEE

BULLETIN  
March 26, 1943

## Publicity Directors, War Finance Committee:

We are getting a number of requests here in Washington to produce Hollywood talent for the Drive. This is understandable, of course, because the policy we discussed at our meeting has not had a chance to percolate into the field.

So that there may be no misunderstanding and so that our organization here may not be snowed under and our field people disappointed, it seems necessary for you to advise all of your field people concerned with local promotion of our policy.

Here is a statement you may use, if you wish, to be supplemented or amplified in any way you see fit.

## Hollywood Talent

For the April War Loan Drive we have decided not to call on the services of Hollywood stars.

There are several reasons for this. First, these people have been most generous to us in the past. Second, they are currently doing a tremendous job for the Red Cross which will end shortly before our drive begins, and they will be pretty well worn down with extra appearances. Third, we will be having more drives later, and we will need the stars badly. By letting them off for this one, and letting them know we are doing it, we will get a better and more enthusiastic response next time.

Beyond all this, Hollywood talent, while always effective, is probably less suitable to this drive because of our theme. We want to relate all our promotion to the fighting war, the forthcoming offensives, and a comparison of the sacrifices of the armed forces with what we are asking civilians to do.

We ask you, therefore, not to plan promotions around Hollywood stars which Washington must provide. Our promotional people in Washington have already made a statement to the Hollywood Victory Committee as to our policy. For our own future benefit, we must help them to keep faith.

Therefore, for this drive, please do not ask us to ask Washington to bring Hollywood talent to your community. If a Hollywood star is in your city and you arrange with him or her to do a job for you while there, contact this office, and we will try to clear. Please do not contact Hollywood direct.

(Signed) District Director of Publicity

All of us here will appreciate sincerely your cooperation in channeling this matter through your office.

Stuart Peabody  
Head Advertising Specialist

MAR 26 1943

Dear Dr. Day:

I feel I should advise you that I greatly appreciate your courtesy and cooperation in making Dr. William I. Myers available for special work with the Treasury Department. Dr. Myers has been very valuable to the Department as a Consultant on the problems which have arisen incident to the formation of a War Savings program for farmers. He has a philosophy and a sales approach to this group that will do much to assist in the financing of the war and in protecting the economic interests of the farmers themselves.

I am hopeful that Dr. Myers will be able to continue his efforts. I am very anxious to see the farm program completely launched under his supervision.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Dr. E. E. Day,  
President,  
Cornell University,  
Ithaca, New York.

RWC/mbb/fns

Copy in Diary

File direct to Graves's  
office

MAR 26 1943

My dear Mr. President:

I have the honor to transmit to you a copy of the Report submitted to me by the Committee on Intergovernmental Fiscal Relations. This is the Committee which I appointed in 1941 following your suggestion that we investigate the growing problem of Federal-State-local fiscal relations in the United States.

The project was financed by special funds provided for that purpose by the Congress. The Institute of Public Administration provided funds for such parts of the work as could not appropriately be financed from Federal funds.

I believe the Report makes an important contribution to the problem of Federal-State-local fiscal relations in the United States and brings together a body of current information which will be helpful to those who are dealing with this problem.

It is the view of the Committee that the answer to the problem of intergovernmental fiscal relations will be found in coordination and cooperation rather than subordination and coercion. To this end it recommends the creation of a Federal-State-Fiscal Authority composed of three members, one to be appointed by you, one to be designated by the States, and the third to be selected by these two members. I am attaching a memorandum which summarizes the recommendations of the Committee.

I am advised that the Chairman of the Senate Finance Committee and the House Ways and Means Committee have approved publication of the Report as a Congressional Document. Release of the Report to the Press is scheduled for March 31, 1943.

The President,

E-R.TMNH/White House.

Faithfully yours,

(Signed) H. Mergenthal, Jr.

Copy in Diary  
Copies direct to Blough's office

By Mess. Sturgis 5:33 3/26/43  
(6 volumes)

## MEMORANDUM FOR THE PRESIDENT:

Report of the Committee on Intergovernmental  
Fiscal Relations

The Committee on Intergovernmental Fiscal Relations, which I appointed in 1941 to examine the problem of Federal-State-local fiscal relations in the United States, has submitted its Report. The Committee consisted of Dr. Luther M. Gulick, Director of the Institute of Public Administration, Dr. Harold M. Groves, Professor of Economics at the University of Wisconsin and a former member of the Wisconsin Tax Commission, and Dr. Mabel Newcomer, Professor of Economics at Vassar College.

The Committee reports that the area and volume of overlapping Federal, State, and local taxes continue to increase in spite of the universal recognition that tax conflicts are bad for the taxpayer, bad for the governments involved, and bad for the Federal system of government itself. It expresses the view that the answer to the problem of intergovernmental fiscal relations will not be found in a grand formula which endeavors to solve the problem for all time or even for a decade, because there can be no final solution for a continually shifting problem. The Committee takes the view that the answer will be found in coordination and cooperation rather than subordination and coercion. The problem calls for a high degree of genuine mutuality, and the States must be assured that intergovernmental cooperation will not take the form of Federal domination.

In the opinion of the Committee, a solution to the problem of intergovernmental fiscal relations must satisfy three conditions:

- 2 -

(1) It must be a truly cooperative effort, willingly joined in by both the Federal Government and the States;

(2) It must utilize legislative and administrative, not constitutional channels, in order to permit continual adaptation to changing needs; and

(3) It must utilize channels which are permanent, not temporary; governmental, not private; and impartial and expert, not partisan.

#### Major Recommendation of the Report

To satisfy these requirements, the Committee proposes that the Congress, with the active support of the States, create a joint Federal-State Fiscal Authority. The Authority would administer no taxes and would dictate no decisions to either the Federal Government or the States. It would be a continuous, official advisory and negotiating body, qualified to make impartial suggestions on matters of conflicting taxation and joint fiscal policy to the Congress, to the Executive, and to the Governors, tax officials and legislators of the States. The Authority would express advisory opinions on proposals for intergovernmental fiscal coordination and from time to time would be required to make recommendation for the solution of specific problems. The Authority would develop a program for dealing systematically with local taxation of Federal properties and State taxation of Federal transactions. It would gather and disseminate information on intergovernmental fiscal relations, conduct necessary research, and facilitate the improvement of public financial reporting by governmental units.

The Committee suggests that the Authority be composed of three full-time members, one to be appointed by the President, one to be designated by the States, and the third to be selected by these two members. The State member would be selected by a conference of delegates named for that purpose by the Governors. The Committee suggests that the Authority be assisted by an advisory council representing Congressional Committees and recognized organizations of State, local, and Federal officials.

- 3 -

The Committee proposes that an initial annual budget of approximately \$150,000 to \$200,000 be authorized; that half of this fund be appropriated by the Federal Government without any contingent (matching) requirements; and that the other half be raised from State legislatures through the Governors and their delegates. The Committee foresees that the process of providing State financial support will involve delay and uncertainty, and proposes that the Federal share be sufficient to enable the Authority to make a showing.

The Committee recognizes that the idea of a joint Federal-State agency is not new or original. The creation of such an agency has been widely endorsed. The Committee takes the view that the creation of an Authority would provide the stimulus necessary to get coordination actively under way.

#### Other Subjects Covered by the Report

The Report of the Committee examines a wide variety of problems within the general field of Federal-State-local fiscal relations. In some cases it makes specific recommendations for the elimination of conflicts; in others, it confines itself to suggesting possible methods of approach.

The Report considers in detail the coordination of Federal and State taxes in the fields of income, death, tobacco, liquor, automotive, sales, business, stock-transfer, and payroll taxation. In connection with several of these taxes, it stresses the need for Federal-State cooperation in tax administration as one means of achieving coordination. In the area of tax immunities, it discusses payments in lieu of taxes, State and local taxation of government contracts, and tax-exempt securities.

In addition, the Report examines (1) the need for independent sources of local revenue, (2) the reallocation of functions among layers of government, (3) the need for Federal participation in the financing of public education, (4) the means of removing interstate trade barriers and of improving the coordination of other interstate relations, and (5) the cost of tax administration and taxpayers' compliance.

MAR 26 1943

Dear Admiral Jacobs:

I have received your memorandum of March 24th, with which you sent me a resumé of the qualifications of some of your physically disqualified naval officers. This furnishes me excellent material for consideration for appointments to positions in the Treasury.

I thank you for your cooperation in this matter and assure you of my sincere appreciation.

Sincerely,

(Signed) H. Mergenthau, Jr.

Secretary of the Treasury.

Rear Admiral Randall Jacobs, U. S. N.,  
Bureau of Naval Personnel,  
Navy Department,  
Washington, D. C.

Envelope marked "Personal and  
Confidential"

Photo File in Diary

Orig. file and material to Thompson

WNT:cf  
3-26-43

at the expense of this  
Naval Personnel,  
Washington, D. C.

NAVY DEPARTMENT  
BUREAU OF NAVAL PERSONNEL  
WASHINGTON, D. C.

PERSONAL

March 24, 1943

CONFIDENTIAL

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY.

In pursuance of our recent conversation concerning physically disqualified Naval Officers I am sending herewith a short resume' of the qualifications of several of these officers.

As you can appreciate I cannot vouch for the complete accuracy of this information but feel that it is in general true. Certain parts of this information are confidential and I would appreciate your so considering all of it.

I hope that the information furnished will be of use and that you will be able to obtain the services of some of these men. In case you desire further transcripts I would be glad to furnish them.

Very respectfully yours,

*Randall Jacobs*

*24 cases*

107-111-317

MEMORANDUM FOR THE SECRETARY.

March 26, 1943.

Mail Report

So far as new subject matter was concerned, mail of this past week struck the doldrums, although the receipts were quite heavy. About the only new suggestion that emerged was that the Treasury is missing a source of revenue by not taxing houseboats. Night clubs and the excessive spending of war wages were mentioned as "leaks" both from the point of view of taxes and Bond sales, but there were few other comments on possible means of raising revenue.

There were only 60 discussions on the pay-as-you-go tax schedule, 15 endorsing the Ruml Plan, 21 opposing forgiveness of taxes, and many offering plans of their own.

The CIO-sponsored campaign from Minneapolis and Akron straggled out with a few final postal cards. However, 16 such cards opposing the Victory Tax and the Ruml Plan, and endorsing the Robertson Plan, indicated the opening of a new drive in New York City.

Supporters of the proposed 20% withholding tax greatly outnumbered those opposing it. The Sales Tax also reappeared with a number of votes in favor. There was a great reduction in the number of inquiries and suggestions on income tax collection. One writer, in favor of the present plan of payment, suggested staggering of dates for filing returns in order to avoid congestion on March 15. A number asked simplification of one sort or another, and there were several comments on difficulties in connection with Tax Anticipation Certificates. Decrease in the worth of A gasoline coupons called for more protest against the Car Use Stamps.

- 2 -

Memorandum for the Secretary.

March 26, 1943.

On the Bond front, replies from radio stations continue to give assurance of full cooperation on April 12. There were, however, more complaints than usual in regard to the use of telegrams, and the request for free time.

For the first time in some weeks there have been inquiries as to civilian Bonds, money for which would not go to War purposes. Also, there was a flare up of the rumor that Bonds now being sold would not be redeemed; the correspondents usually asking newspaper reassurance on the subject. At least two-thirds of the 65 complaints about delayed delivery of Bonds came from War Department personnel. Seven postal cards, almost identical, requested investigation of delays at the U. S. Rubber Company of Detroit.

Letters from banks opposing establishment of Federal Agricultural Agencies came from other areas beside the West Coast States, but these letters still appear to be part of an organized drive.

There were several strong denunciations of Eddie Rickenbacker from labor organizations or Union members.

Pleas for Government economy or control of inflation appeared occasionally in the general mail.

*Y. G. Forbush*

General Comments

R. R. Wright, Jr., Bishop of The African Methodist Episcopal Church, Wilberforce, Ohio, sends copy of letter he has written to Congressman Kerr. \* \* \* Will you permit me to say a word in behalf of Dr. Pickens, whom I have known for quite forty years? \* \* \* I have known him as an intelligent, dynamic, liberty-loving, self-sacrificing, outspoken American patriot, whose patience, sanity, and optimism far surpass most people of my acquaintance. I believe if America were made up of people half as American as William Pickens, there would be an America wherein the "Four Freedoms" would today be the possession of all its citizens. \* \* \* Dr. Pickens is not a member of my church, does not belong to the political party I follow, does not belong to my fraternity, or lodge, and has more than once seriously disagreed with me in the press and on the public platform; but I have never questioned his Americanism. I shall gladly come to Washington at my own expense of both time and money to testify that Dr. Pickens IS NOT A COMMUNIST; HE IS NOT UNAMERICAN; AND IS THE HIGHEST TYPE OF AMERICAN I KNOW.

Emmett R. Koehler, Lemay, Mo. I noticed in the St. Louis Post Dispatch an article stating that the Treasury was going to launch a big drive this coming month to raise at least \$13,000,000,000. I am enclosing a poem that will do the trick. \* \* \*

Joseph M. Grossman, Treasurer, Chesed Shel Ames, Asbury Park, N.J. At a meeting of the Chesed Shel Ames, Hebrew Burial Society of Asbury Park, a motion was passed to give to the United States Government \$100 to help buy a bomber. Our organization has purchased Bonds, so has every member of our organization, but we wanted to do still a little more; so please accept this small gift in our name.

- 2 -

D. B. Plum, President and Publisher, The Record Newspapers, Troy, New York. I am in receipt this morning of an Associated Press article regarding the meeting of a group of editors and publishers at your office in the Treasury Building on Saturday morning, March 20, in regard to the coming Bond drive. \* \* \* I want to take this opportunity to ask you to use your influence with the Government, or perhaps I should say, with many of the Government officials, to stop abusing the newspapers and hampering them. Mr. Ickes, for instance, is a shining example of the attitude of the Administration towards the newspapers. Another point is the 10% reduction in newsprint paper that has been forced upon the newspapers. If my understanding of the true situation is correct, there is no shortage of newsprint paper whatever, and there is none likely to be. The Government itself through the various bureaus wastes more paper, in my opinion, than this 10% reduction in newsprint will save. Just about 99% of the stuff that is sent out by these Bureaus to the newspapers throughout the country never gets much further than the wastebasket. I think if you, with your tremendous influence, would use that influence with the Government to adopt a more friendly attitude towards the newspapers, you would find that you could accomplish a great deal. \* \* \*

- 3 -

Favorable Comments on Bonds

B. T. Whitmire, Manager, Radio Station WFBC, Greenville, S.C. We cannot answer your telegram instantly. It requires some thought. Our Bond Sales Chairman, Ellis M. Johnston, has been doing a whale of a job. Greenville has never yet fallen below a monthly quota, and this is due just about entirely to Mr. Johnston's work. Frankly, I do not know when he sleeps. We work closely with him. We scheduled a remote pick-up from the Japanese Submarine today and had the broadcast under the difficulty of constant and heavy rain. But Mr. Johnston's personal suffering because of the rain was intense. His hopes were built to heaven on selling a Gargantuan total of Stamps and Bonds, and then Heaven rained on him and messed up the whole detail. Many hundreds saw the sub, but with fair weather and the build up that had been given the event, the crowds could have been counted in the many thousands.

Herbert E. Wrinkle, Superintendent, Oklahoma City Public Schools, Oklahoma City. I hasten to express our very deep appreciation for the contributions of the Treasury Department through Mr. A. D. Zanzig, and Miss Nancy Larrick, assistant to Dr. Homer Anderson, to the Music Educators' Wartime Institute recently held in Oklahoma City. Dr. Anderson's assistant arranged a very helpful conference on War Savings in the School Curriculum, and you would have been thrilled to have observed the beautiful demonstration of unity, loyalty, and patriotism as Mr. Zanzig conducted a Community Victory Sing in which approximately 1,200 robed students and 6,000 local citizens enthusiastically participated.

- 4 -

Unfavorable Comments on Bonds

Mrs. William Pfister, Hamilton, Ohio. My son is in the U. S. Army and is stationed somewhere in French Northwest Africa. Before going to Africa he was stationed in Northern Ireland, and while there he made arrangements to have an \$18.75 War Savings Bond taken out of his pay each month, to be sent home to me. He writes that a Bond was taken out of his August pay and another taken out of his September pay. After that he says they started on their way to Africa and they were told then no more Bonds would be taken out. So he asks me in every letter he writes if we have received those two Bonds, which we never have. It seems to me I have waited a reasonable length of time to get these Bonds, so now I am writing you and asking you if you can have this looked into. I feel that if he were willing enough to buy these Bonds, he should at least get them. He sends home now a \$30.00 allotment check that we receive each month. \* \* \*

John Marmon, President, Local #101, United Rubber Workers of America, Detroit, Mich. We are taking the liberty of laying before you a complaint against the United States Rubber Company, Detroit plant, concerning that Company's procedure in purchasing War Bonds for its employees from payroll deductions. This procedure threatens the whole payroll deduction plan at a plant employing seven thousand workers -- and, whatever the Company's intentions may be, amounts to sabotage of the war effort. The Company persists in delivering Bonds to workers from two to four months after the worker has paid for the Bond. In October, our Local Union complained about this delay. We were assured by the Company, and by a representative of the Treasury Department that the Company would discontinue the practice of sending Bond purchase money to the Company's New York office, since the Company claimed that this was the reason for the delay. Workers are still receiving their Bonds - when they get them at all - with a New York postmark on the envelope - and two to four months late. Furthermore, the Bonds themselves are often dated

- 5 -

two months after the worker has completed his purchase. Thus, the worker is deprived of his interest for this period - and presumably the Company has had the use of the worker's money. You can understand the growing suspicion and annoyance of men who are making a real sacrifice to buy Bonds. \* \* \* The workers would rather purchase their Bonds themselves. Any movie theater will make out a Bond while the purchaser waits. The Union leadership, of course, feels that the deduction plan is to be preferred if the Company will cooperate. We are, therefore, requesting you to take such steps as are necessary to make the U. S. Rubber Company conduct this business of Bond purchasing in a manner consistent with our national emergency.

George and Bertha Otis, Laurel Springs, N.J. We changed our address last October, at which time I notified the Camden Post Office, also New York Ship Yard, but our Bonds still go to our address in Camden. I also wrote to the Bank in Philadelphia (Federal Reserve), all to no avail. A Bond was sent again to us, dated March 6. I just got it today, it again had gone to the Camden address. Now I am writing you in hopes that our future Bonds will come to the proper place. I have done all I can here, so am hoping perhaps you can see that the proper address will be on our future Bonds.

Pfc. Jack F. Hickson, Seymour Johnson Field, N. C. Some time back I wrote to you in regard to six Bonds, which were on the payroll deduction class, and you referred me to the War Bond Division, which I did. Now while at Walter Reed Hospital they telephoned me, got my serial number -- that was last December. So I have written five letters since then, asking if there were anything that I would have to do to receive them, or even a receipt. Why I am so anxious to have something to show, I have no beneficiary and would not know the outcome of them, so that is the reason, once more, I am taking the liberty to write your office. It is like

I told you in my first letter -- we were instructed to write to your office as soon as we returned to the States, so kindly let me know what I have to do in order to receive them, and thanking you kindly in advance and oblige.

Abraham Kantor, Feuer & Kantor, Counselors at Law, N.Y.C. I write concerning a matter which I think should receive the direct attention of your office. Under date of October 17, 1942, we had forwarded to the Treasury Department, Division of Loans and Currency, Washington, D. C., Defense Savings Bond No. D189145E, registered in the name of Thomas Rogin, in the face amount of \$500.00, together with a certificate of the Clerk of the Surrogate's Court, State of New York, Bronx County, certifying to the issuance of letters of administration upon the estate of the said Thomas Rogin to Emily R. Oxhangler, etc., etc., (other documents). \* \* \* January 27, 1943, we again wrote the Department, advising that the re-issued Bond had not been received, and asked whether that was due to oversight or to the delay ordinarily accompanying such transactions. \* \* \* February 6, 1943, the Division of Loans and Currency in Chicago wrote to us advising that the "evidence submitted is in order", but also added that a new request for re-issuance and additional proofs would be required because it was not clear whether distributees of the estate were involved. We replied stating that a new request and assurances other than those already submitted were not required as an Administratrix had the power to sell, transfer or otherwise dispose of property in the course of the administration of the estate, and that in this instance a full accounting had been rendered in the Surrogate's Court to the parties interested. \* \* \* In reply, the Chicago office wrote that an administrator of a decedent's estate desiring to have a Bond re-issued in his own name before final distribution required submission of the proof which had been heretofore referred to and again therein restated. At the same time the writer of that letter returned the executed request for re-issuance which we had forwarded to the Department with a penned notation thereon "cancelled". I feel that it is entirely outside of the province or authority of anyone to take it upon himself to cancel or

in any other way mutilate or destroy an executed instrument. I am sure you will readily appreciate that such action might have adversely affected the rights and interests of parties concerned, and I feel that your office should see to it that there is no repetition of such an incident. I also feel that the instruments which we had forwarded to the Department were sufficient upon which re-issuance of the Bond should have been made. \* \* \* Be assured that I regard exceedingly any inconvenience which you may be caused, and write this to you solely in the interest of the protection of the rights of persons dealing with your Department, and in the interest of the efficient conduct of ordinary business affairs.

Mrs. T. E. Knowles, South River, N. J. \* \* \* My husband, through Raritan Arsenal, has been paying for War Bonds since last May 15th, and up to the present date I have received only one. He started paying \$1.25 a week continuously until October 21, when he increased it to \$3.75 a week. I think, and I know you'll agree with me, that we have paid for more than one Bond, and that one Bond was dated January, 1943. You can see why I'm so puzzled. I'd be ever so grateful if you could answer my letter and let me know when I'm getting the back Bonds, and why it took so long for them to come through. Thank you for your trouble.

W. I. Griffith, Director of Radio, WOI, Iowa State College, Ames, Iowa. We have received a 210-word telegraph message over your signature announcing the second War Bond drive, effective April 12. You may count on this radio station to use all possible publicity on April 12, and in the countless days that follow, because we realize the seriousness of the situation, and the necessity for stimulating the sales of War Bonds. We note that this beginning date is more than three weeks away, and wish to protest the use of telegraph facilities in sending material that could be sent by mail. \* \* \* We understand that there is a shortage of telegraph and telephone facilities, and have refrained from sending all messages ourselves, and we are very sure that the Government must

Information. At that time it was impressed upon us that we were not to broadcast any announcements or programs for Governmental Agencies unless cleared through the Office of War Information, and that they were to be the body allocating the number of these messages to be given each individual agency, as well as the subject matter of the announcements or programs. Therefore, we ask that you kindly take this up with the Office of War Information, and if they wish to allocate the 12 announcements and fifteen-minute program on that date to this effort, we will be glad to cooperate.

Phillip Bonosky, McKeesport, Pa. \* \* \* I was very much shocked to hear that you were featuring the appeal of Eddie Rickenbacker -- a man so thoroughly detested among the workers in this area that almost any appeal coming from him would be received with suspicion and disgust. Eddie Rickenbacker, as you must certainly know by now, is touring the country spreading vicious anti-labor, National Association of Manufacturers backed propoganda. He was exposed by the LaFollette Committee as the employer of stool-pigeons and labor spies in the effort to break the Union in the corporation of which he is the head. \* \* \* He has made speeches in the past glorifying Hitler's methods. I ask that this man's voice be taken off any records that might be construed as having the backing of any Governmental Agency. Anything less would be an insult to those hard-working people who have given so much of their wages toward the purchase of War Bonds which will win this democratic war. \* \* \*

J. E. Chiles, Azle, Texas. I am employed on a U. S. project as a Guard. Last July 7, 1942, I signed the order for a 10% of my salary, which was then \$100 per month, to be deducted for War Bonds, with the understanding that when I paid in enough for a \$25 Bond, it would be mailed to me here at my present address. They deducted the \$10 per month until about a month ago, and I had them to cancel it because I have more than four Bonds paid for, and I can't hear anything about them, and I have not received a single Bond. My checks are from Denison, where I am employed. All the other employees get their Bonds just the time when they are

paid out. The other Guards have not received any Bonds either. I can't understand why they could not give us our Bonds, as well as anyone else, when we get them paid for. No one seems to know anything about them, or tell us what to do, so I am writing this to you. If you can give me any information, or send the Bonds, if the money has been sent in to you, it would be appreciated. \* \* \* I would not have cancelled the Bonds had I received them as they promised I would.

Mrs. Hiram Bernard, R.D. 2, Gap, Pa. Could you give me any information on soldiers overseas as my son has been buying Bonds since September, and we haven't received any word from them, and he keeps asking if we've received them. Please send information to Mrs. Hiram Bernard, R.D. 2, Gap, Pa. In other words, should we have a paper to hold to show he has bought Bonds? The boy is in Australia somewhere, and started to buy Bonds September 1, 1942. Thank you.

S. O. Ward, Manager, Radio Station WIAK, Lakeland, Fla.  
\* \* \* Of course you can count upon 100% cooperation from this station in any drive that our Government may deem wise to put on in our war effort. Every request that you may make to assure the success of this drive will be carefully carried out by WIAK; however, I would like to point out to you just how galling it is for a radio station to receive a 215-word telegram sent to us at the expense of the taxpayer, requesting us to give free time and, in addition, ask us to reply at the taxpayers' expense, thus giving Postal Telegraph or Western Union two sources of revenue, concerning something that we are going to give the Government at our own expense. We receive no tax exemptions, no small fees of any kind to take care of the increased overhead necessary to take care of this service and, in addition, we receive no consideration for this service from the draft boards. For example, for the last two weeks, we have remained on the air our normal operating schedule of 17 hours a day with only one engineer because the previous week the draft board took two of our three engineers and refused

- 11 -

to give us any additional time to secure replacements. There's lots of talk that this situation will be remedied, and even orders have gone out from the National Selective Service Board instructing local boards to defer certain men essential to the operation of radio stations; however, all of these orders leave the deferment up to the local board, and to date, I have never seen a local board grant any deferment. \* \* \* In order that this letter may not be misunderstood, I wish to state again that every request made from our Government for free radio time will be granted, regardless of the additional hours of work imposed upon our staff, and in spite of the fact that much of the work publicizing various phases of the war effort is also published through the local newspaper with paid Government advertisements. \* \* \*

N. W. Hopkins, Manager, WJBK War Programs, Detroit, Mich.  
\* \* \* From your statement that the plan has been worked out with the aid of the Office of War Information, we assume that we shall be receiving our priorities allocation from that office. If we do, we shall of course carry the material in conformity with our agreement with that office, although we feel very strongly that a day-long harangue in behalf of any single cause will do that cause more harm than good. We say this, realizing we lay ourselves open to the reminder that our views in the matter have not been asked. \* \* \* There is reason to believe that the balanced diet of Government-sponsored material broadcast under the OWI plan has been doing a far more effective job for all the agencies concerned than was ever accomplished by the catch-as-catch-can methods formerly in vogue. \* \* \* The job confronting each of these agencies is one of straight selling. Yet those entrusted with this selling, in several of the agencies, have apparently let their enthusiasm for the job blind them to the most elementary rules of salesmanship. \* \* \* We do not think that overplugging will do any more to sell War Bonds than it would to sell aspirin or soap. If the people responsible for this plan to monopolize the air for one day would ask themselves how they would react to precisely the same tactics on the part of some effort less

- 12 -

deserving than their own appears to them, we believe the War Bond program would benefit greatly thereby. \* \* \* We think our position is sound, for though we are a low-powered station, only 250 watts, we have sold nearly a million dollars' worth of War Bonds over our own counter in less than ten months. This record has been accomplished, not by wearing our listeners down simply with tedious repetition, but by carefully organized appeals to our foreign language groups.

Joseph Bilik, Jr., Recording Secretary, Local #130, United Automobile, Aircraft, Agricultural Implement Workers of America, Bristol, Pa. The Executive Committee of Local #130-UAW-CIO have made a survey on the purchase of War Bonds in our Plant, Fleetwings, Inc., and we find the situation is very grave. The people are getting very disgusted and tired of the way Fleetwings has been handling the Bond situation. A great number of people have discontinued buying their Bonds, and a larger amount are now contemplating on discontinuing. \* \* \* The people in charge of this department employed by Fleetwings, in our estimation, are not capable, are inefficient, and are not doing their job the way they should. \* \* \* We have formulated plans to increase the purchase of Bonds, but we cannot start same until we are assured of prompt delivery of Bonds, and also capable handling of such matters.

Favorable Comments on Taxation

J. E. Banyai, Baldwin, L.I., New York. Several days ago I read that President Roosevelt at his press conference expressed his opposition to the Ruml Pay-As-You-Go Plan because it favored the "higher brackets" at the expense of the little man. \* \* \* Now it seems there is a concerted drive on to have people send requests by telegram and letter to their Congressmen urging them to vote for the Ruml Plan, and I would therefore appreciate it if you would forward me some data to illustrate the point made by the President. I am an ardent admirer of Mr. Roosevelt and respect and have confidence in his great ability, and his regard for the ultimate good of the majority and the welfare of our grand and glorious country, and while I am in favor of the pay-as-you-go form of taxation, certainly not in the form which would affect the average man to a greater extent than it would people in high-salaried groups.

Maurice Alton, The Whitman, Jamaica, L.I., New York, sends copy of letter he addressed to Chairman Doughton, House Ways & Means Committee. I listened very attentively to Mr. Beardsley Ruml's Plan last night over the radio, and I must say that I was greatly impressed by what he said, and I cannot for the life of me understand why, his plan, which seems so simple and practical, is not gladly adopted by your Committee. \* \* \* Assuming that a few of the rich might benefit to some extent from his plan, wouldn't that be offset by the millions that would be helped by the same plan? \* \* \* I think the Ruml Plan is the only plan for the big majority of taxpayers and should be adopted and favored both by the Democrats and Republicans alike, and should not be made a political football. \* \* \*

Unfavorable Comments on Taxation

Anna F. Hinterleiter, Reading, Pa. On May 28, 1942, I purchased two U. S. Treasury Tax Notes, in the amount of \$100 each, which are inscribed "Anna F. Hinterleiter". Since that date I was married and the Collector of Internal Revenue in Philadelphia refuses to accept these Notes inasmuch as the name has been changed. On March 6, 1943, I wrote to the Federal Reserve Bank of Philadelphia for information as to how I could use these Notes and not lose the accrued interest. They replied that at the present time they have not been authorized to reissue Tax Notes because a name has been changed by marriage. \* \* \* On March 9, I wrote the Collector in Philadelphia, but up to this time I have not received a reply. In order to avoid penalty on my tax for the year 1942, I filed the Joint Return for my husband and myself and sent my check for the first payment. Inasmuch as I will need these notes to pay the next installment, I would appreciate it very much if you will advise me how I will be enabled to make use of these Notes without losing the accrued interest on same.

Harvey B. Mann, Pittsburgh, Pa. I would like to buy War Bonds, but how can I when there is no way of knowing what my taxes will be? \* \* \* The delay and chaos in tax legislation is a disgrace.

L. R. Peck, President, The First National Bank, Bellflower, Calif. \* \* \* I happen to be the President of this Bank and I have seen it through one depression, 1929 to 1932, inclusive, and I hope to be able during the next secession or depression, that in my opinion is sure to occur within eighteen months to two years after peace is declared, to be able to pilot this bank and see that it is in a position at all times to meet its deposit liability to its customers. \* \* \* In order to do this, however, I must continue to add to our capital structure, increase the investment in the bank,

- 15 -

and maintain, insofar as possible, the one to ten ratio of capital structure as of deposits that we are expected to maintain by the instruction of the Comptroller of the Currency. \* \* \* After paying taxes it will leave us for our individual efforts the sum of \$11,808.56. Therefore, you can see that we are called upon to pay to the United States, and to the State of California, approximately 75% of our net. \* \* \* In order to fulfill our written promise to the Comptroller of the Currency we will be forced during the year 1943 to again assert ourselves to make a net in order that we may pay the above 1942 taxes to the United States, and the State of California, and when we accomplish this, and in the event this is all we can make, we will then be called upon during the year 1944 to duplicate the operation in order that we may pay our 1943 taxes to the United States, and the State of California. \* \* \* If my memory is correct, as I remember the history of the United States, it was excessive taxes assessed to the colonies that originally caused the Revolutionary War, and eventually created the United States and the Constitution of the United States. We now are endeavoring to maintain the Constitution of the United States by defending ourselves in the present war, but Sir, we must not forget that in so doing, we may by excessive taxation defeat the purposes that we are now fighting for. \* \* \* I wish to maintain my enthusiasm in business but Sir, I feel, "What is the use; why continue to exert myself, working from 8 to 15 hours a day to show a financial residue at the end of each year, and then see that residue dissipated by taxation?" \* \* \*

William Waters, N.Y.C. Why is there so much controversy about the Ruml Plan -- is it because some New Dealers did not think of it first, or is it too businesslike for the New Dealers to grasp? This plan would be of most benefit to the middle and poor classes who have to pay taxes, whereas your plan benefits the rich, as they would be the only ones able to pay two years' taxes in one, thereby getting a 6% discount, whereby the poor man would be unable to do likewise. . It would benefit you New Dealers, as most of you all are rich men, whereas the Ruml Plan would benefit the small man most.

- 16 -

J. Rothberg, Petroleum Service, Inc., Detroit, Mich. This is the first time in my life that I have written to a public official as an adviser. It has always been the other way around. I am what would be called a "small businessman". My income tax for 1942 is approximately \$10,000. Without going into debt, it would be very difficult for me to pay my 1942 income tax and "pay as I go" for 1943. I have no desire to save my 1942 tax through a Ruml Plan or any other scheme so long as our boys are facing death on the battlefields. I want to pay my 1942 taxes. I believe that my financial problem is the same as that of hundreds of thousands of other citizens and I have worked out a so-called plan that would work for me, and I believe there is reasonable ground for feeling that it would work out for many thousands. (Outlines plan in detail.)

C. J. Hahn, Holdenville, Okla. \* \* \* I think it would be of advantage for the Treasury to make an order permitting persons to report income taxes, who have not filed a report up to March 15, 1943, for 1942 taxes, without any penalty whatsoever; provided, such report is filed on or before June 30, 1943, and give this wide publicity. \* \* \* I believe there are hundreds if not thousands, in this County, especially farmers, who should have filed reports; and I have information that some are just now learning they should have filed a report. And if it is true in this County, it no doubt may be true in all Counties; and some of them are alarmed and fear they may have to go to jail or pay a big penalty. \* \* \*

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission  
who enclose Statement No. 77 - Aircraft Despatched  
- for week ended March 16, 1943.

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

March 26, 1943.

STATEMENT NO. 77

Aircraft Despatched from the United States week ended March 16th, 1943

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>Flight Del'd f. use in Canada</u>
<u>CURTISS</u>					
Kittyhawk	Middle East	Port Sudan		50	
<u>BREWSTER</u>					
Bermuda	U.K.	U.K.		8	
<u>BEECHCRAFT</u>					
Beechcraft	Middle East	en route		6	
<u>CONSOLIDATED</u>					
Liberator GRV	U.K.	Gander en route		1	
"	U.K.	Canada en route		2	
Catagins 1B	U.K.	Bermuda en route		2	
<u>DOUGLAS</u>					
Boston IIIA	U.K.	Canada en route		3	
" (a)	U.K.	U.K.		1	
Dakota 1	India	en route		1	
" (b)	India	India		1	
"	Middle East	Middle East		2	
<u>FAIRCHILD</u>					
Cornell PT 26	Canada	Canada			
<u>GLENN MARTIN</u>					
Baltimore IIIA	Middle East	Middle East		14	
" IV	"	"		28	
<u>LOCKHEED</u>					
Hudson VI	U.K.	Gander en route		2	
<u>N. AMERICA</u>					
Mitchell I	Bahamas	Nassau		1	
<u>WACO</u>					
Waco Gliders	U.K.	U.K.		4	
<b>TOTALS</b>				<b>68</b>	<b>58</b>
					<b>12</b>

A Exported week ended February 9

B Exported week ended March 9

Movements Division,  
British Air Commission,  
March 20th, 1943.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

MAR 26 1943

TO Secretary Morgenthau

FROM Randolph Paul

You will be interested to hear that after several months of negotiations with the Swiss and the Japanese, this Government has finally been permitted by the Japanese to make \$25,000 available for the purchase of food, clothing, and medical supplies for the relief of Americans interned in the Philippines. The Swiss Minister at Tokyo advised that the Japanese Foreign Office was willing to accede to a proposal that \$25,000 be remitted through the Swiss in Tokyo to the Chief of the Santo Tomas Internment Camp, who, in turn, would deliver the equivalent against receipt to the American executive committee of the camp. The executive committee will then make the appropriate purchases from supplies reported to be available in Manila, and the Swiss will endeavor to obtain receipts and bills covering such purchases. An appropriate Treasury license was issued to the American Red Cross for the transfer of this amount to Switzerland.

If the foregoing arrangements are successful, it is understood that the possibilities will be explored of remitting further funds to American nationals held at Baguio and elsewhere in the Philippines.



## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau  
FROM Frances McCathran

March 26, 1943

## CONTROVERSIAL ISSUES BEFORE CONGRESS

1. Tax Legislation - To a House only about one-third full, Representatives Doughton and Knutson fired the opening guns on the tax issue in four hours of heated debate. According to the Wall Street Journal this morning these first few days of discussion will only "set the stage" for the real battle which will start around next Tuesday when amendments will probably be suggested to a full House. Only feature in the final tax bill appearing certain is some form of withholding tax which is embodied in all the proposals suggested to date. Urging the House not to vote a "bonus of blood money" at the expense of men in the service, Doughton insisted that the new windfall provisions of the Carlson Bill do not erase the fundamental fact that one whole year's tax liability would be completely wiped off the books in these days of "swollen war incomes." Knutson, however, claimed that the only thing wrong with the Ruml Plan was that "the Treasury didn't think of it first," and said that by putting taxpayers' budgets in order, it would spur War Bond purchases. Representative Charles L. Gifford also charged that if the Ruml Plan isn't adopted the taxpayer must at some time pay two years' taxes in one, but Representative Jere Cooper joined Doughton in favoring the Ways and Means Committee Plan. To Knutson's charge that Doughton himself had voted for every tax forgiveness plan in the Ways and Means Committee except one and had proposed three cancellation plans himself, Doughton replied, "I made a few suggestions but the more I looked at them, the less I liked them." General consensus of opinion at the moment appears to be that some form of compromise plan for partial forgiveness will be offered in amendments next week. Such a plan is the Robertson-Forand proposal, said to have the endorsement of the C.I.O., another plan to place an \$8,500 ceiling on the Carlson forgiveness feature, favored by Clare Boothe Luce among others, or a method, which Representative Anderson says he will suggest, providing

half a year's forgiveness rather than a full year's.

2. Farm Parity - Second biggest issue before Congress is probably the problem of farm price ceilings which if raised may cause a readjustment of industrial wages and thus upset the Administration's whole anti-inflation program. Yesterday the Administration took two major steps to prevent this in the President's appointment of Chester C. Davis as War Food Administrator and in OPA Brown's statement in letters to Congress that enactment of the Pace and Bankhead Bills would result in a complete breakdown of the price and wage stabilization program. These two Administration moves were interpreted as another indication that the President will veto both bills if sent to him. Senate debate yesterday on the Pace Bill (to include farm labor costs in parity) and a rumored split in the farm bloc itself, in the face of this Administration firmness, may indicate that Senator Lucas will succeed in his motion to recommit the Pace measure.

340

TREASURY

MAR 27 PM 12 17

SECRET

COPY NO \_\_\_\_\_

NOT TO BE RE-TRANSMITTED

BRITISH MOST SECRET  
U.S. SECRET

OTTEL NO. 100

Information received up to 7 a.m. 26th March, 1943.

1. NAVAL.

Two human torpedoes tried to enter MERS EL KEBIR (ORAN) on 23rd. One was destroyed and no attack developed. On 22nd/23rd Motor Torpedo-boats attacked 4 ships in the SICILIAN CHANNEL torpedoing one and damaging another by gun fire. Between 10th and 17th one of H.M. Submarines sank a 5,000-ton ship and torpedoed 2 others in the SOUTHERN TYRRHENIAN SEA. On 14th one of H.M. Submarines sank a coast patrol ship off PALERMO.

2. MILITARY.

TUNISIA. Eighth Army. 24th. In the MARSHA position there was spasmodic shelling and patrol activity by our forces. South-west of EL HAMEIA our armoured forces made some progress while patrol activity was maintained to the West of DJEBEL MELAB (30 miles South-west of GABES. It is now known that in the fighting in this area our forces captured or destroyed 57 guns and 40 heavy machine guns.

U.S. SECOND CORPS. In the attack against U.S. Infantry positions astride the GABES road on 23rd 20 enemy tanks were destroyed of which 10 were actually captured. On 24th U.S. forces continued offensive operations in the MANASSY area and destroyed 4 German tanks. 2 further attacks were made by the enemy. The first was repulsed, no details yet concerning second.

3. AIR OPERATIONS.

7, nil. 1. WESTERN FRONT. 24th/25th. Revised enemy casualties

25th. 6 Whirlwind Bombers successfully attacked the railway centre at ABBEVILLE.

TUNISIA. 23rd. Now reported a total of 980 offensive sorties were flown, at least 10 tanks were destroyed and others damaged.

23rd/24th. 56 tons were dropped in the MARSHA area and good results seen.

24th. 419 offensive sorties flown. In ZARAT area 78 bombers attacked M.T. and tanks with success, confirmed by our land forces. In EL HANMA Hurri-tankbusters and Kittyhawks destroyed at least 10 tanks and destroyed or damaged over 70 other vehicles. Enemy casualties during all operations 6, nil, 2. Ours 11, nil, 3.

SICILY AND SOUTHERN ITALY. MESSINA was bombed by U.S. Liberators on 23rd and 24th. 88 tons in all were dropped and the Naval fuel tanks and the whole area of the railway yards was set on fire. Mosquitoes destroyed or damaged 5 locomotives. Enemy casualties 6 destroyed. Ours 4 lost.

BURMA. 22nd. 16 U.S. Mitchells claimed several hits or near misses on the GORTEK VIADUCT. On 23rd warehouses and rolling stock were destroyed at THAZI JUNCTION 75 miles south of MANDALAY.