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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, April 25, 1943.
4-24-43

Press Service
No. 36-36

Subscriptions up to and including Friday night for all issues in the Second War Loan Drive totaled \$12,014,000,000, Secretary Morgenthau announced today. The Secretary urged that this mark be topped by the widest possible margin, especially through the participation of more individual investors.

"The Treasury Drive, in which everyone with an income or accumulated funds can join, provides an opportunity for an emphatic demonstration by the American people of their grim determination to wage total war until the unconditional surrender of the Axis marks the end of the fighting," said Mr. Morgenthau.

"The securities in the Treasury basket are suitable for every type of investor, whether large or small, and in the remaining days of the Drive those who have not yet purchased should do so, and those who have should increase their subscriptions, if at all possible. Everyone who loves freedom and appreciates decency can share in this answer to Japanese atrocities.

"At the start of the third and final week of the Drive it is evident that the \$13,000,000,000 goal will be realized. The real aim, however, is not to be measured by that minimum sum. The real aim is the placement of all idle dollars on battle stations, against the Axis abroad and against inflation at home. An unreserved and undelayed enlistment of funds is essential."

Details of subscriptions to the close of business April 23 are:

(In millions of dollars)

Funds from non-banking sources:		
Individuals	\$1,629	
Insurance companies and Mutual Savings Banks . . .	2,964	
Other corporations	<u>3,634</u>	8,227
Funds from banking sources . . .		2,738
Funds from other sources		
Dealers and Brokers	706	
Federal Trust Funds	<u>343</u>	
		<u>1,049</u>
Total		\$12,014



Easter

EASTER SERVICE
 — of the —
306th College Training Detachment
T. M. Sinclair Memorial Chapel
Coe College
CEDAR RAPIDS, IOWA

April 25, 1943

Time: 0900

Organ Prelude: "Easter Alleluia" Ashford
 PVT. ROBERT M. MILLER

Processional: "Christ the Lord is Risen Today"
 (Congregation will please remain seated)

Invocation: (Ending with the Lord's Prayer)
 Chaplain G. F. Anderson

Organ Response Wagner

Anthem: "Were You There" H. T. Burleigh

Scripture Reading Matthew 28:1-10
 PVT. ROBERT D. PATTERSON

Hymn No. 95: "In the Cross of Christ I Glory"

Address: "What is Expected of an Aviation Cadet"
 Lt. M. A. Lisella

Solo: "The Twenty-Third Psalm" Malotte
 PVT. WILLIAM E. SAVAGE

Benediction Chaplain D. I. Berger

Choral Response: "Sevenfold Amen" Stainer

Postlude: "Hallelujah Chorus" Handel

—: CHOIR :—

FIRST TENOR

Pvt. Minson, Grant L.
 Pvt. Murray, Donald W.
 Pvt. Pence, James H.
 Pvt. Pickering, Orville W.
 Pvt. Stoffer, Gordon M.

SECOND TENOR

Pvt. Bohl, Phillip W.
 Pvt. Lindgren, Paul A.
 Pvt. Manuel, Donald E.
 Pvt. Nelson, Maurice V.
 Pvt. Vikse, Maurice A.

BARITONE

Pvt. Day, Charles G.
 Pvt. Lindquist, Frank H.
 Pvt. Lindstrom, Karl E.
 Pvt. Loegering, Donald L.
 Pvt. Martin, Wiley R.
 Pvt. Palm, David A.
 Pvt. Saterdal, Alfred
 Pvt. Williams, Charles F.

BASS

Pvt. Murphy, Keith E.
 Pvt. Nickelson, Rolla S.
 Pvt. Nordstrom, Herbert
 Pvt. Olsen, John L.
 Pvt. Osher, Everett J.

COMMITTEE IN CHARGE

Pvt. Miller, Robert M. Chairman
 Pvt. Savage, William E. Choir Master
 Pvt. Miller, Joseph W. Decorations
 Pvt. Mueller, Frederick A. Publicity
 Chaplain G. F. Anderson Counsellor
 Chaplain D. I. Berger Counsellor

○ April 25, 1943

Secretary's reading copy of the speech
he delivered at the Auditorium in Cedar
Rapids at 5 pm today.

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YOU'VE PROBABLY HEARD WHY I'M OUT HERE IN CEDAR RAPIDS,
BUT I WANT TO TELL YOU AT FIRST HAND.

I CAME OUT HERE TO LOOK AROUND, AND I'VE SEEN A LOT OF
THINGS THAT I HOPED I WOULD SEE. I CAME OUT HERE TO LISTEN
AND I'VE HEARD A GREAT MANY THINGS I HOPED I WOULD HEAR.

FOR MANY REASONS WE AS A PEOPLE WANT TO FINANCE THIS
WAR OURSELVES. IT'S OUR WAR -- OUR COUNTRY, OUR FREEDOM
AND OUR FUTURE THAT WE'RE FIGHTING FOR.

WHEN THE EARLY RETURNS ON THIS SECOND WAR LOAN STARTED
TO COME IN, WE REALIZED ONCE AGAIN THAT WE WERE NOT COM-
PLETELY SUCCEEDING IN REALLY REACHING AND CONVINCING AND
"SETTING AFIRE" 135 MILLION PEOPLE. WELL, WE ASKED A LOT
OF EXPERTS WHAT TO DO ABOUT IT, AND OF COURSE GOT A GREAT
MANY DIFFERENT ANSWERS.

BUT THE BEST ANSWER OF ALL CAME NOT FROM EXPERTS, BUT
FROM AN IDEA. AN IDEA THAT MAKING PEOPLE SEE THE WAR'S
URGENCY, THE NEED FOR EVERYONE EVERYWHERE TO BUY BONDS WITH
EVERY CENT THAT DOESN'T GO FOR NECESSITIES OF LIFE - MAKING
THE PEOPLE SEE THAT, IS NOT A JOB FOR EXPERTS, BUT A JOB
FOR THE PEOPLE THEMSELVES.

I DON'T WANT TO SIT IN WASHINGTON AND TRY TO TELL PEOPLE OUT HERE IN THE HEART OF AMERICA HOW TO THINK. THAT'S THE RESPONSIBILITY OF THOSE OUT HERE WHO DO UNDERSTAND THE WAR - YOU FARMERS AND WORKING PEOPLE WHO HAVE SONS IN THE SERVICES, YOUR NEWSPAPER EDITORS, THE HEADS OF YOUR CLUBS, YOUR SCHOOL-TEACHERS. THEY'RE THE PEOPLE, IN MY HUMBLE OPINION, WHO MUST TAKE OVER THIS GREAT EDUCATIONAL AND SPIRITUAL JOB THAT MUST BE DONE.

I CAME TO CEDAR RAPIDS TO CHECK ON THAT IDEA. I WAS TOLD THAT YOU PEOPLE HERE KNEW WHAT THE WAR WAS ALL ABOUT. I HAD HEARD THAT THE WAR WAS A PERSONAL THING TO MANY OF YOU IN CEDAR RAPIDS. AND AFTER GETTING TO KNOW THE MEN AND WOMEN AND YOUNGSTERS WHO ARE TO BE ON THE RADIO WITH ME, I KNOW THAT IS TRUE. I HAD HEARD THAT THE PEOPLE WHO BELIEVE IN THE WAR HERE HAD BEEN ABLE TO MAKE THEIR NEIGHBORS AND THEIR FRIENDS UNDERSTAND IT BETTER. AND ALL OF THAT HAS BEEN REFLECTED IN YOUR BOND SELLING RECORD ^{one of} - THE FINEST IN THE UNITED STATES.

I KNOW, NOW, THAT IT'S UNDERSTANDING THE WAR THAT SELLS BONDS. WE'VE ALL SEEN THE ELECTRIFYING EFFECT ON THIS COUNTRY OF THE COWARDLY EXECUTION BY THE JAPANESE OF OUR AMERICAN FLYERS. WHEN THAT HORRIBLE STORY APPEARED IN THE NEWSPAPERS, MILLIONS OF AMERICANS, SUDDENLY JOLTED INTO A

BETTER UNDERSTANDING OF THE DESPICABLE NATURE OF OUR ENEMIES, DUG DOWN INTO THEIR POCKETS AND BOUGHT BONDS AND BONDS AND MORE BONDS. AND WHAT IS MOST IMPORTANT TO ME, THEY BOUGHT THE BONDS FOR THE RIGHT REASONS. THEY BOUGHT BONDS TO HELP CLEAN UP THE JAPS - TO HELP WIN THE WAR AND WIN IT QUICKLY.

BUT I DON'T THINK WE SHOULD WAIT FOR REPORTS OF THESE ATROCITIES OF THE JAPS AND NAZIS AND ITALIANS TO CONVINCE OURSELVES OF THE VICIOUSNESS OF THE WAR'..... WE CAN FINANCE THE WAR ONLY IF ALL THE CITIES AND TOWNS EVERYWHERE BUCKLE DOWN TO THEIR RESPONSIBILITIES THE WAY YOU'RE BEGINNING TO DO HERE IN CEDAR RAPIDS. YOU HAVE A FINE START, BUT LET US REMEMBER THAT THE TASK OF FINANCING THE WAR DOES NOT END WITH THIS DRIVE. IT IS A CONTINUING JOB AND WE SHALL ALL HAVE TO STAY WITH IT AND WORK HARDER AND HARDER UNTIL THE LAST BATTLE IS WON.

I'M PLEASED WITH WHAT I'VE FOUND IN YOUR CITY. I SUPPOSE YOU'VE READ IN THE PAPERS ABOUT MY TRIP TO THE LA PLANTE CHOATE COMPANY AND THE COLLINS RADIO ~~COMPANY~~ COMPANY AND MY VISIT TO THE HEADQUARTERS OF THE ORDER OF RAILWAY CONDUCTORS. I WON'T REPEAT HERE WHAT YOU ALREADY KNOW, BUT I CAN ASSURE YOU I AM IMPRESSED WITH THE GRIM DETERMINATION OF THE PEOPLE I MET AND TALKED TO. I AM

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IMPRESSED WITH THE WAY IN WHICH YOUR MANUFACTURING CONCERNS HAVE RESPONDED TO THE CALL FOR MATERIAL AND EQUIPMENT. MR. CHOATE TOLD ME HOW HIS FIRM HAD BEEN ASKED TO DESIGN AND BUILD A PIECE OF ROAD EQUIPMENT FOR THE USE OF OUR INVASION FORCES - IT LOOKED LIKE A PIECE OF VERY COMPLICATED EQUIPMENT TO ME - AND HE TOLD ME HOW THEY HAD DESIGNED, BUILT IT, PUT IT INTO PRODUCTION AND HAD IT IN AFRICA, ALL IN SIXTY DAYS.

AND OVER AT THE COLLINS RADIO ~~COMPANY~~ COMPANY I SAW HUNDREDS OF GIRLS - MIGHTY PRETTY GIRLS TOO, I MIGHT ADD - WHO HAD LEFT COMFORTABLE HOMES AND THEIR NORMAL PEACE-TIME LIVES TO WORK LONG HOURS BUILDING WAR EQUIPMENT.

OVER AT THE HEADQUARTERS OF THE ORDER OF RAILWAY CONDUCTORS, MY FAITH WAS RE-AFFIRMED IN THE PART ORGANIZED LABOR HAS PLAYED IN SELLING BONDS, AND IN CARRYING WORD OF THE WAR TO ITS MEMBERS.

I AM GLAD I CAME TO CEDAR RAPIDS. MY TRIP HAS BEEN SO SUCCESSFUL THAT I AM GOING ON TO THE WEST COAST. I AM GOING TO STOP IN PORTLAND AND THEN IN SAN FRANCISCO. I HOPE I CAN TAKE WITH ME SOME OF THE SPIRIT WHICH YOU IN CEDAR RAPIDS HAVE SHOWN AND I HOPE I CAN FIND MORE OF IT IN THESE OTHER PLACES.

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FOR IF WE CAN HAVE THAT SPIRIT, THAT DETERMINATION IN ALL OF THE THOUSANDS OF CITIES AND TOWNS AND VILLAGES THROUGHOUT THE COUNTRY, WE CAN GET THIS WAR OVER IN A SHORTER TIME.

WE MUST NEVER LOSE SIGHT OF THAT - OF THE FACT THAT OUR DETERMINATION AND OUR WORK HAVE A DIRECT BEARING ON THE KIND OF HEADLINES THAT COME TO US FROM THE BATTLEFRONTS.

NAPOLEON ONCE SAID THAT THE SPIRIT OF HIS SOLDIERS WAS A THOUSAND TIMES MORE IMPORTANT THAN THEIR AMMUNITION OR EQUIPMENT. MUCH OF THE SPIRIT OF OUR SOLDIERS HAS ITS ROOTS RIGHT HERE ON OUR HOME FRONT, WITH THE FOLKS BACK HOME. THE FOLKS, FOR EXAMPLE, OF CEDAR RAPIDS, IOWA. THANK YOU.

April 25, 1943

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○ Secretary's reading copy of the script
for the "We the People" broadcast from
Cedar Rapids, Iowa, 6:30 to 7:30 pm

- 1 -

PAUL ADAMS

THE GULF OIL COMPANY AND YOUR NEIGHBORHOOD GOOD GULF DEALER present WE THE PEOPLE.

(THEME) - DOWN UNDER AND OUT)

BOULTON

Good evening everyone. This is Milo Boulton welcoming you to WE THE PEOPLE for GULF. (PAUSE FOR CUE) Tonight WE THE PEOPLE comes to you over a special hookup from coast to coast. We're broadcasting straight from the heart of the cornbelt - from the little town of Cedar Rapids, Iowa. We're in the Memorial Coliseum - packed with nearly 4,000 people. Outside the Coliseum another 10,000 are listening from loudspeakers. This 100 year old town of Cedar Rapids is neither the biggest nor the smallest town in the United States. Neither all industrial nor all farms. But a well-balanced progressive, patriotic town in the midst of war. And that is why we have come here tonight to bring you a picture of how a typical American town is fighting the war. And to talk with the people of Cedar Rapids has come one of the nation's wartime leaders - the Secretary of the Treasury of the United States. Ladies and Gentlemen, WE THE PEOPLE is proud to present as your host for tonight, Mr. Henry Morgenthau, Jr. (APPLAUSE)

MORGENTHAU

Thank you, and the thanks of the Treasury Department to the GULF OIL COMPANIES for making this special broadcast possible. This visit has confirmed my own faith in America. And I hope what you will hear tonight will move and impress you. (MUSIC SNEAK) I have been in Cedar Rapids for forty-eight hours, I have seen its green hills, and its trim white farm houses. I have seen its

booming industrial plants. From my hotel room, I could see the people walking up and down the main street. Farmers in their overalls come into town to shop. I could see the spires of three churches, a high school, the post office, and the bridge crossing the Cedar River. I watched the railroad engine as it steamed through the heart of the City. Not far off from where I was standing I could see a little country graveyard. In every direction I could see the American flag, (MUSIC OUT) This was a quiet picture of a peaceful town. But the people of this town are mad - fighting mad. For in their veins runs the fighting blood of the pioneers, These people believe in the American way above everything else. I'd like you to meet some of these people. First, Mr. Arthur Williams and his wife Charlotte.

MR. WILLIAMS

I'm a farmer. I look upon this war as a very personal thing. As something between me and every single Jap and German. You see, my son Greeley was killed on the first day of war at Clark Field in the Philippines.

MRS. WILLIAMS

Greeley's death was terribly hard on Dad and me. We'd been looking forward all our lives to the day when he would take over the farm. After we learned of his death we got a letter from him written before Pearl Harbor. In it he said, "Don't worry about me. As sure as the sun rises and sets, I'm coming back to settle down on the farm." And now - we know he never will.

MORGENTHAU

Having my own two boys in the service I can understand why you've made the war your own personal war.

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MR. WILLIAMS

Mr. Morgenthau, at first mother and I were so heartbroken we were ready to let the farm go to pieces. Then gradually it dawned on us that Greeley had given everything he had - and we could do no less. So Mother and I began working harder than ever before.

MORGENTHAU

What have you done?

MRS. WILLIAMS

Well, this year Dad's plowing 55 acres of corn instead of 40. And I'm raising 300 spring chickens and collecting eggs from 170 hens.

MR. WILLIAMS

We've increased our hog production about 20%, and we're milking 10 cows. Mother and I are working hard - sure, but we figure it's nothing compared to the sacrifice of those who give their lives.

MORGENTHAU

Mr. and Mrs. Williams, it's people with your spirit who will see America through the long years of war that stretch before us. The youngsters of Cedar Rapids are doing their part too. Take the eleven year old boy here beside me now, Max Selzer.

MAX

Say Mr. Morgenthau, I was in your parade this afternoon.

MORGENTHAU

You were? What did you do in it?

MAX

I blew a bugle in the drum and bugle corps. Do you like to go fishing, Mr. Morgenthau?

MORGENTHAU

Well, yes I do, though I don't get much time for it right now. How about you?

MAX

Well, I'm kinda busy myself, Mr. Morgenthau. I've got two victory gardens this year instead of one. Then I got to work with the Cubs.

MORGENTHAU

Just what are the Cubs, Max?

MAX

Junior Boy Scouts. We collect scrap. My motto for collecting a lot of scrap is, "If you got anything worth throwing out, throw it out, and I'll pick it up."

MORGENTHAU

Well, that's a fine motto Max, and one that everybody can take very seriously. There's one man from Cedar Rapids I wish I had met. He died last year, but he made this rolling farm country as real to Americans everywhere as their own backyard. He was the painter Grant Wood. Many of you will remember his great painting "The American Gothic" - the painting of an Iowa farmer and his wife, with a little white farmhouse in the background and the farmer holding a pitchfork. Here is a Cedar Rapids citizen who knew him well, Dr. Byron McKeeby. You knew the farmer in that painting too, didn't you, Dr. McKeeby?

MCKEEBY

I'm afraid I did, Mr. Morgenthau. That farmer wasn't a farmer. He was a dentist. Me.

MORGENTHAU

What was Grant Wood like?

MCKEEBY

One of the finest men I've ever known. When He'd sit in my dentist chair I'd notice him studying my face. One day he said he wanted me to pose for him. I said, "Why?" He said, "Because you have long straight lines in your face."

MORGENTHAU

What did you say?

MCKEEBY

I said, "Well, God knows it can't be beauty you're after." I let him paint me on one condition. That nobody would recognize me.

MORGENTHAU

And what happened?

MCKEEBY

As soon as the people saw the painting of the "American Gothic" they pointed to the man and said, "Why, that's Doc McKeeby, the dentist, holding a pitch fork! Wonder if he's going to use it on his patients!"

MORGENTHAU

Did that spoil your friendship with Grant Wood?

MCKEEBY

It made it a little bumpy, but nobody could really be mad at Grant Wood. Once he painted a beautiful picture of a bridge for my new house, and when he gave it to me he said, Doctor - you made me a bridge once - now I've made you one!"

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MORGENTHAU

Well, Doctor, are you still practicing dentistry?

MCKEEBY

Yes sir, I'm 76 now, but doctors are kind of scarce, so I'm going to keep on taking care of the dental needs of the people in town as long as I can hold a drill, and as long as they can stand it.

(MUSIC SNEAK) I'm only sorry Grant Wood isn't living today, he could have done a lot of good for our side. But the pictures he made are an inspiration to us here in Cedar Rapids. And the big stain glass window which he designed, at the end of this hall, fills the hearts of all of us with pride and humility.

MUSIC TO FINISH:

SOFT PLAY ON

MORGENTHAU

This quiet and peaceful countryside may seem far from the smoke of the battlefields. But the good American blood of Cedar Rapids boys has already flowed wherever Americans fight this war. Like any American community Cedar Rapids is proud of her boys. But more than that, the people of Cedar Rapids have reached out a helping hand to their sons on all our battlefronts. How they are doing that can be told by WE THE PEOPLE'S next guest, Lt. William Grafton, an Army bomber pilot just returned from North Africa. | Bill, how long have you been away from Cedar Rapids?

GRAFTON

Mr. Secretary, when I pulled in here last night, it was the first time I'd smelled this good Iowa air in a year. And boy I sure was mighty happy to see Mother and Dad - and my wife Margaret can't believe I'm back yet!

MORGENTHAU

Bill, what were some of the missions you were on?

GRAFTON

Well, my outfit was the first American heavy bomber group in North Africa. Our job was pounding the Axis strong holds and Axis convoys. We were paving the way for the big Allied offensive that now has Foxy Rommel bottled up. Then I was on the first bombing raid over Naples and before I left I dropped a few Easter eggs on Palermo and Messina. But there was one thrill I got that wasn't from bombing at all.

MORGENTHAU

What was that, Bill?

GRAFTON

I was operations officer for my outfit in Libya. When we brought our heavy bombers to airfields there, the fields had to be conditioned to handle them. This had to be done by big bulldozers. Do you know what a bulldozer is, Mr. Morgenthau?

MORGENTHAU

Isn't that one of those big tractors that can clear away trees and rocks?

GRAFTON

That's right. Well the first day on my job I spotted one of those bulldozers and what did I see on it but a plate saying "Made in Cedar Rapids." Believe me, I felt mighty proud of the folks back home when I saw how the equipment they had made was helping me do my job in Africa. You see, I know a lot of those very people who help build that equipment, just like Herbert Pearson here.

PEARSON

I guess you know me all right, Bill, since we're practically neighbors.

MORGENTHAU

Mr. Pearson, where do you come in on this airfield building?

PEARSON

Well, Mr. Morgenthau, my work takes me to a good many places showing Army engineers how to use bulldozers. I guess I've been in forty foreign countries on my job. Our bulldozers are designed to be loaded in gliders. The gliders are cut loose over any kind of country, making crash landings, if necessary. The bulldozers roll out and within twenty-four hours they can clear an emergency airfield -- even in jungles.

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MORGENTHAU

That means the Air Forces can practically carry their airfield with them.

PEARSON

That's the idea Mr. Morgenthau. And knowing our stuff helped Bill Grafton and a lot more of our boys over there, gives us folks back home in Cedar Rapids the feeling of being right in the thick of the war.

(MUSIC CURTAIN)

(MUSIC SNEAKS IN NEXT ACT ON CUE)

MORGENTHAU

This is a friendly land - this green state of Iowa. As I walked down the main street of Cedar Rapids this peaceful Easter Sunday I watched the people going into church. They greeted each other with warm and friendly smiles. I crossed the bridge over the Cedar River, and a little child, fishing, waved a greeting at me. Friendliness is their watchword. That is why their doors are always open to welcome people from all over the world. Three such people are our next guests, travelers from distant lands, who've found a new home in Cedar Rapids. | First Mr. Alfred Rothschild.

ROTHSCHILD

Four years ago I was in a German concentration camp. Today I am proud to say I've taken out my first papers as an American citizen. For many years I'd been a judge in a quiet little town near Stuttgart. But I am a Jew. And when Hitler came to power, I was thrown into prison. Finally I managed to get to America with my family. And here we'll stay - always. I have a job in a clothing store on Second Street. Here I am free to live and worship as I please. I'm too old to fight, but the proudest moment of my life was when I saw the Treasury T floating over our city, a symbol of what our Cedar Rapids is doing to Hitler. And I know I have a part in it because I'm buying my share of War Bonds. From the bottom of my heart I can tell you I'd rather work in a little clothing store in Cedar Rapids than be a judge in Nazi Germany.

MORGENTHAU

Mr. Rothschild, the whole world now knows the Nazis have offended all the peoples of Europe. - For example the Greeks. One of them is here beside me. His name is Frank Hasek.

MORGENTHAU (CONT'D)

He's the street cleaner on Sixteenth Avenue here in Cedar Rapids. He's here with his 12 year old daughter Annie. Mr. Hasek, where did you come from originally?

HASEK

I came from the little town of Lidice in Czechoslovakia.

MORGENTHAU

No one Mr. Hasek can forget how the Nazis wiped out Lidice. Annie, how many of your relatives were killed in Lidice?

ANNIE

My Uncle Joseph, and Aunt Marie, and my two cousins. Pappa doesn't talk much about what happened. But he's getting even with the Nazis just the same.

MORGENTHAU

How's he doing that Annie?

ANNIE

He puts all his money into War Bonds because Pappa says he wants to keep Sixteenth Avenue the way it is. Because he never wants to have Cedar Rapids become another Lidice.

MORGENTHAU

Annie, you can be proud to have a father like Frank Hasek. Now sitting here beside me is a 22 year old Chinese boy, who is fighting his country's war against the Japanese 8,000 miles away. from his own people. He's Yu Pin Wang. Yu Pin, how long have you lived here?

WANG

FOR SIX YEARS. JUST AFTER I LEFT FOR AMERICA MY FATHER, A GENERAL UNDER CHIANG KAI-SHEK WAS ASSASSINATED, THEN MY MOTHER AND SISTER AND BROTHER WERE CAPTURED BY THE JAPANESE.

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WANG (CONT'D)

YOU SEE MR. MORGENTHAU, I HAVE A SCORE TO SETTLE WITH THE JAPS.

MORGENTHAU

Yes, I can understand.

WANG

SO I'M WORKING IN A WAR FACTORY THAT SENDS THINGS TO CHINA. WHEN I LEFT CHINA, THE LAST WORDS MY FATHER EVER SAID TO ME WERE, (MUSIC SNEAK) "MY SON, BEFORE YOU RETURN, OUR COUNTRY WILL CHANGE. GO TO AMERICA, MAKE FRIENDS FOR CHINA, LEARN ALL YOU CAN. THEN COME HOME AND HELP REBUILD YOUR COUNTRY WITH YOUR KNOWLEDGE." WHEN THAT DAY COMES I WILL THANK THE PEOPLE OF CEDAR RAPIDS FOR HELPING TO RESTORE CHINA TO HER RIGHTFUL PLACE.

(MUSIC TO FINISH)

(MUSIC PLAY ON)

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MORGENTHAU

Cedar Rapids is a long way on the map from Tokio, about 8 thousand miles in fact. But those two places, so far apart - have been much closer. On a spring day a year ago sixteen bombers roared off the carrier Hornet and winged westward - to Japan! The crew of the Hornet paved the way for that memorable bombing of Tokio - and among them was an officer of Cedar Rapids. He's Lieutenant Arthur T. Hodges, here to tell We The People of that most dramatic takeoff of the War.

HODGES

Thank you, Mr. Secretary. When the Hornet took aboard sixteen B-25 bombers from a West Coast port with their Army crews and put out to sea, headed West, we couldn't guess where we were bound. But the third day out the Captain informed all hands over the general announcing system that they were to bomb military objectives in and near Tokio.

MORGENTHAU

How did the Hornet's men take that?

HODGES

Mr. Secretary, officers and men yelled and cheered so loud, I can't see how the raid was a surprise to the Japs - five thousand miles away! Those Army boys had a tough and dangerous job ahead of them but through it all they showed supreme confidence. Most of them were young - fine cleanout American boys. And General Doolittle was tops. Those flyers would have followed him anywhere!

MORGENTHAU

How did the takeoff go, Lieutenant?

HODGES

Well, the sea was very rough. The Hornet was pitching and rolling heavily. It would have been tough going for even a light scout-plane to take off--and those B-25(s were overloaded. I watched General Doolittle climb into his plane. He signalled he was ready, then grinned and waved a "thumbs up" to the Hornet's crew and his B-25 started down the pitching heaving deck. I thought- he'll never make it! - But the plane left the ship at the exact instant whe was on an even keel. Within seconds of each other, one after another, the rest of the big bombers got off. You all know how they did their job. And now, you know that some of those boys were captured by the Japs - and executed. But you folks didn't know those boys like I did, so maybe you don't feel the same as I do. I know the Japs. I served in the Orient, I know how they tortured British and Chinese captives - tying them up in bunches - bayoneting them - for sport. When I think of those swell American boys being needlessly put to death, my blood boils! (MUSIC SNEAK) And I'm glad the people here in Cedar Rapids are mad too - fighting mad - and that's how we're going to stay - fighting mad - until we've settled our score with the Japs - and made them pay!

(MUSIC TO FINISH)

(BIG PLAY ON)

MORGENTHAU

The other day back in Washington, I was looking out the window of the Treasury. Across the way was the White House. I thought of it as the hub of a great wheel, with our cities stretching out as spokes of that wheel. Being a farmer myself I know that a wheel is only as strong as its spokes. I remembered that later, when I saw the people of this city, I said to myself: "Here is the source of America's strength. All of these people are playing a vital part, even tho - their jobs may seem humdrum. And here at this microphone are a group of these people. Now the first person you're apt to see when you come to Cedar Rapids, is Winfred Jones. But to Cedar Rapids folks, he's known as "Wimpy". Wimpy, how long have you lived in Cedar Rapids.

WIMPY

Yes sir, all my life sir. I was born in a little house by the railroad tracks. Soon as I could I crossed over and got me a job as porter at the depot. Guess I've lead what you might call a one track existence.

MORGENTHAU

Well, Wimpy, I understand you're kept pretty busy.

WIMPY

Yes sir, Mr. Secretary. I get so busy sometimes I get out of breath I'm so busy.

MORGENTHAU

Well - how about the other porters? Don't they help?

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WIMPY

He got drafted.

MORGENTHAU

Oh, I see - Then you're all alone.

WIMPY

Yes sir, I don't know why it is, but ever since I been alone - folks baggage feels like it's heavier.

MORGENTHAU

Well, Wimpy, when you do get some time off, what do you like to do?

WIMPY

I used to go fishing for buffalo carp or mud catfish. But I'm too busy now. I'm doing twice as much so's another feller can get a war job. When Mr. Hitler gets caught then mebbe I'll take up fishing again.

MORGENTHAU

Well, Wimpy, a lot of fishermen are hoping that'll be soon. Now I wish that everyone listening could see We The People's next guest. He's wearing an Indian headdress. His name is A-No-Ta, and he comes from the nearby Tama Indian Reservation. A-No-Ta, I understand your Sac and Fox tribe were the first settlers of Cedar Rapids.

A-NO-TA

My people pitched their wigwams close to where this Coliseum building now stands.

MORGENTHAU

A-No-Ta, suppose you tell our audience, what your tribe is doing now that Cedar Rapids has gone to war.

A-NO-TA

Once more our war drums are beating. We have 500 people in our tribe. Already, 33 of our sons have entered the service. And 2 warriors are missing in action across the great ocean. Long ago we Indians made peace with the white men. Today, their struggle is ours. That is why we are fighting to preserve the heritage of the past for every true American.

MORGENTHAU

That's a sentiment we all endorse. Now here is Mrs. Charles Hayes. People in Cedar Rapids are very proud of her and when you hear her story, I know you'll understand why. All right, Mrs. Hayes.

MRS. HAYES

I raised two sons here in Cedar Rapids. I always thought there never were two such fine boys as my Donald and Charles. 3 years ago Don joined the Army. Soon after Charles joined up too. I wanted to do something - to try and forget how much I missed them. So I started working here in a munitions plant. My boys wrote me from Africa - said they were in the same company of U.S. Rangers. Then - Don's letters stopped coming.

MORGENTHAU

And what did you do, Mrs. Hayes?

MRS. HAYES

I wrote my oldest son, Charles, for news. Finally - Charles wrote back. I opened the letter and out dropped a picture. It was Charles - with his right sleeve empty and pinned to his coat. He was in a hospital in Africa. And he had no news of Don. That was last February. Since then, I've had no word from either of my boys.

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MORGENTHAU

And yet, Mrs. Hayes, I understand you've gone right on working at that war plant.

MRS. HAYES

Yes sir. Every day I hope and pray I'll get a letter from one of my boys. But whether those letters come or not - I'll go on working. My boys would want it that way.

MORGENTHAU

Mrs. Hayes, I'm sure that no words of mine would express what all of us feel at this moment. | But there's a Cedar Rapids woman here with us, whose words might help. Her name is Mrs. Ethyle Breedlove. She lost her son at Pearl Harbor, and out of that heart breaking experience she's written some lines of poetry. | I'd like her to read them for us all.

MRS. BREEDLOVE

(MUSIC SNEAK)

A year ago my head was bowed in grief.
It seemed to me that time could never bring
Relief from the bitterness that was
In my heart, and that never again
Could I take a part
In the things for which you so
Bravely died.
Bitterness washed over me like
An incoming tide.
I shut myself away and let
Darkness lie in my soul.

Other hearts were bleeding that
 Day throughout this troubled land
 But I could not, or would not,
 Understand.

And then this thought came to me
 Out of space: Is this the way he
 Faced his duty, that December day
 And I was ashamed

This I knew, as death came
 Screaming from the sky,
 You did not run and hide your eyes.

From that moment I've shed
 No useless tears, my son.
 It's not through tears that freedom
 Is won,

But through work and sacrifice
 And a strong, brave heart,
 And each race and creed
 Doing his or her part,
 Manning our "Battle Station"
 Wherever or whatever it may be
 Till Freedom is won, and the
 World is free.

(MUSIC SWELL THEN DOWN UNDER NEXT
 FIVE LINES OF MORGENTHAU SPEECH)

MORGENTHAU

This is Henry Morgenthau^{jr.} again. I'd like to say a couple of things, myself.

It's Spring out here in Iowa. In a little while this good, rich land will be green with ~~beans~~^{oats} and corn. Iowa is growing crops for the soldiers and sailors and men, women and children of our free world.

(MUSIC OUT)

What a contrast to the crop Germany and Japan and Italy are growing for the world! Acres of charred rubble with blood on the blackened stones! -- and hideous trees - gallows-trees with dead men hanging by the neck. And the faces of little children staring up from the ground where bullets cut them down! (PAUSE)

This war is a war of life or death. On our side Springtime and the fragrant smell of new-turned earth. On their side the stench of decay and corruption and smoldering ruins that once were homes! Yet some people still ask: "What are we fighting for?" Give us, they say, a reason, a goal, an objective. What more reason do we need. We're fighting for Cedar Rapids, Iowa, and all the towns like Cedar Rapids in New York, California, China, France, Russia. We're fighting for all of the people everywhere who love the land, who love and respect life, who ask only to be left alone in peace to tend their fields and raise their children to be better men and women. Shall we permit nations that have let their leaders drag them back thousands of years, nations like Germany and Japan and Italy, traitors to every hope of mankind -- shall we let them wreck and ruin all that we have taken so long and worked so hard to build?

To purge our good world forever of this evil that hates and murders and steals will cost unlimited billions of dollars -- our dollars. Close to one hundred billion dollars this year alone. But if it costs every cent we own, victory will come mighty cheap!

For we will still be free. And we know how to use freedom. With freedom, and with the filth of the German and Japanese and Italian menace scrubbed away, the sun will shine on a new and better world -- a world free to worship, free to speak, free of want and free of fear.

(MUSIC SNEAK)

We must ask ourselves a very simple question, we the people of Cedar Rapids and all the cities and towns in the United States. It is this: Shall we be more tender with our dollars than with the lives of our sons? Let us ask it the next time we watch our young men board a train and go off to war. These are the finest boys we have -- boys who, but for Germany and Japan and Italy would be plowing, now, and planting, and starting out on lives of their own.

(PAUSE)

These stories that you have heard tonight from your fellow Americans -- these are the things I hope will be in your heart when you lend your dollars as never before to fight this costliest, most dangerous, most decisive war in all history.

(MUSIC UP)

BOULTON

WE THE PEOPLE SPEAK!

(THEME)

BOULTON

This is Milo Boulton saying thank you to the people of Cedar Rapids, Iowa, and to the Secretary of the Treasury for being with us tonight. Music for WE THE PEOPLE is under the direction of Oscar Bradley. And now goodnight for the GULF OIL COMPANIES and YOUR NEIGHBORHOOD GULF DEALER.

(ON CUE)

This is the Columbia Broadcasting System.

(THEME UP)

1

MESSAGE TO BE RE-TRANSMITTED

COPY NO. 13

BRITISH MOST SECRET
U.S. SECRET

SECRET
APR 26 PM 12 05
TREASURY DEPARTMENT

OPTEL NO. 135

Information received up to 7 A.M. 25th April, 1943.

1. NAVAL

Nothing to report.

2. MILITARY

TUNISIA. To 6 P.M., 24th. 8th Army. To the West of ENFIDAVILLE, enemy concentration was broken up by artillery fire. All positions on this front remain intact. 1st Army. In the South our armoured forces have made further progress, reaching a locality 2 miles North-East of GARAET EL HAMADA, 16 enemy tanks were destroyed. From BOU ARADA to MEDJEZ EL BAB our advance continues. GRICH EL OUED is now in our hands. Further North, LONGSTOP Hill, 6 miles North-East of MEDJEZ EL BAB has been captured after hard fighting. HEIDOUS still holding out but being mopped up. In the Northern Sector, U.S. Infantry have continued to advance with hard fighting astride the SEDJENANE Road, taking 100 prisoners.

3. AIR OPERATIONS

WESTERN FRONT. 24th. Torpedo Hampdens hit 2 ships of 3,000 and 2,500 tons off NORWAY. 24th/25th. About 15 enemy aircraft were sea mining off the East coast and 3 others flew inland, one which passed over LONDON was destroyed by a Mosquito.

TUNISIA. 22nd. In the action over GULF of TUNIS, it is now established that 31 M.E. 323's and 11 German Fighters were destroyed. U.S. Bombers attacked 2 enemy airfields and 128 escorted Allied Bombers attacked enemy positions in the LONGSTOP Hill area. 23rd. 68 Bombers attacked objectives North-West of TAKROUNA and 36 bombed the South landing ground at SOLIMAN.

SARDINIA. 22nd. U.S. Marauders dropped 16 tons on Harbour installations and the town of CARLO FORTE.

MEDITERRANEAN. 23rd/24th. Beauforts with 2 torpedo hits sank a burning merchantman of about 6,000 tons off MARETTIMO.

BURMA. 22nd/23rd. U.S. Heavy Bombers dropped 29 tons on RANGOON Railway Centre.

OPTEL NO. 134

TUNISIA. 23rd to 12 noon. 1st Army. Patrols of 19 Corps and 8th Army established contact 7 miles North-North-East of DJEBIBINA. 9th Corps. On right our patrols found enemy had withdrawn. Our infantry advance continued and reached point 3 miles South-West of KOURZIA SALT LAKE, on left our infantry was mopping up in area ARGOUB SERRB (group missing*). Armour met enemy armour and claim 10 tanks. Their advance continues and by noon has reached a North South line approximately 7 miles East of BOU ARADA GOUBELLAT Road. 5th Corps attacked in morning in MEDJEZ EL BAB Sector. North of TUNIS Road first objectives soon taken. A strong counter attack by infantry and tanks forced back our troops temporarily but they later regained their positions. In HEIDOUS area progress was slow. 2nd U.S. Corps. An attack astride SEDJENANE-MATEUR Road made rapid progress and had taken all first objectives by 11 A.M. Some progress also made South of BEJA-MATEUR Road.

* called for.

HEADING	RW13/ 544Y T Q7T Z Q2U 261410
FROM	SECTREAS
ACTION	AIDE SECTREAS
INFORM	COMDT CG

TEXT

MRS MCHUGH OFFICE OF SEC OF TREAS X ASK HAROLD GRAVES
 TO PREPARE VERY FRIENDLY LETTERS TO MRS L HULL TOSCANINI
 AND HOROWITZ THANKING THEM FOR SUNDAY CONCERT X SEND
 LETTERS VIA AIR MAIL BY NOON TODAY TO PALACE HOTEL
 SAN FRANCISCO FOR MY SIGNATURE

TOD 1415 26 APRIL 1943/ MC
 WB

2

*See letters
dated 4/28*

OPERATOR'S RECORD AND DATE

OFFICIAL INITIALS

S

April 26, 1943

Memorandum

To: Mr. Forbes Watson
From: Secretary Morgenthau

When I return from my trip, I would like to have you speak to me about the artist, Marvin Cone, of Cedar Rapids, Iowa. I expect to be back in the office on Friday, April 30th.

*Stephens says Sery
has taken care of this - M.H. - 5/3/43*

CLASS OF SERVICE

This is a full-rate telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

(08)

SYMBOLS

- DL=Day Letter
- NT=Overnight Telegram
- LC=Deferred Cable
- NLT=Cable Night Letter
- Ship Radiogram

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WA013 64 GOVT=WUX WASHINGTON DC 26 453P

STUART PEABODY=

BENSON HOTEL PORTLAND ORG=

✓
043 APR 26 PM 2 37

SECRETARY'S SUNDAY BROADCAST WAS SENT BY OWI TO EUROPE AT 3
 PM TODAY AND WILL BE REPEATED MIDNIGHT TONIGHT 5 AM TOMORROW
 AND 9 AM TOMORROW THEY HAVE CONDENSED HIS BROADCAST TO 12
 MINUTES IN ADDITION TEXT OF SECRETARY'S REMARKS ARE BEING
 TRANSLATED INTO 21 DIFFERENT LANGUAGES AND SENT TO OWI
 BRANCHES OVERSEAS THESE BRANCHES WILL IN TURN REBROADCAST
 THEM LIVE IN VARIOUS COUNTRIES=

CALLAHAN.

**BRITISH EMBASSY
WASHINGTON, D. C.**

April 26th, 1943.

My dear Morgenthau,

Only one line to tell you
that I listened to your talk last night
and thought it quite first rate.

No answer necessary.

Yours sincerely,

Halifax

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

APR 26 1943

Dear Ed:

As you know, the Treasury launched on Monday, April 12, the Second War Loan campaign to raise \$13,000,000,000. We hope to exceed by a wide margin the \$8,000,000,000 goal set for nonbanking purchasers.

I am informed that the Acting Chairman of the President's Interdepartmental War Savings Bond Committee has already written to your alternate, Mr. Roger Jenkins, outlining the part which Government employees should take in this campaign.

In the absence of the Secretary, I am writing you to ask that you give this matter your personal attention and designate someone in your organization, preferably the best salesman that you have, to contact your higher officials. We believe that many officials are able to and will buy bonds of the Second War Loan if properly approached.

Such purchases should, of course, be included in your report to the Interdepartmental War Savings Bond Committee so that your office will receive proper credit in the Committee's report.

We wish to leave no stone unturned in our effort to get every individual in the Nation to put every possible dollar in the Second War Loan. I will appreciate very much your cooperation.

Sincerely,

(Signed) D. W. BELL

Acting Secretary of the Treasury

Honorable E. R. Stettinius, Jr.,
Administrator, Lend-Lease Administration,
Washington, D. C.

EFB:hbv 4/24

Copy and list in
Diary

(Mailed out from
Bell's office -
extra copies ret'd to
them)

Same letter mailed to:

Honorable E. R. Stettinius, Jr.,
Administrator, Lend-Lease Admin.,
Washington, D. C.

Hon. J. Haden Alldredge,
Chairman, Interstate Com. Commission,
Washington, D. C.

Honorable Leland Olds,
Chairman, Federal Power Commission,
Washington, D. C.

Hon. Frederic A. Delano,
Chairman, National Resources Planning
Board,
State Department Building,
Washington, D. C.

Honorable Archibald MacLeish,
Librarian of Congress,
Library of Congress,
Washington, D. C.

Hon. Paul V. McNutt,
Administrator, Federal Security
Agency,
Washington, D. C.

Hon. Nelson A. Rockefeller,
Coordinator of Inter-American Affairs,
Washington, D. C.

Honorable L. T. Crowley,
Alien Property Custodian,
Washington, D. C.

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

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TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE April 26, 1943

TO Secretary Morgenthau

FROM Harold Graves

In accordance with your request, Mr. R. H. O'Malley of the War Savings Staff paid a visit to the Frankford Arsenal in Philadelphia on April 22.

His report about his visit is attached.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 23, 1943

TO Mr. H. N. Graves
FROM Mr. R. H. O'Malley

Pursuant to your request the following report is submitted in connection with the exchange of correspondence between the Secretary of the Treasury and the Secretary of War dealing with the publicity in the Philadelphia Record of April 15, 1943 of Memorandum Order #3 issued by Colonel J. D. Rose, Arsenal Commander, Frankford Arsenal, Philadelphia, Pennsylvania which states the purchase of War Bonds through the Pay Reservation Plan "is a measure in part of the quality of cooperation with the war effort and Arsenal Administration".

There are 3 large War Department activities in Philadelphia, the Frankford Arsenal employing 18,000, the Quartermaster Depot employing 16,000, and the Signal Depot employing 15,000. A recent campaign has been conducted in the columns of the Philadelphia Record unfavorably publicizing the failure of employees working for the Arsenal to receive their War Bonds purchased in 1942 through the Pay Reservation Plan of the War Department. All of these articles have been directed at the Frankford Arsenal, generally omitting any reference to the other War Department activities in that city. In one article insinuations were made as to the disposition of War Bond money deducted in 1942 from the wages of the employees at the Arsenal. In another article (copy attached) a definite statement was made to the Arsenal employees "suggesting that you purchase Bonds through some other source". This series of articles caused an enormous increase in cancelations of subscriptions to the Pay Reservation Plan. The latest publicity in the newspapers is sponsored by Mr. Darius Kline, national representative Local # 109 of Federal Workers of America (C.I.O.) who apparently instigated the publicity in the Philadelphia newspapers on April 14th relative to the order memorandum #3 of Colonel Rose. In fact the article in the Philadelphia Inquirer was headed "Union Official Objects to War Bond Order". The article in the Philadelphia Record of that date contained a statement that Mr. Kline intended to take this matter up with the Department of Justice here in Washington.

The officials in charge of the War Bond Program at the Frankford Arsenal have been extremely conscious of the failure of performance of duty on the part of the War Department in the delay of the delivery of War Bonds. They are acutely aware of this fact and are exerting all possible efforts to remedy this situation. In fact in February 1943 they made a written request to the Office of Chief of Finance, War Department here in Washington requesting, that, in order to expedite the delivery of Bonds to the Arsenal employees and assist the Finance Dept.

- 2 -

Mr. H. N. Graves

April 23, 1943

here in Washington, that all accounts of Bonds purchased by employees of the Frankford Arsenal in 1942 be returned to the Arsenal in order that they may straighten out all of the individual accounts and issue Bonds to those entitled thereto. This has been done and a check in the amount of \$832,000 has been forwarded to the Frankford Arsenal for the issuance of these Bonds. There is attached hereto a copy of a bulletin issued at the Frankford Arsenal on April 22nd advising their employees of this new procedure. This is the first War Department activity which has availed itself of this opportunity of satisfying the Bond claims of their employees. However, I understand other activities appreciate the value of this procedure and are following the example set by the Frankford Arsenal.

The return of these accounts to the Frankford Arsenal by the Chief of Finance will expedite the delivery of Bonds to those employees by several months in view of the fact that the War Bond Division of the War Department is now in the process of transferring to Chicago. This means that all records and operations will be suspended for a period of weeks until the machines are installed in Chicago and operations again are resumed. I noticed that of the 2,000 employees working for the War Bond Division, only 300 have expressed a preference to transfer to Chicago. This will result in additional delays in delivering those Bonds because of the time necessary to properly train new personnel in the War Bond Division procedure.

The officials in charge of the War Bond Program at Frankford Arsenal feel that it is decidedly unfair that they should be subjected to this newspaper campaign despite the fact they are doing everything possible to clear up the situation. There have been over 1000 cancellations of subscriptions to the Pay Reservation Plan the first 3 months of this year. These erroneous newspaper articles have caused large increases in the cancellations.

The officials in charge of the War Bond Program at the Frankford Arsenal are extremely War Bond conscious as evidenced by the campaign conducted, the organization established, etc. In an attempt to stop these cancellations Colonel Rose issued Order Memorandum #3 which is as follows:

- " (1) The subscription to the Pay Reservation Plan for the purchase of Bonds is a measure in part of the quality of cooperation with the war effort and Arsenal Administration.
- (2) The record of Bond subscriptions maintained by the Bond Officer will be considered in connection with promotions or with separations when these are necessary for any reason. "

- 3 -

Mr. H. N. Graves

April 23, 1943

Colonel Rose contends this order memorandum is very easily capable of misinterpretation, as evidenced by the article in the Philadelphia Record of April 15. Colonel Rose is of the opinion that it is not coercive or compulsory, the purpose of the memorandum was merely to inform the 13,000 subscribers that their participation in the Pay Reservation Plan will be considered as a demonstration of their loyalty and cooperation with the Arsenal Administration and the war effort. The cooperation of the employees is based on innumerable things, one of which is the purchase of War Bonds. It is definitely the opinion of Colonel Rose that the meaning of this memorandum has been distorted in its publicity; that it was never intended to enforce or compel employees to buy War Bonds, for he realizes there are some employees who cannot afford to buy Bonds at this time.

Colonel Rose does not feel that this unfavorable publicity will continue much longer for the delivery of Bonds will presently be on a current status. The attainment of that goal will eliminate the basis of these articles and the controversy will die a natural death. The order memorandum has been effective in curtailing the cancellations, since the date of issue, new subscriptions are on the upgrade and cancellations have practically stopped.

A handwritten signature in dark ink, appearing to be 'J. H. N.', is written over a horizontal line.

Attachments

MEMORANDUM ORDER # 3 SIGNED BY COLONEL J. D. ROSE OF
THE FRANKFORD ARSENAL IN PHILADELPHIA, PENNSYLVANIA
DATED APRIL 14, 1943

(1) The subscription to the Pay Reservation Plan for the purchase of Bonds is a measure in part of the quality of cooperation with the war effort and arsenal administration.

(2) The record of Bond subscriptions maintained by the Bond Officer will be considered in connection with promotions or with separations when these are necessary for any reason.

PHILADELPHIA RECORD COLUMN HEADED
 "THE PHILADELPHIA LAWYER" DATED APRIL 9, 1943

**BONDS MISSING AT THE
 ARSENAL:**

Q.: Congratulations on what The Record has done for us workers at the Arsenal. My husband has paid \$5 per month from May to October, 1942, and \$22.50 per month from October, 1942, to present date. No receipt, no bonds, no acknowledgment of any kind. We could buy these bonds at the movies, but thought we should help the Frankford Arsenal to be 100 percent back of the war. What do you think of the situation, and what shall we do?

A. A.

A.: The authorities of the Frankford Arsenal have expressed their regret for their unbusinesslike methods and have promised, if given a little time, to straighten matters out with all of their employes. Until they do, we suggest that you buy bonds through some other source.

All questions of law submitted will be answered in this column as space may permit. If a copy of the leaflets, "Fire Aid Law," "The War and the Law" or "The Alien and the Law" is desired, enclose a self-addressed stamped envelope for each leaflet. All letters should be sent to the Law Editor of The Philadelphia Record.

TO BE POSTED ON ALL BULLETIN BOARDS

Frankford Arsenal,
April 22, 1943.

NOTICE TO ALL EMPLOYEES

All records of Pay Reservations for the purchase of U. S. War Savings Bonds by Frankford Arsenal employees were maintained in Washington. The postings of these records for May, June, and July, 1942 were completed in Washington and bonds dated in these months were issued directly to the employees of this Arsenal from there. Because of the delay and to facilitate the delivery of Bonds, it was requested on our own initiative that these records be returned to Frankford Arsenal. This was accomplished on March 11, 1943 and the postings and Bond Issuing Schedules for August have now been completed here at Frankford Arsenal.

United States War Savings Bonds dated August, 1942 were mailed to employees today and this mailing will be completed by May 1, 1943. It is to be noted that there is no loss of interest resulting from the delay in delivery. For these Bonds are dated August, 1942.

We announce with pride that approximately 10,000 individual Bonds are being issued dated August to Frankford Arsenal employees in addition to those already received directly from Washington dated May, June, and July, 1942.

Any employee who was due a bond dated August and has not received same by May 1, will notify the War Bond Officer after that date.

September Bond Issuing Schedules are now being prepared and Bonds dated September, 1942 will be issued on or about May 15.

October and November will follow shortly thereafter.

December Bonds have already been issued so that when November Bonds have been issued, all Bonds for the year 1942 will have been issued to the employees of Frankford Arsenal.

January, 1943 Bonds are currently being issued.

Please notify your War Bond Supervisor of any change in address, co-owner, or beneficiary.

Hilton Steinbach

HILTON STEINBACH,
Capt., Ord. Dept.,
War Bond Officer.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, April 26, 1943.
4-24-43

Press Service
No. 36-35

With more than the \$13,000,000,000 minimum goal in sight, Secretary Morgenthau announced today that the Second War Loan Drive will terminate, and the subscription books will close, at the close of business May 1, with respect to the three issues of marketable securities. These issues are the 2 1/2 percent Treasury Bonds of 1964-69, 2 percent Treasury Bonds of 1950-52 and 7/8 percent Treasury Certificates of Indebtedness of Series B-1944. The sale of Tax Savings Notes and United States Savings Bonds will continue without interruption.

The Treasury will accept subscriptions which are placed in the mail up to midnight of May 1 for the three issues on which the subscription books close on that day. As previously announced, the 2 percent Treasury Bonds of 1950-52 will be open for subscriptions from commercial banks for their own account on April 28, 29 and 30. Subscriptions from such banks in amounts up to \$100,000 will be allotted in full, and larger subscriptions on an equal percentage basis. Total allotments to banks will be \$2,000,000,000, or thereabouts.

In order that the heavy volume of Savings Bonds which are being sold during this Drive may be reflected in the totals, all sales processed through the Federal Reserve Banks by May 8 will be included in the final figures. This is necessary to give adequate credit for the work done during the Drive, as it takes several days to process subscriptions through the thousands of issuing agents to the Federal Reserve Banks.

-000-

D. W. Bell

Under Secretary

Exp. Loans - War
Finance Committee

April 26, 1943

Honorable Henry Morgenthau, Jr.,
Hotel Benson,
Portland, Oregon.

No change in banking figures. Nonbanking: Certificates
2,609; 2% bond 2,073; 2-1/2% bond 3,236 (reflecting
adjustment downward of 18 by San Francisco). Savings
bonds 854; of which 601 Series E; 57 Series F; 196
Series G. Tax notes 1,078. Total nonbanking 9,850.
Total 12,588. Ranger story denied.

BELL

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Photostat to D.K. (B)

4/27/43



THE WHITE HOUSE
WASHINGTON

April 26, 1943.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

I approve your suggestion of April nineteenth in regard to the salary of the President and I will, therefore, expect a monthly check of \$5,940.10.

F. D. R.



Supreme Court of the United States
Washington, D. C.

CHAMBERS OF
JUSTICE FELIX FRANKFURTER

April 26, 1943

Dear Henry:

I was chagrined to learn that you should have experienced such discourtesy when you came to see me in my chambers. My source of chagrin does not at all derive from the fact that the Secretary of the Treasury should have been treated as you were. I know you too well not to know that you have no stuffy sense of self-importance. The real point of my concern is not that the Secretary of the Treasury was treated as you were. This is the last building in town in which only dignitaries should be treated with respect. In no other building should there be a more fastidious courtesy shown to all, whether eminent or obscure. And so what I am troubled about is that apparently there is a lack of atmosphere in which courtesy is accorded to any well-behaved visitors in this building.

I am all the more humiliated that this should happen to you for I know what care and courtesy you insist upon in the treatment of visitors at the Treasury.

Yours very sincerely,

Felix Frankfurter

Hon. Henry Morgenthau, Jr.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE April 26, 1943

TO Secretary Morgenthau
FROM Mr. Haas
Subject: The Business Situation,
Week ending April 24, 1943.

Summary

Inflation control: Organized labor is sharply critical of the hold-the-line program, with OPA administration of price control and WMC job freezing regulations coming in for especially strong criticism. The relatively meager tangible evidence of tightened price control since the President's anti-inflation order doubtless has contributed to the unrest.

Commodity prices: Basic commodity prices moved in a narrow range last week with a downward tendency, pending crystallization of re-vamped price control policies. Cotton prices are to be stabilized by sales of CCC cotton at prices around those of April 7, in place of the previously-considered ceiling plan for raw cotton.

Grain shortages: Numerous indications of a possible grain shortage have been appearing recently as a result of the large increase in the number of livestock, a favorable corn-hog ratio and large demands for grain from industrial users. Steps are being taken to prevent the development of the shortage.

Lend-lease food deliveries: The large lend-lease food deliveries to the United Nations appear relatively small when compared with shipments made by the Food Administration during World War I. Unlike the last war, when two-thirds of all food shipments consisted of grain and flour, lend-lease shipments now are much more diversified.

Industrial production: The FRB adjusted index of production in March rose to 203 from 202 (revised) in the previous month, as output of the machinery, transportation equipment and steel industries reached new peaks. The index has risen without interruption since March 1942 when it stood at 172.

- - - -

- 2 -

Progress of anti-inflation program

As administrative agencies move to implement the broad directives of the President's hold-the-line order on wages, prices and manpower, opposition is developing from affected groups which may ultimately force concessions that will considerably alter the course of the program.

After weeks of futile negotiation, the pending controversy over the wage demands of the soft coal miners has finally been certified to the WLB for settlement, thus setting the stage for a real test of the new policy on wage increases. Labor groups continue to criticize the hold-the-line program, with the CIO Cost-of-Living Committee during the past week claiming that the President's order is being administered "as a directive to freeze wages but to do nothing about prices and the mounting cost of living." Specifically, the OPA was charged with a policy of business appeasement allegedly threatening the whole system of anti-inflation control.

Labor groups are also sharply critical of regulations recently issued by the WMC to carry out the prohibitions on job shifting contained in the President's order. The intent of the measure is to stop the shifting of jobs for higher pay except when the war effort will be aided. Due to the existence of many borderline cases and the numerous complexities involved, some time will have to elapse before the full implications of the order can be gaged. However, the Deputy Chairman of the WMC has asserted that labor turnover in war industries will be cut 50 percent as a result. On the other hand, the President of the AFL has demanded that the job-freezing regulations be modified, claiming that they will impair morale and arouse resentment among industrial workers. At the same time the CIO's United Automobile Workers Union has directed members to resign their posts on WMC regional labor-management policy committees.

Tangible evidence of any marked tightening in price control measures since the promulgation of the President's anti-inflation order is still relatively meager. A suggested price ceiling on raw cotton has been abandoned in favor of price stabilization through sale of CCC stocks. New retail ceilings on beef and lamb have been placed at levels slightly lower than previously proposed. Action on various other expected price ceilings remains to be taken and the attitude on subsidies is unclear. In the meantime commodity prices have been moving in a relatively narrow range pending developments.

- 3 -

Stock prices strengthen as trading slackens

Stock market activity continues to run at a slower pace since the break which followed the anti-inflation order. However, prices have displayed a firm undertone and moved slowly higher last week. Industrial stock prices have regained over one-half the ground lost on the recent break, while railroad and utility stocks have made an even stronger showing, with the last-mentioned group rising to a new high for the year. (See Chart 1.)

Commodity prices ease

The BLS index of 28 basic commodities declined 0.2 percent last week, largely as a result of a sharp drop in flaxseed prices, which were under pressure from fears that a ceiling price would be imposed below present prices. Last week a second warning was issued by Food Administrator Davis that a ceiling on live hogs would be inevitable unless an immediate downward adjustment in market prices occurred. Hog prices declined noticeably for the third consecutive week, although they still remain at higher levels than warranted by wholesale pork ceilings. Prices of steers also moved lower. Wheat prices, however, were up moderately, partly reflecting sharp gains in the Winnipeg market resulting from the CCC purchase of 7,250,000 bushels. (See Chart 2.)

In the week ending April 17 the BLS all-commodity index was unchanged at 103.5, and remains 38 percent above the pre-war level of August 1939. Industrial commodities were steady, and the slight advance in prices of farm products and foods was insufficient to change the level of the index.

Cotton to be stabilized by CCC sales

The price of 15/16 inch middling cotton (10 market average) is to be prevented from rising above 21.38 cents a pound, which was the price on April 7, the day before the issuance of the President's hold-the-line order, the OPA and the War Food Administration announced in a joint statement late last week. The CCC stocks of Government-owned cotton will be sold at this price, with allowance of grade and market differentials as of April 9. Furthermore, immediate steps will be taken to prepare a permanent price regulation to supplement, when necessary, ceilings established by sales of CCC cotton. The decision to stabilize cotton prices by sale of CCC stocks around parity levels was apparently made after a previously-considered plan for price ceilings on cotton had met severe opposition from southern Congressmen and cotton interests.

- 4 -

According to press reports, officials are of the opinion that cotton ceilings will be unnecessary. Although the CCC can sell but 1,500,000 bales a year and 300,000 each month to the domestic trade, out of its present stocks of more than 3,000,000 bales, it is felt that CCC sales plus the threat of a ceiling will induce owners of privately-held cotton and of cotton in Government loan to unload some of these stocks. A considerable volume of cotton has undoubtedly been held off the market on the prospect of higher prices. According to the preliminary estimate of the New York Cotton Exchange, total stocks in the country amounted to over 14,600,000 bales on March 31, 1943. Moreover, farmer-owned stocks of cotton under Government loan approximate 2,800,000 bales.

Grain shortage possible

An investigation of possible impending shortages in grains appeared likely last week as representatives of the commodity exchanges presented figures to Senator Gillette, Chairman of the Senate Agriculture Subcommittee, indicating that severe shortages of wheat, corn, barley, and rye are likely to develop in 1943 or 1944. At the same time James A. McConnell, Chairman of the Feed Industry Council, declared that the nation now has a livestock population 15 to 20 percent greater than it can feed at present rates of feeding, and that the country could use 1 million tons more protein feed monthly than is now available.

Likewise, in a message to State and county war boards last week, Food Administrator Davis warned that livestock numbers will have to be leveled off and production of some livestock reduced unless additional sources of feed are developed, or unusually favorable yields of feed grains are realized in 1943. Moreover, according to press reports, corn inventories of industrial users are at very low levels.

The principal reasons given for the possible grain shortage are the large increases in the numbers of livestock and poultry, the favorable hog-corn price ratio, and heavy consumption of grain by alcohol plants and other industrial users. The number of hogs on farms as of January 1 was the largest on record, 22 percent higher than a year earlier, and the number of beef cattle and calves was 6 percent larger than on January 1, 1942. Furthermore, as an indication of plans for increasing the 1943 spring pig crop, 25 percent more sows and gilts were reported on farms as of January 1, 1943 than on the corresponding date last year.

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Probably the most important immediate cause for the tightness in feed supplies has been the favorable hog-corn ratio, which has induced farmers to retain their corn and feed it to hogs rather than sell it on the market. The ratio at Chicago has declined in the past few weeks, but still was 14.2 for the week ending April 17 as compared with the 1931-40 average of 12.2.

Government attempting to increase grain supplies

Various steps have been taken by the Government recently to increase the market supply of grains. The 5-cent increase in the ceiling price of feed corn has resulted in bringing larger quantities of corn on the market. Under permission granted the CCC to sell an additional 100 million bushels of wheat for feed purposes, about 20 million bushels have already been sold. Last week the CCC announced an initial purchase of 7,250,000 bushels of Canadian wheat. Hog producers have been advised by Food Administrator Davis not to increase breedings for 1943 Fall farrowings by more than 15 percent above last year's level. Finally, a nation-wide voluntary program to conserve high-protein feed supplies was launched last week by the Feed Industry Council and the Department of Agriculture.

Beneficial rains have broken the drought that threatened damage to winter wheat in some sections, and a change for the better is reported in the outlook for the winter wheat crop. Crop experts claim that there is now a prospect for a yield exceeding the 559 million bushels forecast by the Department of Agriculture as of April 1.

Civilian food supply lower

The civilian food supply in pounds per capita will be reduced to around the 1935-39 average level this year, according to estimates released last week by the Department of Agriculture. Total food production in 1943, however, will be about 3 percent larger than the record production of 1942 (the original production goals called for a 7 percent increase over 1942), and about 30 percent larger than the 1935-39 average, but about one-fourth of the food produced will be allocated to the armed forces and to lend-lease. These estimates are based on the assumption of average weather in 1943, plantings equal to those indicated by the March intentions survey, and a continuation of the present trend in livestock production.

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For many staple foods the supply available to each civilian in 1943 will be less than the 1935-39 average. The per capita supply of meats is estimated at 124 pounds this year as compared with 126 in 1935-39. The per capita consumption of dairy products (milk equivalent) is expected to approximate 770 pounds as against the 806 pound average of 1935-39. Among the fresh fruits, the supply of apples is estimated at 17 percent below the 1935-39 average (in 1942 it was 9 percent above), and the supply of "other fresh fruits", excluding citrus, is estimated at 30 percent below. Slightly fewer potatoes, sweet potatoes, and dry beans will be available per person.

On the other hand, a larger civilian supply of such foods as grains, poultry, and eggs is expected this year as compared to the 1935-39 average. Whereas the per capita consumption of chickens was only 18 pounds in 1935-39, it is estimated that over 28 pounds will be available in 1943. Wheat consumption, which amounted to 222 pounds per capita in 1935-39 is expected to increase to almost 241 pounds this year. The per capita supply of citrus fruits is placed at 12 percent higher than in 1935-39, whereas in 1942 it was 2 percent lower.

Due to rationing and price control, the supply of food will be distributed much more evenly. Consequently the higher income groups will probably see their food supply reduced below 1935-39 levels, while lower income groups will receive more than they did in that period.

Lend-lease food deliveries

The large shipments of foods to the United Nations under lend-lease appear relatively small when compared to shipments made by the U. S. Food Administration during the first World War and the years immediately after. In fact, in the 22 months since April 29, 1941, total deliveries of agricultural products for United Nations shipment have comprised but slightly more than one-fifth the tonnage which the U. S. Food Administration shipped abroad in the 27-month period from April 1917 to June 1919. Although the largest quantities of food in the first World War were sent to Europe in the first 8 months following the Armistice, shipments during the war were considerably larger than those during the present war. (In this discussion commercial shipments are not taken into account.)

Because of a keener recognition of the necessity of a balanced diet, together with improvements in methods of preserving and packing foods, lend-lease shipments include a much larger variety of foods than did the shipments during the first World War, and a larger proportion of highly

- 7 -

concentrated foods. While almost 79 percent of the food deliveries in the last war and the early reconstruction period consisted of four items,--grains, flour, sugar, and pork products--these items have made up only about 55 percent of lend-lease food shipments. In the last war, grains and flour alone comprised almost two-thirds of all food deliveries, whereas they now form less than one-fifth of the food shipments. Pork products, however, are a much more important item in lend-lease deliveries, amounting to about 28 percent of the total as compared to a little more than 6 percent in the last war.

The following table presents a comparison between deliveries of food and other agricultural products for United Nations shipment under lend-lease, and food and relief deliveries during the first World War and the early reconstruction period:

	Deliveries ^{1/} Nov. 1914 - Aug. 1919	Lend-lease deliveries April 29, 1941 - Feb. 28, 1943
	(Thousands of tons)	
Grain	15,850	733
Flour	7,242	148
Sugar	2,251	385
Pork products	2,216	1,274
Other foods	7,372	2,050
Total foods	34,931	4,590
Non-foods	641	554
Total shipments	35,572	5,144

^{1/} Include U. S. Food Administration and Belgian Relief Commission only.

Industrial production still rising

The FRB adjusted index of industrial production in March scored its twelfth consecutive gain, rising to 203 from 202 (revised) in the previous month. The almost uninterrupted rise of the past three years has now carried the index 90 points (nearly 80 percent) above the level prevailing in April 1940 just before the long upswing began. (See Chart 3.)

The rise in production during March continued to be paced by the machinery and transportation equipment (shipbuilding, aircraft, etc.) industries. In addition, steel output moved up to a new peak while bituminous coal and crude petroleum production also gained. Nondurable goods output in March was unchanged from the previous month, whereas a moderate seasonal expansion is customary.

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Construction contract awards dwindle

Further evidence of the passage of the peak of the construction phase of the war program is seen in a contra-seasonal decline in construction contract awards during March. In contrast to a usual sharp seasonal expansion, construction awards during the month, as reported by the F. W. Dodge Corporation, dropped 14 percent below the February figure. Moreover, the total of \$340 millions was 44 percent below March 1942. (See Chart 4.) In addition to the drop in war construction, residential contract awards fell 67 percent below year-earlier levels, in reflection of the war-time restrictions on this type of construction.

Current construction activity and demand for building materials, of course, continue at higher levels than the contract award figures, since a large volume of previously-awarded construction is still uncompleted. Also, a sizeable but unreported amount of work is going on overseas in connection with military and naval operations. Nevertheless, the peak of the war-time building program is undoubtedly passed. Thus contract awards for manufacturing buildings in the 37 states covered by the F. W. Dodge reports dropped to \$64 millions in March as compared with \$113 millions in March 1942 and \$378 millions at the peak last September. (Refer to Chart 4.)

East Coast oil supplies at new low

It was indicated last week that the Petroleum Administration For War will recommend the construction of a third pipeline to relieve the East Coast shortage of petroleum products supplies, if materials can be obtained and a pending survey reveals the need. Although petroleum stocks in the East have actually shown some increase recently, the gain has been less than normal for this time of the year. As a result, the index of supplies available for civilians in the area dropped to a new record low of 28.1 percent of "normal" in the week ended April 17. (See Chart 5.) It is reported that military requirements have increased substantially, and in view of the further fact that fuel oil stocks will have to be built up for next winter it is asserted that East Coast gasoline consumption must continue to be curtailed.

Retail sales declined in March

Following the upsurge of consumer buying in the previous month, retail trade in March tapered off substantially. Thus,

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contrary to the usual seasonal upturn, department store sales declined 9 percent below February and caused a 19 percent drop in the FRB adjusted index of sales. Reference to Chart 6 will disclose that seasonally-adjusted variety store, and rural chain and mail order sales also declined in March. Due to the approach of Easter, retail sales volume has improved in April, with department store sales in the first half of the month running about 9 percent above March levels.

STOCK PRICES, DOW-JONES AVERAGES

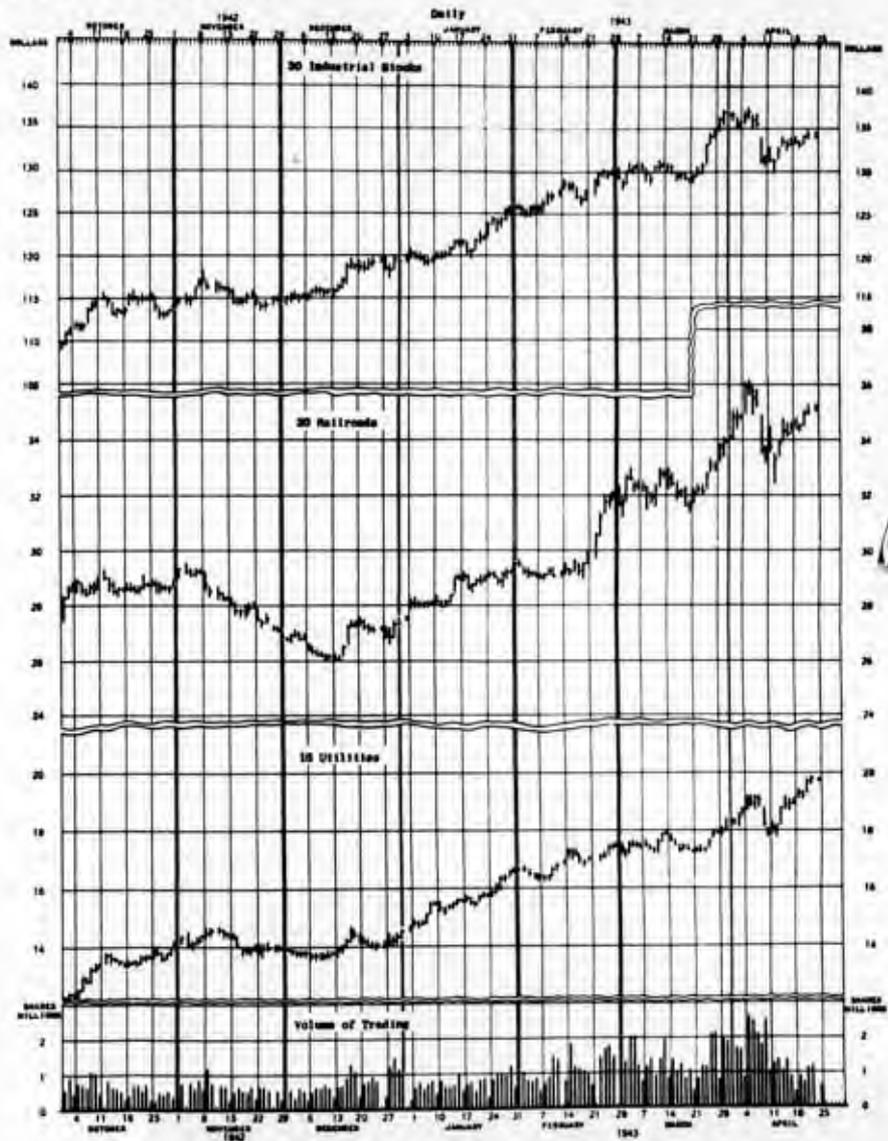
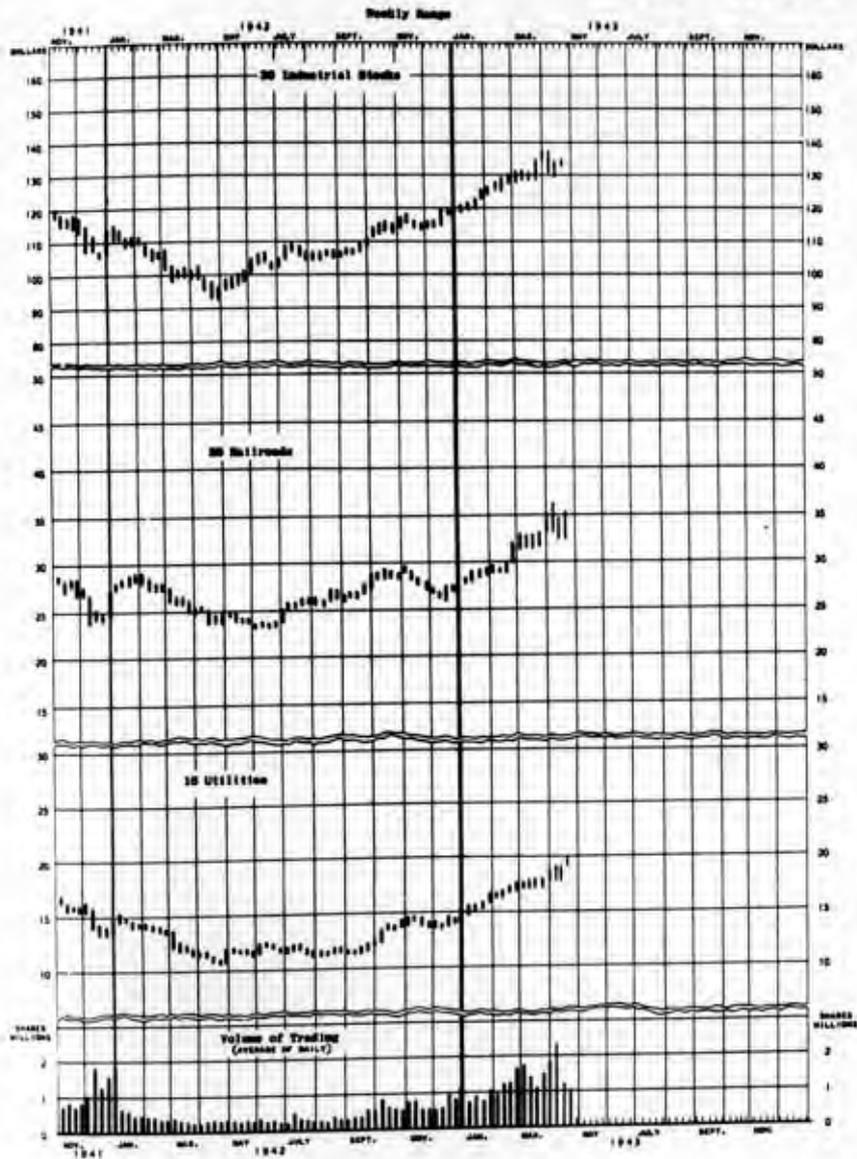
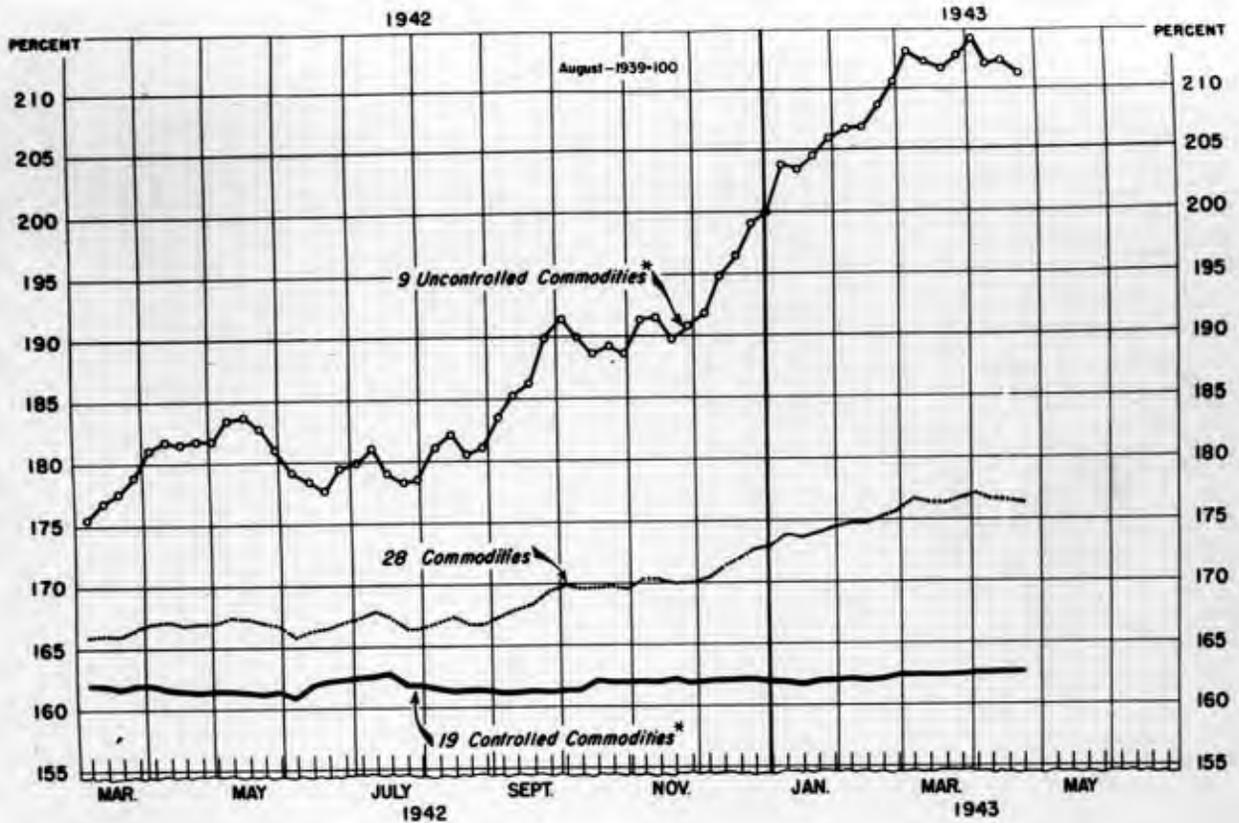
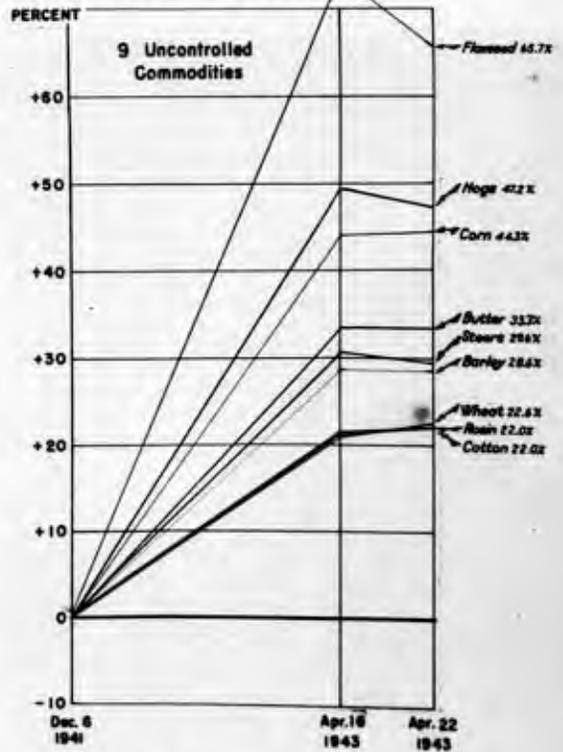
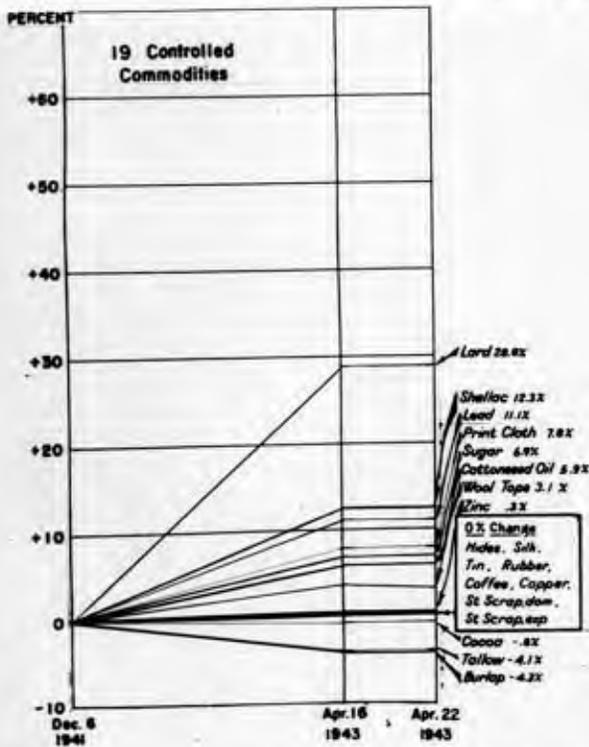


Chart 1

MOVEMENT OF BASIC COMMODITY PRICES



PERCENTAGE CHANGE DEC. 6, 1941 TO APR. 16 AND APR. 22, 1943



60

*20 Controlled and 8 Uncontrolled previous to June 26

F.R.B. INDEX OF INDUSTRIAL PRODUCTION

1935-'39=100, Seasonally Adjusted

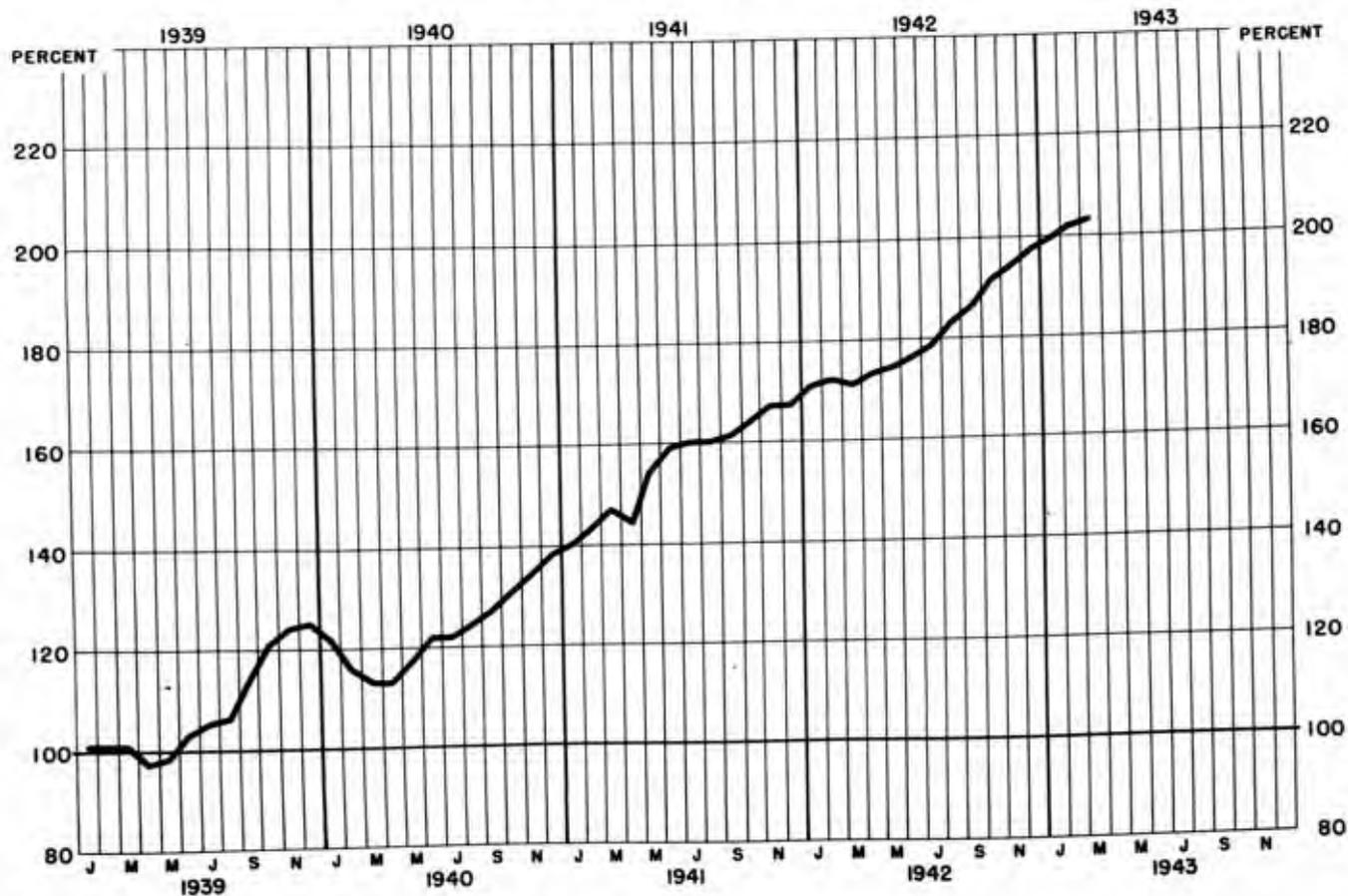
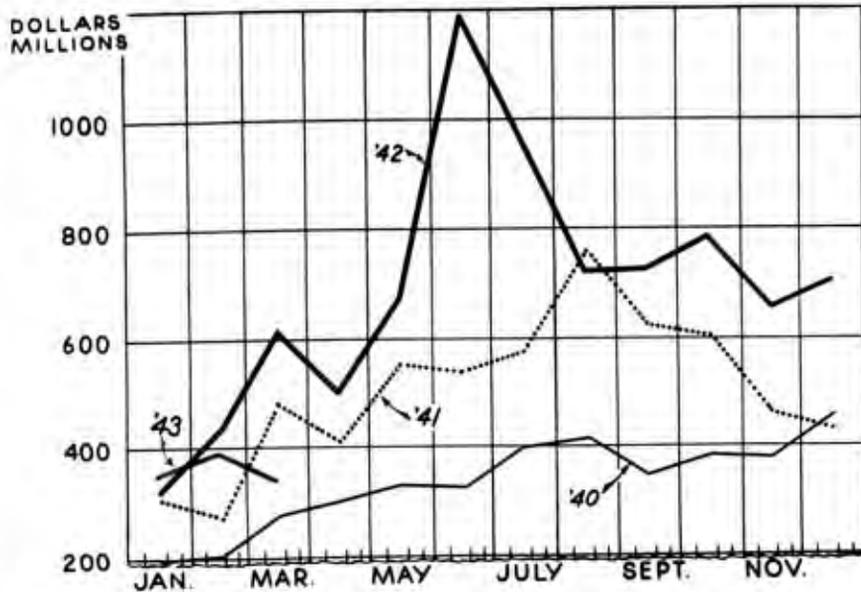
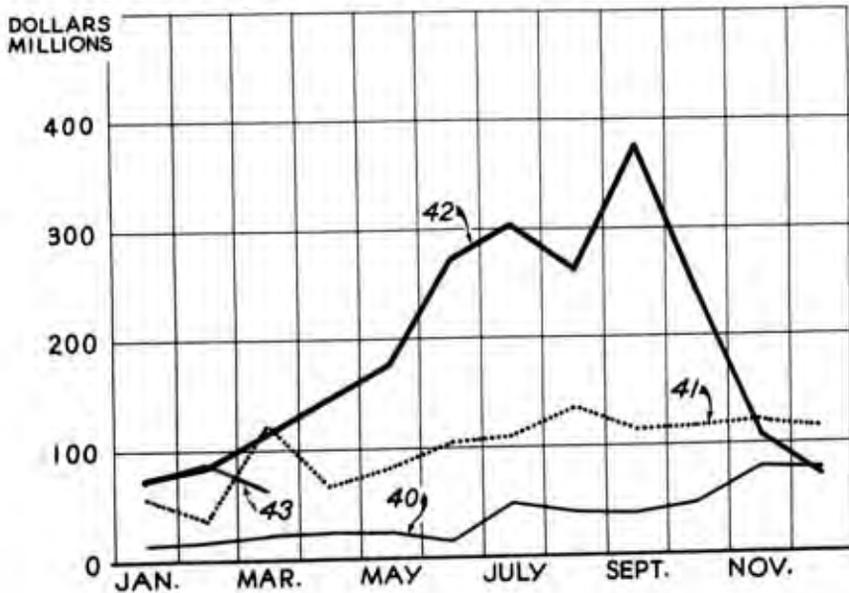


Chart 3

TOTAL CONSTRUCTION CONTRACT AWARDS (37 States, F.W. Dodge Corp.)

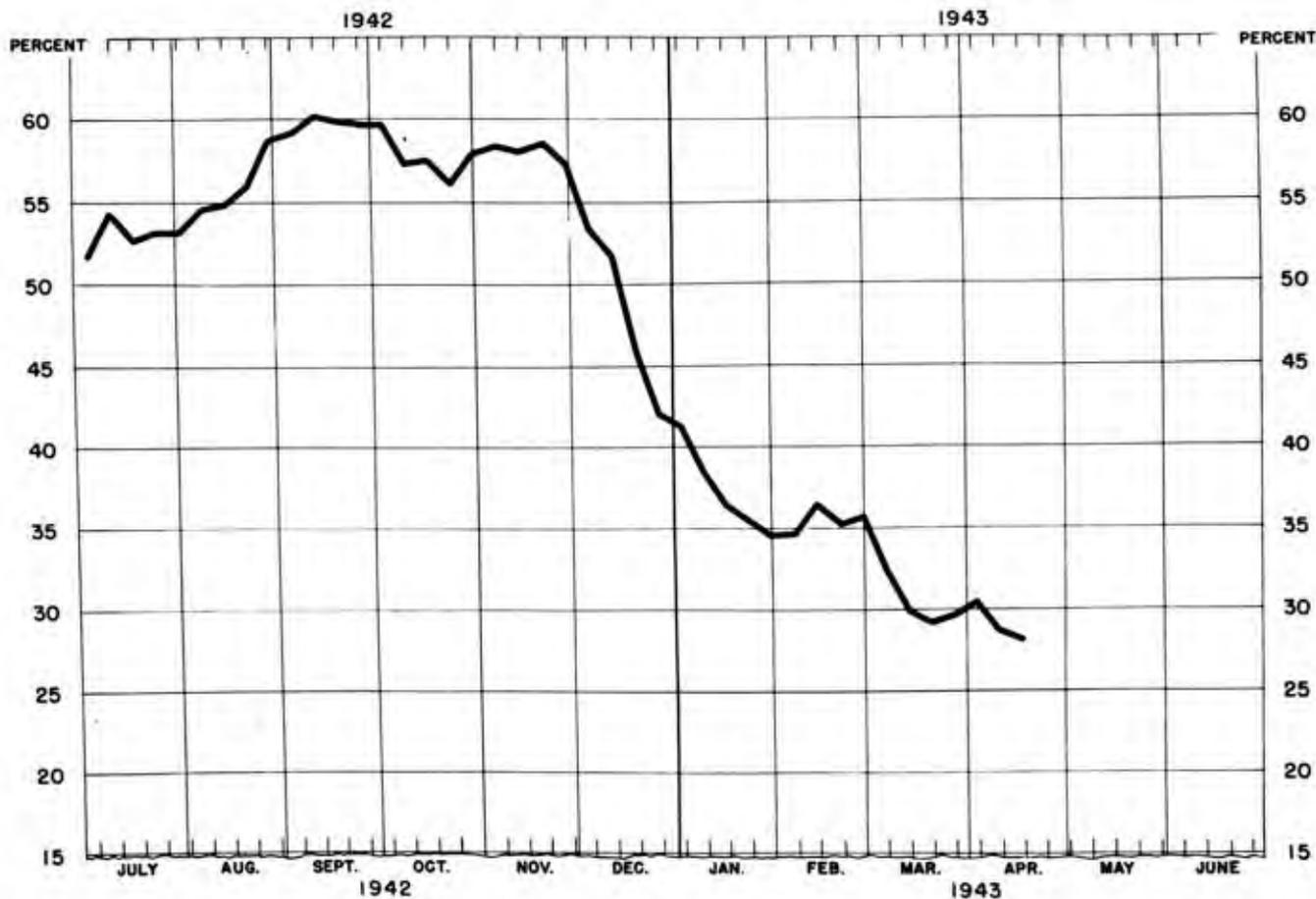


MANUFACTURING BUILDINGS CONSTRUCTION CONTRACTS AWARDED



PETROLEUM PRODUCTS SUPPLY

Civilian Supply on East Coast as Percentage of "Normal":* July 1942 to Date

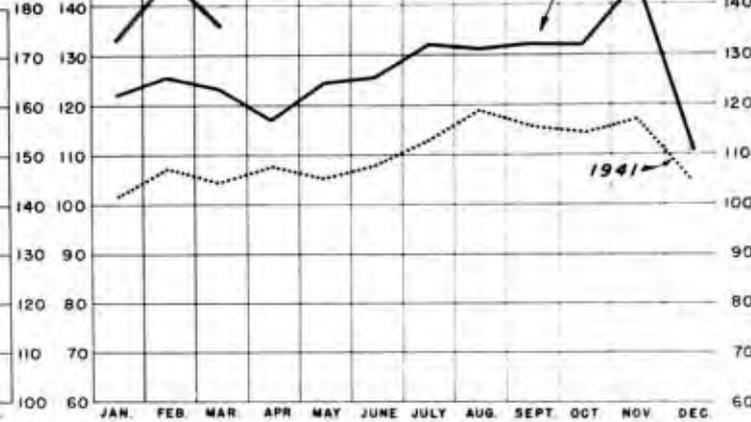
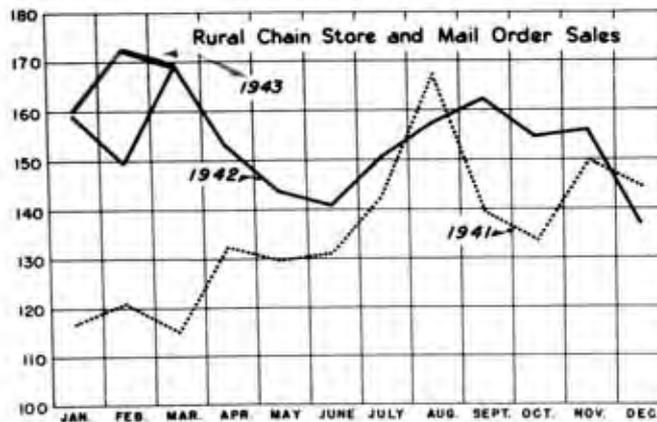
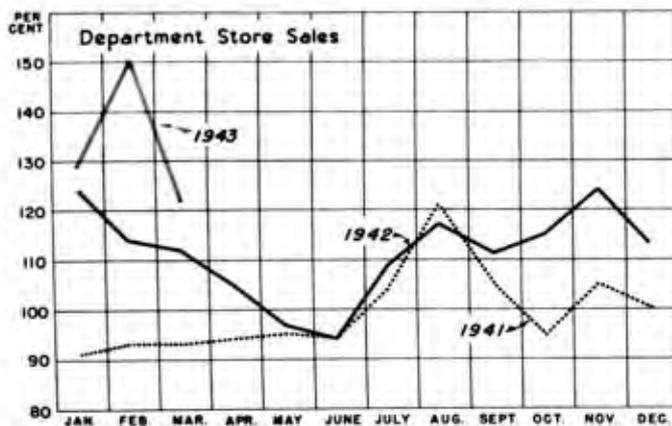


*"Normal": Supply for corresponding month in year beginning July 1940.

RETAIL TRADE

Urban and Rural Sales of General Merchandise

1929 = 100 ADJUSTED





OFFICE OF THE DIRECTOR

SECRET 65

TREASURY DEPARTMENT

PROCUREMENT DIVISION

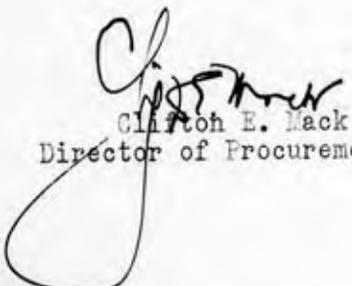
WASHINGTON

April 26, 1943

MEMORANDUM TO THE SECRETARY:

Supplementing report to you of April 19, 1943, the purchases against the African Program from April 19, 1943, to April 25, 1943, totaled \$1,376,095.15 or a total of purchases for the program thus far of \$24,232,988.86.

Attached is report giving status of shipping against these purchases.


Clifton E. Mack
Director of Procurement



<u>Commodity</u>	<u>Tonnage Shipped to Date From U. S. A.</u>	<u>Tonnage Under Load At Port</u>	<u>Tonnage On Hand at Port Waiting Vessels</u>	<u>Tonnage En Route To Port</u>
Aluminum Sulphate				14.5
Asbestos sheet packing		2		
Bone glue			33	
Books & booklets	2			
Brass rods & sheets	23	5.55	45.35	88.7
Babbitt metal	53.5			
Brick	109	20	40	
Calcium carbide		247	1715	228
Cement, rubber			19.5	
Chemicals	163.5	258.2	497.3	204.6
Coal cutters	12			
Corrugated boards			32.5	79.9
Clothing	2213.75	51.55	168.4	4.6
Copper sulphate	5697.75		47.5	
Cotton thread	69.25	21.5		
Cordage & twine	225	5	40	
Drugs	6.5			
Envelopes			9	1
Files, steel	15	15		
Fullers earth	72			
Gelatin	1			1
Glass, window				121.5
Glass lamp chimneys			17	
Glycerine	12.75			
Horse shoes & nails	40	78	46.25	56.35
Hosiery	26	3.5	8.5	
Light bulbs			8.2	
Lithopone				10.2
Lumnite		30		
Mach. finished book paper	2			
Matches	389.75		4.6	70.15

SECRET

<u>Commodity</u>	<u>Tonnage Shipped to Date From U. S. A.</u>	<u>Tonnage Under Load At Port</u>	<u>Tonnage On Hand at Port Waiting Vessels</u>	<u>Tonnage En Route To Port</u>
Newsprint	892	21	180	50
Nipples, bottles, eye cups			9	
Paper bags			170	24
Phonograph records			1000 Each	
Piece goods, textiles	7735.5	1603.7	360.2	317.05
Pig tin	20	44		
Powdered milk	119.5			
Printers ink	.1			
Raw sugar	1545			
Refined sugar	4196.5			
Sheet copper and rods		2.8	67.7	
Shoe tacks	4	9.5		
Spare parts for autos, tractors & harvesters	232.25	40	164.3	17.35
Spark plugs	2	2.5		
Storage batteries	47	4.8	6.95	
Steel, pipe, bars, angles	27.5	62.5	583	1659.6
Shoes, boots & soling	247.25	46.75	27.3	18.08
Sulphur commercial flour				536.5
Tires, tubes & tape	175.75			113.65
Tools		3.5	8.5	325.5
Tooth brushes			.75	
Tea	171.5			.5
Wire Nails	100		22	
Wire rope	71.25	17.75		
X-Ray films		1		
Paint pigments	15.5		1.5	39.2
Tin plate	845			49.1
Copper tubing				472.1
Paper		33.5	243.4	20
Cement				

SECRET

<u>Commodity</u>	<u>Tonnage Shipped to Date From U. S. A.</u>	<u>Tonnage Under Load At Port</u>	<u>Tonnage On Hand at Port Waiting Vessels</u>	<u>Tonnage En Route To Port</u>
Typewriter ribbons				.5
Electrodes				8.9
Boiler tubes				17
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	25,581.35	2,630.6	4,576.7	4,549.53

MEMORANDUMI. Proposed Union-U.S.A. Reciprocal
Aid Agreement.

The annexure hereto shows in the first column the draft note proposed by the State Department and in the second column the same note showing the amendments which the Union Government desires to be effected. The amendments are underlined. There are only two of them.

The first one is omission from paragraph 1(a) of the words "and strategic materials".

REASONS FOR OMISSION.

(1) The Union Government consider that inclusion in the agreement of strategic materials would be unfair to the Commonwealth countries whose need for exchange, provided by payments for these materials, is great and whose obligations in support of the sterling area are heavy.

(2) The proceeds of the Union Government's surplus gold and raw materials exports are available for the above purposes.

(3) The words "strategic materials", or their equivalent, do not appear in any of the agreements concluded between the U.S.A. and Great Britain, Australia or New Zealand. South Africa finds it difficult to deal with questions like these in isolation but prefers to deal with them from the standpoint and with a view to the needs of the Commonwealth as a whole.

The second amendment proposed is to omit from the State Department's note the whole of paragraph 1(d) and to retain paragraph 3(e) of the draft note originally proposed by the Union Government. The Union's draft follows the precedent of the relevant paragraph in the U.S.A.-Australian agreement.

REASONS FOR OMISSION.

The reason for the suggested change does not constitute an objection to principle, but political and other considerations
here

here make it necessary to avoid undue indefiniteness. South Africa must also take into account the obligations of the Union in respect of aid being afforded directly to the U.K. The Union Government therefore suggests that the retention in their paragraph 3(e) of the words "in such other places as may be determined" would be sufficient to provide for specific agreement in regard to such specific proposals as may be put forward when the need arises.

II. Re Mr. Acheson's Memorandum.

The Union Government have the following comments to offer in connection with the matters raised in Mr. Acheson's memorandum of 12th January, 1943, and in the conversation he had with the South African Minister on that date:-

- (1) The cash reimbursable proposal is acceptable in principle to the Union Government. The system has in fact already been put into effect by the Office of Lend-Lease Administration some time ago, and it is now in operation in appropriate cases.
- (2) The Union Government do not wish to be committed to "frequent reviews". They consider that it would be sufficient and satisfactory to acknowledge the right of either Government to raise the question of their respective positions if and when consideration of this question is thought to be necessary.
- (3) The Union Government would be grateful if the question of a refund of previous Lend-Lease credits were not pressed, in view both of the principle and precedent involved and of the Union's attitude regarding the cash reimbursable proposal.

The Union Government in Lend-Lease matters are not concerned with any question of financial advantage but solely with the means of enabling the Union to maintain a maximum war effort while paying due regard to the situation in the same respect of the Commonwealth countries as a whole.

26 April 1943

DRAFT NOTE AS PROPOSED
BY
STATE DEPARTMENT.

DRAFT NOTE OF STATE DEPARTMENT
AS AMENDED BY UNION
GOVERNMENT.

71

Sir:

As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Union of South Africa pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of the Union of South Africa considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of the Union of South Africa that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available

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As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Union of South Africa pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of the Union of South Africa considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of the Union of South Africa that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available

materials, manpower, production facilities and shipping space.

I now set forth the understanding of the Government of the Union of South Africa of the principles and procedure applicable to the provisions of aid by the Government of the Union of South Africa to the United States and its armed forces and the manner in which such aid will be correlated with the maintenance of these forces by the United States Government.

1. The Government of the Union of South Africa, retaining the right of final decision in each case in the light of its potentialities and responsibilities, will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in the Union of South Africa.

(a) Military equipment, munitions, military and naval stores, and strategic materials:

(b) Other supplies, materials, facilities and services for the United States forces, except for

materials, manpower, production facilities and shipping space.

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(a) Military equipment, munitions, military and naval stores ..

(b) Other supplies, materials, facilities and services for the United States forces, except for

the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the Union of South Africa as specified in Paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the Union of South Africa except for the wages and salaries of United States citizens.

(d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the Union of South Africa or territory of the United States to the extent that the Union of South Africa is a more practicable source of supply than the United States or another of the United Nations.

2. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be

the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the Union of South Africa as specified in Paragraph 4.

(c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the Union of South Africa except for the wages and salaries of United States citizens.

(d) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the Union of South Africa and in such other places as may be determined, except for the wages and salaries of United States citizens.

2. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be

+

worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.

3. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of the Union of South Africa will be received as a benefit to the United States under the Act of March 11, 1941. In so far as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir,
at Ottawa.

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If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir,
at Ottawa.



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. 82 - Aircraft Despatched
- for week ended April 20, 1943.

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

April 26, 1943.

MOST SECRETSTATEMENT NO. 82Aircraft Despatched from the United StatesWeek Ended April 20, 1943.

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIV FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Catalina IV	U.K.	U.K.		2	
Liberator GR V	Canada enroute	Canada enroute		3	
Liberator GR V	U.K.	U.K.		4	
<u>CURTISS</u>					
Kittyhawk	New Zealand	Auckland		11	
Seamew	U.K.	U.K.		28	
<u>DOUGLAS</u>					
Dakota III	U.K.	U.K.		4	
Dakota III	India	India		1	
Dakota I	U.K.	U.K.		1	
<u>LOCKHEED</u>					
Hudson VI	Canada enroute	Canada enroute		1	
<u>GLENN MARTIN</u>					
Baltimore III A	M.E.	M.E.		3	
Baltimore IV	M.E.	M.E.		12	
Marauder I	M.E.	M.E.		1	
<u>NORTH AMERICA</u>					
Harvard	S'Africa	Capetown		25	
			<u>Total</u>	<u>64</u>	<u>32</u>

April 26, 1943

Dear Mr. Stettinius:

On behalf of the Secretary I am acknowledging your letter of April 23, which includes Mr. Morgenthau's personal and private copy of the report on the Status of the Soviet Aid Program as of March 31, 1943.

Sincerely,

(Signed) H. S. Klotz

H. S. Klotz
Private Secretary

Mr. E. R. Stettinius, Jr., Administrator
Office of Lend-Lease Administration
Five-Fifteen 22nd Street, N. W.
Washington, D. C.

GEF:vm

Blue Report ret'd to Stettinius 8/24/43
at his request

File in Diary

OFFICE OF LEND-LEASE ADMINISTRATION
FIVE-FIFTEEN 22d STREET NW.
WASHINGTON, D. C.

E. R. Stettinius, Jr.
Administrator

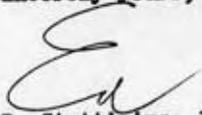
April 23, 1943

The Honorable Henry Morgenthau,
Secretary of the Treasury,
Room 280, Treasury Department,
Washington, D. C.

Dear Mr. Secretary,

Attached hereto is your personal and
private copy of the report on the status of
the Soviet Aid Program, as of March 31, 1943.

Sincerely yours,



E. R. Stettinius, Jr.

Attachment

Treasury Department
Division of Monetary Research

Date.....April 26, 1943.....19

To: Secretary Morgenthau

From: Mr. White

1. The Stabilization Board of China is repaying to the Treasury the \$10 million which the Treasury advanced to it last December under the Stabilization Agreement of April 1, 1941.
2. The effect of this repayment is that the Stabilization Board of China is not using any of the U. S. contribution of \$50 million pledged under the 1941 Agreement.
3. The Stabilization Board is in position to do this since it now has over \$14 million on hand. Furthermore, its current receipts chiefly from U. S. governmental expenditures in China and relief, missionary and personal remittances from the United States to China, are considerably above its expenditures, which are practically limited to Chinese governmental expenditures.

APR 26 1943

To: Mr. Liversy
From: Mr. White

Will you please send the following cable to the American
Embassy, Chungking, China:

***FOR ADLER FROM THE SECRETARY OF THE TREASURY**

Lend-Lease Administration being pressed by China
Defense Supplies to request release of Lt. Col. Maurice
Sheehan from U. S. Army for assignment on civilian Lend-
Lease Mission to China as advisor to Ministry of Communi-
cations on highway transport reorganization problem. In
this connection please ask confidential consent of K. P. Chen
on Sheehan's last similar assignment in China in 1939."

EW/crs 4/27/43

TREASURY DEPARTMENT
APR 27 PM 12 23
SECRET/OPS
TREASURY

NOT TO BE RE-TRANSMITTED

COPY NO. 118

BRITISH MOST SECRET
U.S. SECRET

OPTEL NO. 136

Information received up to 7 A.M. 26th April.

1. NAVAL

A Russian photographic reconnaissance of KAA FJORD off LYNGBEN FJORD, Northern NORWAY, on 25th showed TIRPITZ, 3 Cruisers (probably SCHARNHORST, LUTZOW and NURNBERG) and 3 Destroyers.

2. MILITARY

TUNISIA. To 18.00 25th. 8th Army. 24th. Pressure on the enemy was maintained throughout the day and our further gains of the previous night were firmly held. Several counter attacks were repulsed with considerable losses to the enemy. 1st Army. 24th. As a result of hard fighting against bitter opposition, we improved our position generally throughout the sector, in the HEIDOUS-MEDJERDA Area. We took 350 prisoners. In the BOU ARADA-GOUBELLAT Sector, our armoured forces made limited advances against stiff opposition. Enemy aircraft active in this area. In the area East and North-East of MEDJES EL BAB, very fierce fighting continued with heavy casualties on both sides. We held our gains in face of fierce counter attacks. UNITED STATES troops made progress in the direction of the DJEBEL SIDI MEFTA, and in the North, FRENCH and UNITED STATES forces continued to exploit their advance into the high hills of the coastal area. 25th. 8th Army. NEW ZEALAND and UNITED KINGDOM troops captured TERHOUNA feature in a night attack. 1st Army. A UNITED KINGDOM Brigade in early morning attack captured a feature South of KOURZIA Lake. In the area North-East of the KOURZIA Lake, desperate counterattacks supported by tanks against our armour and infantry were held with heavy enemy losses in men and tanks. Our positions remain intact. In MEDJES EL BAB Sector, our front is unchanged in spite of local counter attacks. UNITED STATES Sector. Slight advances North-East of BEJA. Otherwise no material change.

3. AIR OPERATIONS

WESTERN FRONT. 25th. Whirlwinds and Typhoons operating over BELGIUM and Northern FRANCE destroyed lock gates near CALAIS, a locomotive and 2 barges. 3 more locomotives and 9 barges were damaged. 2 aircraft missing.

TUNISIA. 23rd. 1371 offensive sorties were flown mainly in close-support operations over the battle area. Enemy casualties 8, 2, 7. Ours 5, 0, 6. 23rd/24th. Wellingtons dropped a total of 45 tons on 3 landing grounds.

SARDINIA. 23rd. Escorted Marauders dropped 24 tons at ARBATAX Harbour.

BURMA. 23rd. Mitchells bombed MANDALAY Railway Centre, causing considerable damage. 24th. Objectives in the MAYU and Upper CINDWIN Areas were successfully attacked by Blenheims.

OPTEL NO. 134

CORRECTION.

Line 6 to read:

"up in area ARGOUB SERRIAH. Our armour met enemy armour....."

April 27, 1943

Secretary's reading copy of speech he
made to the workers of the Kaiser Ship-
yards, Portland, Oregon.

LADIES AND GENTLEMEN:

I came out here to get acquainted with you. Ted Gamble of Portland, who's in Washington helping me to sell War Bonds, has been getting me all excited about this place and telling me I had to come out here, and meet you. He didn't have to work very hard to persuade me, because -- I want to tell you -- you people have been setting an example for the whole country. You've been setting an example in production and you've been setting an example in bond buying. That's why I'm out here. I want you to tell me why you men and women in Portland are buying as high as 18% in bonds when there are plants back East that aren't buying 8%. I am sure there is a reason, probably many reasons. Certainly it's no accident!

Perhaps it's the 'Mix' you've got. The best baker in the world, you know, can't bake bread if his 'mix' isn't right. The dough just won't rise.

It seems to me, as an outsider, that your first achievement out here was a ~~good~~ ^{deep} determination to fight this war through to victory. Then, probably as a result of that, you have developed a real partnership between labor and management. On that foundation, you have worked marvels of production. And finally, to round out your total war effort, you established the highest bond records in the country.

And that seems to check with what our figures tell us. War spirit, labor management relations, production and bond sales all go hand in hand.

~~You find the same thing in every other part of the country~~

That's why I keep saying that the largest part of the task of financing this war ought to be carried by the people -- by all of us. That's why, right from the start, I turned the job of selling bonds over to volunteer workers. It's a job that ought to be ^{Continued} ~~done~~ by unions, clubs, civic groups --

2.

by neighbors calling upon neighbors. This war is going to cost us nearly a hundred billion dollars just for this year alone. We can pay for it, all right, because our national income this year will be around 145 billion dollars. But somebody has to pay the bill and I think we all want to pay for it. It's our war and we want to run it. And when it's over we want to feel that we all put up the money.

That's all I can tell you -- that we're getting production and selling bonds in plants like this where you've got the war spirit. That's no matter of opinion. It's a matter of record.

But I'd like to know what that something is, that you've got, that too many other people haven't got. That's what I've got to know as the hired man in the Treasury for 135 million people.

Now I'm going to take a back seat, and I want you to tell me. At seven O'clock this morning I called up Ted Gamble and said I was sure he could find someone who could tell me. And here is Mr. HENRY DETLOFF.

(INTERMISSION FOR ~~MUSIC BY PERFORMERS~~
~~AND~~ LABOR REPRESENTATIVE)

Thank you, Mr. Detloff.

We Americans aren't fundamentally a war-like people. We believe in peace and in all of the things of peace. We call it the American Way. We believe in friendship and kindness; in being honest and courteous and generous. We have ~~always~~ always taken it for granted that these things were part of the nature of every decent, human being.

Just when we were beginning to have some reason to believe men were

3.

growing civilized enough to settle their problems with their brains instead of their fists, this horrible war hit our country. We were forced into it by as rotten a mob of gangsters as history has ever seen. It's a war we've got to win now. Because, if we don't win it, we may never find peace again.

Our children and our children's children will have to go through the Hell of war after war, generation after generation. It's because we're fighting now to put an end to all war that we aren't going to stop, this time, with any temporary, inconclusive peace. I fervently pray that we're going to crush these enemies of humanity so completely that no enemies like them will ever appear again!

I'm going down to San Francisco, tomorrow, and then on back to Washington. I can promise you I'll do a better job thanks to what I've learned here. If everybody in the country felt about the war as you do in Portland I wouldn't have to worry about selling bonds. You know what many other Americans are just beginning to realize -- that paying for this war is a continuous job. It isn't enough to buy 10%. It isn't enough to buy bonds only when there's a bond drive on. We've all got to keep buying them -- between drives -- all the time.

We are determined that never again will any nation or group of nations drag our boys away to die on deserts and in jungles. Never again will we permit any other nations to break up our homes, take our youngsters away from school, make it necessary labor to work long hours, send our farmers' wives and children out into the fields.

The spirit that's in the heart of you people in this audience is the spirit that's got to be in the hearts of every man and woman in America as we ~~fight~~ fight this costliest, most dangerous, most decisive war in our history.

W 86



TREASURY DEPARTMENT
WASHINGTON

April 27, 1943

MEMORANDUM FOR THE SECRETARY:

In accordance with a request from Mr. Bell,
I am sending you the attached breakdown of our
May quota for War Savings Bonds.

GRAVES.

RECEIVED
MAY 11 1943
TREASURY DEPARTMENT



UNITED STATES WAR SAVINGS BONDS - SERIES E

Sales Quotas, by States, for May 1943

(At issue price in thousands of dollars)

State	Quota	State	Quota
Alabama	8,200	New Mexico	1,500
Arizona	2,500	New York	94,000
Arkansas	4,400	North Carolina	10,000
California, Northern	27,500	North Dakota	2,500
California, Southern	33,500	Ohio	44,500
Colorado	5,400	Oklahoma	7,000
Connecticut	16,000	Oregon	9,500
Delaware	2,100	Pennsylvania	57,000
District of Columbia	7,500	Rhode Island	4,800
Florida	8,500	South Carolina	5,000
Georgia	8,400	South Dakota	2,600
Idaho	2,300	Tennessee	8,600
Illinois	53,500	Texas	28,000
Indiana	19,500	Utah	2,800
Iowa	16,000	Vermont	1,500
Kansas	10,000	Virginia	12,000
Kentucky	7,500	Washington	16,000
Louisiana	8,700	West Virginia	6,100
Maine	3,800	Wisconsin	15,500
Maryland	11,000	Wyoming	1,400
Massachusetts	28,000	Alaska	525
Michigan	42,000	Canal Zone	700
Minnesota	15,000	Hawaii	3,500
Mississippi	4,600	Puerto Rico	550
Missouri	17,500	Virgin Islands	25
Montana	3,000	Unallocated	7,500
Nebraska	7,300		
Nevada	900	Total	<u>750,000</u>
New Hampshire	2,300		
New Jersey	30,000		

Office of the Secretary of the Treasury.

April 24, 1943.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE April 27, 1943

TO: Secretary Morgenthau

FROM: Robert A. LeRoux

Las Vegas, Nevada

Arrived in Las Vegas Sunday evening, April 25th, from Salt Lake City, and departed for Los Angeles Tuesday evening, April 27th.

What the war effort has meant to Las Vegas is strikingly evidenced by the statement of F. F. Garside, Postmaster, that while the last census gave Las Vegas a population of 8,200, his office, he estimates, is now serving approximately 35,000 people, with approximately 9,000 of these newcomers employed by the Basic Magnesium Company, Incorporated, and its building contractor, the McNeal Construction Company, and by the Manganese Ore Company and its contractor, the P. J. Walker Company, the two employing some 8,000. The Anderson Commissary having the contract to feed workers of these two companies, employs 1,000 men and women. Wage scales of these workers ranges from \$6.00 to \$18.00 per day.

While early reports from Las Vegas were discouraging regarding progress of the Second War Drive and the unresponsiveness of the workers in the war industries and the business people and the individuals in Las Vegas proper, a marked

transformation has occurred within the past month, with the result that the quota of Las Vegas and Clark County -- \$1,151,500 was passed on Monday morning, and purchase of bonds had reached \$1,238,408 on Tuesday noon, an excess of \$86,908. It was planned by County Chairman Otto Underhill to continue the drive right up to Friday and it was expected Las Vegas and Clark County would exceed the quota by nearly \$200,000. A large percentage of the quota for the County came from Las Vegas proper, which was credited with the sales registered at the Basic Magnesium Company, Incorporated, and the Manganese Ore Company, the former plant being located 20 miles from Las Vegas and the latter eight miles.

While definite figures were not obtainable, Chairman Underhill stated that Boulder City, Mesquite, Overton, Searchlight and Nelson would more than meet their individual quotas.

Officials of the Basic Magnesium Company acknowledge that had the plan of payroll participation been in effect in its operation, a much better showing in purchases would have been recorded. There have been several causes why the plan was not made effective, one being the claim that the bargaining-agent dispute now waging between the A.F.L. and the C.I.O., which will come to a head early in May, made it inadvisable for the management to "campaign" for such payroll participation.

Spending considerable time at Basic Magnesium and interviewing some fifteen workers in the magnesium plant and employees of the

McNeal Construction brought out the fact that the housing shortage, which compels the workers to go back and forth to Las Vegas, was held responsible for failure to participate in the bond buying program adequately and with regularity. Some of their comments:

(a) "Twelve dollars a day is good pay, but when you have to keep your family in San Francisco because you can't find an apartment for your wife and two kids, and you must pay \$14.00 a week for a room and high prices for your restaurant meals, there's durned little left."

(b) "The War Bonds drives are all hay-wire because they're not arranged so that buying will be compulsory. I buy because I think it's what Americans should do to help our country. But its h--- to have some fellow working alongside of you, getting more money, and unwilling to do his bit. We'll hit the bulls-eye in bond buying when it's made a MUST plan."

(c) "When the gambling houses and saloons were open all night, I couldn't seem to find any extra dollars with which to buy bonds because I simply could not resist bucking the faro bank and craps games. But the military authorities stepped in, made midnight closing of bars and 2 o'clock limit on gambling compulsory, and hundreds of men are now managing to save enough money to buy bonds. Removing the temptation has been a blessing to the men."

(d) "My husband is an invalid. We live in a trailer and he keeps house while I work in the Commissary. I get five dollars a

day and my meals and the Company sells me food at cost, so that I'm managing to buy my two bonds each month and I only wish it could be more."

(e) "All of us should say a prayer of thanks to the Basic management for its insistence that our one saloon here at Basic be closed. This was a hell-hole, where our men were rolled of their pay, and not only were we unable to buy a bond to help the great cause but many of the families here were going hungry. If they'd only clamp down on the gambling joints in Las Vegas, you'd find the bond sales just leap up."

(The gambling and liquor element in Las Vegas in its defense points out that it employs nearly 2,000 men and women; that these employees are paid nightly wages averaging \$8.00 to \$15.00 per day; that with few exceptions these employees purchase each night from \$2.00 to \$5.00 in stamps. They proudly cite the fact that last week, the proprietor of the Last Frontier Hotel, a gambling and night club spot, was host at a dinner to which he invited 110 business men and "big shot gamblers", the invitation stating that everything would be free but that the guests must agree to purchase at least a \$1,000 bond. Eighty-seven guests responded and bond sales were in excess of \$100,000. The host is said to have spent some \$1,500 on the dinner.)

The Superintendent of the Teleweld, Inc., a Chicago concern with contracts at Las Vegas, Tooele, Utah, and Durkee, Oregon, expressed the opinion that not until a compulsory plan for payroll deduction is inaugurated and enforced will there be equitable

participation in the war effort. He stated that jobs are so plentiful and workers are in such wide demand that when the suggestion is offered to some of these men that they should buy bonds, they bluntly decline for the time being, making the excuse they will do so later after they have ascertained if they "like the job". This Superintendent goes so far as to suggest that United States Employment Offices be provided with pledge banks to be signed by the men sent out on jobs, and he believes much good could be accomplished if these United States Employment Offices staffs could be induced to "sell" the workers on the need of such obligation.

A foreman for the McNeal Construction Company at Basic Magnesium said: "Let me tell you it's getting to be 'hot' on these jobs for the men who are not buying bonds. While our company is not expressing itself, we are not taking action in cases where some fellows have been run off the job because they were not coming through on bonds."

At the Manganese Ore Company, where P. J. Walker Construction Company has the contract, a foreman remarked: "A man who has a sense of responsibility to his country is a better man to have on a job than five men who are self-centered and don't give a hang for those who have placed their lives in the balance for all of us. As far as I'm concerned, they could take every man who's not buying bonds away from our crews and I'd be happy and feel I could get as much work done. They'll make a whole lot better workers out of the men if they'll make it compulsory for everyone

to buy bonds, and I feel the sooner they institute this plan, the better for all concerned. It will have to come or there'll be trouble."

Coming in for much praise in the general campaign in Las Vegas is the Navy Mothers of America. This organization solicited merchandise from merchants in Las Vegas, and last Saturday gave a big dance at the American Memorial Hall at which the donated goods were auctioned off to buyers who paid with money or checks for purchases of War Bonds. Packages of cigarettes, cereals, soap, and bread and cakes and other merchandise were disposed, with War Bonds sales in excess of \$10,000.

Postmaster Garside is also publisher of the Las Vegas Evening Review-Journal, and for the last week, his newspaper has used the suggestion: "Buy a \$100 Bond," as a cut-off rule. This was used throughout the newspaper and the campaign is credited with putting through many of the \$100.00 sales.

United States Senator James G. Scrugham was in Boulder City on Sunday, April 18th. He led an American Legion parade in early afternoon and in the evening acted as auctioneer at a Bond Sale, at which more than \$110,000 in bonds were sold.

W. W. Hopper, Nevada State Manager for the Trans-America Company and Nevada Administrator for the Victory Fund, was in Las Vegas. He expressed the opinion that the "white collar" group

was restricted in its bond purchases by wage underpayments, attributable solely to the failure of the War Labor Board to relax its wage-freezing orders. "The banks of California and Nevada have asked the Board for permission to increase wages of its staffs. We realize these men and women are underpaid and we would adjust this in an instant if given the go-sign." This statement was concurred in by Mr. S. R. Wingert, manager of the First National Bank, and by Mr. C. A. Sutherland, manager of the Bank of Nevada.

CONCLUSION: When the dispute between A.F.L. and C.I.O. at the Basic Magnesium is settled by election early in May, and the payroll participation plan can be put into effect, and with the campaign organization under Chairman Underhill benefiting from its experiences in this Drive, this former "sore spot" in bond purchases is generally believed certain to become a very bright spot. Already, the Third War Bond Drive has been launched by the Las Vegas Lodge of the Benevolent and Protective Order of Elks which, in late May, will stage its annual Helldorado and Rodeo, with the week's entire net proceeds to be invested in War Bonds.

Room 278

Under Secretary

Exp. Loans - War
Finance Committee

April 27, 1943

Honorable Henry Morgenthau, Jr.,
Hotel Benson,
Portland, Oregon.

No change in banking figures. Nonbanking: Certificates 2,658; 2% bond 2,132; 2-1/2% bond 3,264. Savings bonds 955, of which 672 Series E; 63 Series F; 220 Series G. Tax notes 1,144. Total nonbanking 10,153. Total 12,891. Secretary Knox advises absolutely no news or information that he can give you at this time. Dr. Soong has not received information but hoped to get it tonight. Will call him again tomorrow morning.

BELL

DWB:NLE

Telephone Conversation with Senator Maloney
April 27, 1943 - 2:00 P.M.

At Mr. D. W. Bell's request, I telephoned Senator Maloney with regard to his letter of April 26. I told Senator Maloney that Mr. Bell had been in touch with the Secretary over the phone that morning and that the Secretary had stated that he would be glad to appear before the Committee as requested if they would postpone the hearings until next week. Senator Maloney said that they were having out-of-town witnesses and he did not feel that they could postpone the hearings, but in any case they weren't pressing the Secretary to appear if he didn't wish to. I told him that should the hearings run over into next week, and should the Committee wish to have the Secretary appear, he would be glad to do so. Senator Maloney said that was perfectly all right and we would leave it that way.

H. D. White

ROBERT F. WAGNER, N. Y., CHAIRMAN
 CARTER GLASS, VA.
 ALBEN W. BARKLEY, KY.
 JOHN H. BANKHEAD, ALA.
 ANCEB MALONEY, CONN.
 WIDE L. RADCLIFFE, MD.
 WORTH CLARK, IDAHO
 SHERIDAN DOWNEY, CALIF.
 ABE MURDOCK, UTAH
 BURNET R. MATBANK, S. C.
 JAMES S. SCRUMPHAM, NEV.
 JOHN L. MCCLELLAN, ARK.

CHARLES W. TOWNE, N. H.
 JOHN A. DANAHY, OHIO
 ROBERT A. TAFT, OHIO
 JOHN THOMAS, IDAHO
 HUGH A. BUTLER, NEBR.
 ARTHUR CAPPER, KANS.
 JOSEPH H. BALL, MISS.
 C. DOUGLASS BUCK, DEL.

United States Senate

COMMITTEE ON BANKING AND CURRENCY

PHILIP LEVY, CLERK

BY SPECIAL MESSENGER

April 26, 1943

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

My dear Mr. Secretary:

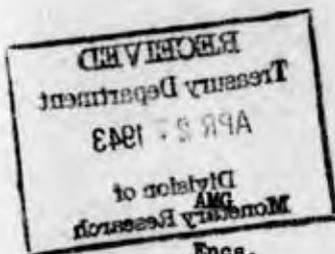
There will be a hearing on bills S.35 and S.192 before the Subcommittee on Coinage and Related Matters of the Banking and Currency Committee of the Senate, on Wednesday morning, April 28, 1943, at ten-thirty a.m., in the Banking and Currency committee room (301 Senate Office Building).

Copies of S.35 and S.192, on which you recently submitted reports to Senator Robert F. Wagner, chairman of the Banking and Currency Committee, are enclosed.

I am hopeful that you will find it convenient to testify during these hearings. If you will testify, or desire to have a representative appear, will you please advise me in order that I may make an effort to arrange time convenient for you or your representative.

Sincerely yours,

Francis Maloney
 Francis Maloney
 Chairman of Subcommittee



78TH CONGRESS
1ST SESSION

S. 35

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 1943

MR. GREEN introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To authorize the use for war purposes of silver held or owned by the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That notwithstanding any other provision of law, the Pres-
4 ident is authorized, through the Secretary of the Treasury,
5 upon the recommendation of the Chairman of the War Pro-
6 duction Board, to sell or lease, upon such terms as the Sec-
7 retary of the Treasury shall deem advisable, to any person,
8 partnership, association, or corporation, or any department
9 of the Government, for use in furtherance of the war effort,
10 including but not limited to the making of munitions of war

1 and the supplying of civilian needs contributing to the war
2 effort, and the converting of existing plants to those purposes,
3 any silver held or owned by the United States: *Provided*,
4 That the average price for all silver sold under this Act shall
5 not be less than 50 cents per fine troy ounce: *Provided fur-*
6 *ther*, That at all times the ownership and the possession of
7 an amount of silver of a monetary value equal to the face
8 amount of all outstanding silver certificates heretofore or
9 hereafter issued by the Secretary of the Treasury shall be
10 maintained by the Treasury.

11 SEC. 2. Authority to sell silver under this Act shall ex-
12 pire on December 31, 1944.

78TH CONGRESS
1ST SESSION

S. 192

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 1943

Mr. MURDOCK introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To authorize the use for war purposes of silver held or owned by the United States and the exclusive use for the manufacture of nonessential articles of other silver.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That notwithstanding any other provision of law, the Presi-
4 dent is authorized, through the Secretary of the Treasury,
5 upon the recommendation of the Chairman of the War
6 Production Board, to sell or lease, upon such terms as the
7 Secretary of the Treasury shall deem to be in the best
8 public interest, to any person, partnership, association, or
9 corporation, or any department of the Government, for use
10 strictly in connection with the war effort, including but

1 not limited to the making of munitions of war and the sup-
2 plying of other industrial needs contributing directly to
3 the war effort, any silver held or owned by the United
4 States: *Provided*, That the price for all silver sold under
5 this Act shall not be less than 71.11 cents per fine troy
6 ounce: *Provided further*, That at all times the ownership
7 and the possession of an amount of silver of a monetary value
8 equal to the face amount of all outstanding silver certificates
9 heretofore or hereafter issued by the Secretary of the Treas-
10 ury shall be maintained by the Treasury: *Provided further*,
11 That no silver shall be sold under this Act until all current
12 supplies of imported silver and domestically mined silver
13 shall have become reduced to an immediate available aggre-
14 gate stock of twenty million ounces or less: *Provided*
15 *further*, That out of any silver stocks acquired by the various
16 agencies of the Government (other than the Treasury
17 Department and the Treasury of the United States) there
18 shall be reserved and made available not to exceed ten
19 million ounces per annum for the exclusive use of and
20 purchase, at not less than the current market price, by
21 domestic manufacturers (1) for the manufacture of silver
22 articles for civilian use, and (2) for the converting of exist-
23 ing plants of such manufacturers to war production: *Pro-*
24 *vided further*, That no silver shall be sold under this Act
25 for other than consumptive purposes: *And Provided further*,

1 That any silver sold or leased under this Act which is
 2 not actually used in connection with the war effort shall
 3 be resold to and purchased by the Treasury at 71.11 cents
 4 per fine troy ounce, or, in the case of any silver leased
 5 under this Act, returned within one year after the termina-
 6 tion of the war.

7 SEC. 2. Authority to sell or lease silver under this Act
 8 shall expire on December 31, 1944.

SEC. 2

A BILL

to amend the Act approved August 14, 1941, entitled "An Act to provide for the sale and lease of silver and for other purposes," and to amend the Act approved August 14, 1941, entitled "An Act to provide for the sale and lease of silver and for other purposes," and to amend the Act approved August 14, 1941, entitled "An Act to provide for the sale and lease of silver and for other purposes."

Approved August 14, 1941.
 Approved August 14, 1941.
 Approved August 14, 1941.

SECRET**TREASURY DEPARTMENT****PROCUREMENT DIVISION****WASHINGTON**

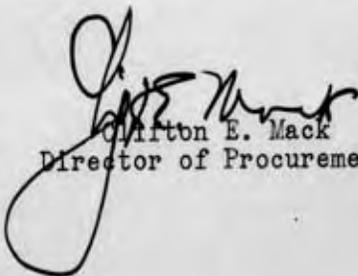
April 27, 1943

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the operating report of Lend-Lease purchases for the week ended April 24, 1943.

As a result of the Procurement Division's recommendation to the Lend-Lease Administration recently with regard to effective inventory control of Lend-Lease stocks prior to the approval of new requisitions and for use in planning of utilizing shipping to the utmost, the stocks of steel in two of the major warehouses in the East have been moved. In this manner existing stocks in stores have been carefully considered before any new purchase programs are approved. Over-all consideration of Lend-Lease stocks procured by warehouse agencies is the objective.

With the development of the Lend-Lease procurement program the emphasis was first on making purchase commitments, then on production, and now on stores and inventory control.



Clifton E. Mack
Director of Procurement



LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF APRIL 24, 1943
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$2961.0 (2931.3)	\$1545.7 (1545.7)	\$1097.1 (1067.1)	\$103.4 (103.4)	\$6.1 (6.1)	\$208.7 (209.0)
Purchase Authoriza- tions (Requisitions)	\$2488.2 (2426.9)	\$1393.1 (1392.1)	\$965.0 (927.8)	\$42.0 (42.0)	- -	\$88.1 (65.0)
Requisitions Cleared for Purchase	\$2367.9 (2317.6)	\$1347.6 (1328.6)	\$898.6 (887.2)	\$41.7 (41.5)	- -	\$80.0 (60.3)
Obligations (Purchases)	\$2288.7 (2254.5)	\$1314.0 (1307.1)	\$855.6 (849.5)	\$41.5 (41.5)	\$5.2 (4.8)	\$72.4 (51.6)
Deliveries to Foreign Governments at U. S. Ports*	\$1011.7 (997.0)	\$ 744.9 (739.8)	\$238.4 (228.8)	\$17.5 (17.5)	- -	\$10.9 (10.9)

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

Note: Figures in parentheses are those shown on report of April 17, 1943.

NOT TO BE RE-TRANSMITTED
TREASURY DEPARTMENT
APR 28 11 44 AM '44
SECRETARY OF THE ARMY

COPY NO. 13

BRITISH MOST SECRET
U.S. SECRET

OPTCL No. 138

Information received up to 7 A.M., 27th April, 1943.

1. NAVAL

On 25th/26th 2 landing craft foundered in heavy weather off MILFORD HAVEN. Only 3 survivors were rescued. 21st. One of H.M. Submarines sank a 500 ton motor vessel off TUNIS. 26th. Another of H.M. Submarines torpedoed a 6,000 ton ship off PALERMO.

2. MILITARY

TUNISIA. 25th. U.S. Sector. United States Infantry made further progress in the hills of the coastal region and also advanced 2 miles along the road towards JEFNA. Very little resistance was met but the advance was slow due to difficulties of supply and terrain. Further south positions were secured on the western slopes of DJEBEL SIDI MEFTAH and the neighbouring feature to the north west. An advance was also made northwest of DJEBEL ANG.

1st Army. North of MEDJEZ EL BAB British troops captured HEIDOUS and the adjoining hill DJEBEL TANNGOUCHE. 87 prisoners were taken. North of KOURZIA Lake armoured engagements continued throughout the day with undiminished intensity. Slight progress was made and at least 18 enemy tanks and numerous anti-tank guns were claimed as destroyed. The French carried out a general advance from DJEBEL MANSOUR to the east of DJEBEL CHIRICH. Forward elements on the left advanced to within 7 miles of PONT DU FAHS.

8th Army. During the afternoon, after a sharp engagement our infantry cleared the enemy from strong points in the central area.

26th/(??) P.M. 1st Army. In the coastal sector French troops continued to advance and patrols are 15 miles east of CAP SERRAT. In the MEDJEZ EL BAB area British troops have now completely cleared LONGSTOP HILL and have advanced to MEDIENE and patrols to DJEBEL SOU AOUKA, 8 miles east and 11 miles north-east of the MEDJEZ EL BAB respectively. Near KOURIZA Lake further hard tank fighting took place and slight advances were made. In the French sector considerable progress was made and some troops are 5 miles south of PONT DU FAHS.

BURMA. 25th. In the ARAKAN Sector, the Japanese launched an attack against our positions covering BUTHIDAUNG. No details yet received.

3. AIR OPERATIONS

WESTERN FRONT. 26th/27th. Aircraft despatched - DUISBURG 561 (17 missing), Leaflets 8. At DUISBURG there was no cloud and good visibility. The 'Marker' bombs were dropped accurately and the attack was concentrated.

TUNISIA. 23rd/24th. Wellingtons dropped 36 tons on BIZERTA Docks. 25th. 184 light and medium bombers attacked SOLIMAN (?Airfield) and enemy positions northwest of ENFIDAVILLE.

ITALY AND SICILY. 24th/25th. Liberators dropped 13 tons on shipyards and iron and steel works at NAPLES. 26th. 12 escorted Spitfires bombed AUGUSTA Harbour hitting the U-boat base and oil installations.

BURMA. Allied aircraft bombed the railway yards at MALMYO and enemy concentrations in the AKYAB Area.

APR 28 1943

Dear Mr. Toscanini:

You have my warmest thanks for Sunday's concert. You expressed in music the might and power and fierce resolve deep down within all of us to battle to victory - a resolve that is sometimes hard to express in words.

Please tell the NBC Symphony Orchestra for me that I wish I were able to thank each of them personally for the performance.

It is gratifying to know that admissions to the concert resulted in sales of Second War Loan Bonds totalling more than ten million dollars - money that will fight for the right of man to utter his beliefs and feelings openly and sincerely, whether in music or words.

Sincerely,

(Signed) H. Morzenhan, Jr.

Mr. Arturo Toscanini
252nd Street and Sycamore Road
Riverdale, New York

VFC/mon

Copies in Diary

initialed copy to Graves

(Original sent to Secy in San
Francisco for his signature
and mailing)

APR 28 1943

Dear Mr. Horowitz:

I want you to know how deeply I appreciate your magnificent part in Sunday's concert. It was a generous and moving contribution to our efforts for victory, our efforts to destroy the forces that would stifle an individual's opportunity to develop in any field the brilliance that is yours in music.

The sales of Second War Loan Bonds, amounting to more than ten million dollars, which resulted directly from Sunday's performance, will increase the power with which we strike against these stifling forces.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Vladimir Horowitz
Hotel Sulgrave
60 East 67th Street
New York, New York

VFC/mon

Copies in Diary

initialed copy to Graves

(Original mailed to Secy in
San Francisco for his
signature and mailing.)

APR 28 1943

Dear Mrs. Hull:

I am tremendously gratified by the success of Sunday's concert at Carnegie Hall, not only because it increased sales of Second War Loan Bonds by more than ten million dollars, but also because the music spoke the determination of the audience which bought those bonds to defeat our nation's enemies. It seemed to me peculiarly fitting that the very real relationship between these two things should be so well expressed.

Please accept my congratulations for planning and executing such a successful venture.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mrs. Lytle Hull
Vice Chairman
New York State War Savings Staff
1270 Sixth Avenue
New York, New York

VFC/mon

Copies in Diary

initialed copy to Graves

(Original mailed to
Secy in San Francisco
for his signature and
mailing.)

CLASS OF SERVICE

This is a full-rate gram or Cablegram unless its de- character is in- dicated by a suitable symbol above or pre- ceding the address.

WESTERN UNION

1220

SYMBOLS

106

DL = Day Letter
NL = Night Letter
LC = Deferred Cable
RT = Cable Day Letter
Ship Radiogram

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

XVFAN69 156 GOVT=WUX WASHINGTON DC 28 1207P

RAPID HONORABLE HENRY MORGENTHAU JR=

CARE UNITED STATES SECRET SERVICE 107 FEDERAL BLDG

~~DR SOON FURNISHES FOLLOWING CABLED MESSAGE FROM THE~~
 GERALISSIMO "AFTER THEY HAD BEEN CAUGHT UNAWARES BY THE
 FALLING OF AMERICAN BOMBS ON TOKYO JAPANESE TROOPS ATTACKED
 THE COASTAL AREAS OF CHINA WHERE MANY OF THE AMERICAN
 FLYERS HAD LANDED, THESE JAPANESE TROOPS SLAUGHTERED EVERY
 MAN WOMAN AND CHILD IN THOSE AREAS REPRODUCING ON A
 WHOLESALE SCALE THE HORRORS WHICH THE WORLD HAD SEEN AT
 LIDICE, BUT ABOUT WHICH PEOPLE HAVE BEEN UNINFORMED IN
 THESE INSTANCES, THE DASTARDLY EXECUTION OF THESE AMERICAN
 FLYERS, WHO WERE TAKEN AS PRISONERS OF WAR, HAS MADE IT
 CLEAR TO ALL AMERICANS THAT WE FACE AN ENEMY WHO KNOWS NO
 CODES OF LAW OR DECENCY, THE ONLY LANGUAGE WHICH SUCH AN
 ENEMY UNDERSTANDS IS THAT OF THE WEAPONS OF WAR, AND IN
 THE BOND CAMPAIGN WHICH YOU ARE PUSHING FOR THE WAR EFFORT
 OUR PEOPLE WISH YOU ALL SUCCESS"

~~I HAVE CLEARED THIS WITH UNDER SECRETARY WELLES AND
 OFFICE OF WAR INFORMATION~~

BELL

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

4/28/43

107

Reading copy of the Secretary's
speech at the Second War Loan Meeting,
War Memorial Opera House, San Francisco.

ON APRIL 20, 1942, GENERAL JIMMY DOOLITTLE, A MAN WHOM I AM PROUD TO CALL MY FRIEND, TOOK OFF FROM THE CARRIER "HORNET" AND LED HIS PILOTS IN A BOMBING RAID TO MILITARY OBJECTIVES IN TOKYO.

JUST A FEW DAYS AGO, WE LEARNED, WITH HORROR ~~AND~~ ~~PAIN~~, THAT THE JAPANESE HAD TAKEN SOME OF THOSE GALLANT FIGHTING MEN, WHO WERE BY ALL MILITARY LAW AND PRECEDENT ~~HONORABLE~~ PRISONERS OF WAR ** AND EXECUTED THEM.

NOW, WITH A DEEP SENSE OF SHOCK AND ANGER, I MUST BRING YOU FURTHER NEWS. I HAVE HERE A CABLEGRAM WHICH REACHED ME THIS MORNING. IT COMES FROM GENERALISSIMO CHIANG KAI-SHEK. LET ME READ IT TO YOU:

"AFTER THEY HAD BEEN CAUGHT UNAWARES BY THE FALLING OF AMERICAN BOMBS ON TOKYO, JAPANESE TROOPS ATTACKED THE COASTAL AREAS OF CHINA WHERE MANY OF THE ~~XXXXXXXXXXXX~~ AMERICAN FLYERS HAD LANDED. THESE JAPANESE TROOPS SLAUGHTERED EVERY MAN, WOMAN AND CHILD IN THOSE AREAS -- LET ME REPEAT -- THESE JAPANESE TROOPS SLAUGHTERED EVERY MAN, WOMAN AND CHILD IN THOSE AREAS, REPRODUCING ON A WHOLESAL SCALE THE ~~XXXXXXXX~~ HORRORS WHICH THE WORLD HAD SEEN AT LIDICE, BUT ABOUT WHICH PEOPLE HAVE BEEN UNINFORMED IN THESE INSTANCES. THE DASTARDLY EXECUTION OF THESE AMERICAN FLYERS, WHO WERE

1A

~~SECRET~~

109

TAKEN AS PRISONERS OF WAR, HAS MADE IT CLEAR TO ALL AMERICANS THAT WE FACE AN ENEMY WHO KNOWS NO CODES OF LAW OR DECENCY. THE ONLY LANGUAGE WHICH SUCH AN ENEMY UNDERSTANDS IS THAT OF THE WEAPONS OF WAR, AND IN THE BOND CAMPAIGN WHICH YOU ARE PUSHING FOR THE WAR EFFORT OUR PEOPLE WISH YOU ALL SUCCESS."

~~SECRET~~

SIGNED: GENERAL CHANG-KAI
SHEK

HARD

-2-

WE HAVE ^{WORK} AHEAD OF US. WE HAVE MUCH TO DO.

CERTAINLY WE NOW HAVE A CLEAR ^{ER} IDEA OF THE NATURE OF THE ENEMY WITH WHOM WE ARE DEALING. IF THE JAPANESE WILL TAKE SPECIAL PAINS TO MARCH INTO A CHINESE VILLAGE, WHOSE ONLY CRIME IS THAT OF OFFERING SANCTUARY TO A HANDFUL OF AMERICAN FLIERS, AND WIPE OUT THAT VILLAGE TO THE LAST ~~PERSON~~ ^{HARMLESS CHILD} — WE NO LONGER NEED TO ASK WHAT THE JAPANESE WOULD DO ON MARCHING INTO A CITY LIKE SAN FRANCISCO. THEY FIRED ON YOUR CALIFORNIA COAST, ONCE, WITH A DECK GUN FROM A SUBMARINE. IF THEY COME BACK AGAIN, GOD FORBID, THEY ARE NOT GOING TO COME WITH SUBMARINES AND DECK GUNS. LET'S NOT FOOL OURSELVES. THAT'S WHAT WE'RE UP AGAINST.

Pause

THIS IS THE LAST STOP ON A TRIP I STARTED A WEEK AGO.

I'D LIKE TO BE ABLE TO TELL YOU TONIGHT THAT EVERY COMMUNITY IN THE UNITED STATES IS FLAMING WITH WAR SPIRIT, GRIMLY DETERMINED TO ~~SMASH~~ SMASH ON THROUGH UNTIL WE HAVE WON AN UNQUALIFIED VICTORY.

BUT WE'VE GOT TO BE HONEST WITH EACH OTHER.

I HAVE SOME INSPIRING AND ENCOURAGING THINGS TO TELL YOU, AND I HAVE SOME OTHER THINGS TO SAY THAT ARE NEITHER INSPIRING NOR ENCOURAGING. ~~THESE ARE THE THINGS THAT COME OF THIS SORT EVEN~~

3A

THIS TERRIBLE WAR.

THAT WAS IN GREAT BRITAIN, IN OCTOBER, 1942.

IN PORTLAND, GRANDMOTHERS WITH THEIR GRAY HAIR
TIED UP IN BANDANNAS ARE OUT IN THE SHIPYARDS. MORE THAN
A HUNDRED THOUSAND PEOPLE HAVE STREAMED INTO THE CITY FROM
~~XXXX~~ IDAHO, FROM ARKANSAS, FROM TEXAS AND FLORIDA.
THEY'RE TRUNING OUT SHIPS AT A RATE WE WOULD HAVE REGARDED,
ONLY A YEAR AGO, AS UNBELIEVABLE. ~~THE WRITER IS SO FULL OF~~
~~SECRET CARRIERS I COULDN'T COUNT THEM.~~ ^{AND} IN ONE OF THE
YARDS, IN THE MONTH OF APRIL, WAR BOND SUBSCRIPTIONS REACHED
23 PER CENT OF THE PAYROLL. I REPEAT THAT -- 23 PER CENT!

-4-

IN BOTH OF THOSE PLACES -- CEDAR RAPIDS AND PORTLAND --
 I SAW WITH MY OWN EYES THE ^{PROOF} ~~SENSE~~ OF AMERICA'S FIGHTING SPIRIT. I
 SAW ~~THE~~ WAR SPIRIT THAT WILL SPREAD
 THROUGH THE NATION, I HOPE, FROM THIS TIME ON -- LIKE THE GROWING
 FLAMES OF A PRAIRIE FIRE.

IN BOTH OF THOSE CITIES I SAW AMERICANS WHO WERE FIGHTING
 MAD.

AND THAT FIGHTING SPIRIT, IN BOTH PLACES, WAS REFLECTED
 IN THE SALE OF WAR BONDS. CEDAR RAPIDS WAS THE FIRST CITY IN THE
 UNITED STATES TO WIN THE TREASURY 'T' FLAG FOR THE ACTIVE
 PARTICIPATION OF EVERY BUSINESS FIRM IN THE CITY IN ~~THE~~
 THE PAYROLL SAVINGS PLAN. AND THE BOND RECORD IN PORTLAND IS
 INSPIRING.

BUT I MUST TELL YOU, ALSO, THAT THERE ARE PLANTS AND COM-
 MUNITIES IN THE EAST WHICH ARE NEITHER PRODUCING AT TOP SPEED NOR
 BUYING BONDS IN THE AMOUNTS WE HAVE EVERY RIGHT TO EXPECT OF THEM.

NOW -- WHAT'S THE REASON? WHY DOES ONE COMMUNITY MAKE
 US PROUD OF IT AND ANOTHER PLACE -- PERHAPS ONLY A FEW MILES AWAY
 -- MAKE US ASHAMED?

THAT'S WHAT I CAME ON THIS TRIP TO FIND OUT.

-5-

IT WOULD BE IMPOSSIBLE FOR ME OR ANYBODY ELSE, IN A FEW BRIEF DAYS, TO DISCOVER THE ENTIRE ANSWER. BUT ONE THING I HAVE FOUND.

THIS IS FACT, NOT OPINION, AND IT CHECKS WITH TREASURY DEPARTMENT FIGURES. IN EVERY COMMUNITY WHICH HAS AN OUTSTANDING BOND RECORD — FOUR THINGS ARE PRESENT.

FIRST, THE PEOPLE HAVE IN GREAT MEASURE WHAT FOR WANT OF A BETTER TERM I CAN ONLY CALL 'THE WAR SPIRIT.' THEY ARE UNIFIED. THEY ARE GRIMLY RESOLVED UPON ANY SACRIFICE NECESSARY TO THE WINNING OF THE WAR.

SECOND, MANAGEMENT AND LABOR HAVE SETTLED THEIR ~~DIFFERENCES~~ ARGUMENTS AND ~~THEIR~~ DIFFERENCES AND STAND SHOULDER TO SHOULDER — PRODUCING AND WORKING FOR WAR.

THIRD — PERHAPS AS A CONSEQUENCE OF THOSE OTHER THINGS, PRODUCTION IS REACHING ALL-TIME HIGHS.

AND — FOURTH — GROWING OUT OF ALL THE REST — BOND SALES ARE ~~REACHING NEW~~ RISING TO NEW HIGH LEVELS.

THOSE FOUR THINGS ARE INVARIABLY FOUND TOGETHER. WHERE PEOPLE HAVE BEGUN TO WORK IN HARMONY, WHERE THEY HAVE SETTLED THEIR DIFFERENCES, AND WHERE PRODUCTION IS UP, WE DON'T HAVE ANY TROUBLE IN SELLING BONDS!

-6-

SITTING AT A DESK IN WASHINGTON, MANY THOUSANDS OF MILES AWAY, NOBODY CAN GET THE FEELING OF WHAT'S GOING ON IN THE NATION AS A WHOLE. NOW I CAN I CATCH ALL OF IT ON A SHORT TRIP LIKE THIS. I'LL ONLY BE IN SAN FRANCISCO, ~~FOR A SHORT TIME~~, OVERNIGHT. BUT IT WAS WORTHWHILE COMING HERE, IF FOR NO OTHER REASON THAN TO GET THE CHEERING NEWS THAT THE TWELFTH FEDERAL RESERVE DISTRICT HAS EXCEEDED ITS QUOTA.

I AM GOING BACK TO MY JOB IN WASHINGTON FORTIFIED ~~BY~~ BY WHAT I HAVE HEARD AND SEEN.

Pause

BUT DON'T LET US FORGET FOR A MINUTE THE KIND OF ENEMY WE ARE FIGHTING. I QUOTE AGAIN FROM THE MESSAGE OF THE GENERALISSIMO:

"THE JAPANESE TROOPS SLAUGHTERED EVERY MAN, WOMAN AND CHILD."

#30

● SECOND WAR LOAN MEETING

WAR MEMORIAL OPERA HOUSE

Wednesday Evening, April 28, 1943

San Francisco, California

FIFTY-THIRD INFANTRY BAND

LYNNE E. DECKER, *Conductor*

SAN FRANCISCO STATE COLLEGE CHORUS

ROY FREEBURG, *Director*

March, "His Honor".....*Fillmore*
 Overture, "The Beautiful Galatea".....*Suppe*
 Invitation to the Waltz.....*Weber*
 Grand Selection, "Creme de la Creme".....*Tobani*
 Moonlight Madonna.....*Fibich*
 (Vocal by Corp. James Fitch)
 Selection, The Spirit of 1918.....*Arr. by M. L. Lake*

Parading of the Colors
 "The Army Air Corps".....*Capt. Robert Crawford*
 Band, Chorus and Audience
 Victory Depends on Me.....*Lyrics by Maj. Gen. W. K. Wilson*
 (Vocal by Corp. James Fitch).....*(Arr. by Arthur McCue)*
 ● America
 Band, Chorus and Audience
 The National Anthem
 Charles R. Blyth, Chairman of the Evening
 Honorable Angelo J. Rossi, Mayor of San Francisco
 "America".....*Ernest Bloch*
 Chorus

William A. Day, President Federal Reserve Bank of San Francisco
 Honorable Henry Morgenthau, Jr.
 "America the Beautiful"
 Band, Chorus and Audience
 March, "Alouette".....*Goldman*
 General Singing.....*Directed by Mr. A. D. Zanzig of the War Savings Staff*
 Stout Hearted Men.....*Romberg*
 Sung by Corp. James Fitch
 General Singing
 March, "Pomp and Circumstance".....*Elgar*

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE 4/28/43

TO: Secretary Morgenthau, Mr. Robbins, Miss Chauncey, Mr. Gaston,
Mrs. McHugh, Mr. Callahan, Mrs. Morgenthau, Mrs. Klotz, Mr. Gamble,
FROM: Mr. Smith, Mr. LeRoux, Mr. Houghteling, Miss Spriggs, Mr. Odegard

Mr. Callahan
202

I am attaching herewith a copy of a report
received from Mr. Leroux on his tour of the war
plants and war industry areas in the West.

April 24,
1943Secretary Morgenthau
Robert A. LeRoux

SALT LAKE CITY

Arriving here at 9:30 o'clock Thursday morning, April 22nd, my first contact was with Mr. David Moffat, Deputy State Administrator of the War Savings Staff, to whom I presented the letter of introduction provided me by Mr. Houghteling. Mr. Moffat suggested the program which I carried out during my three days in Utah.

My first interview in Salt Lake was with Mr. Stanley Duffin, President of the Utah State Industrial Council (C.I.O.). The Council recently moved its headquarters from a suite of offices in the Benion Building to street-floor quarters at 21 East First South Street, and immediately upon our meeting, Mr. Duffin proudly pointed to the fact that the two large windows on this prominent thoroughfare were devoted exclusively to displays of posters and booklets for the War Bonds Campaign. Mr. Duffin suggested the officials whom I should contact at Garfield, which Mr. Houghteling had stated was the "sore spot" in the entire Utah set-up, according to his office records.

Thursday afternoon, I made both Garfield and Magna, the former a smelting operation by the American Smelting & Refining Company and the latter smelter operated by the Utah Copper Company. I found that the lack of co-operation for the War Bonds program between management and labor, which had previously prevailed, had practically been eliminated, and officials of the O.I.O. local stated that its workers on the American Smelting & Refining Company operation were now participating 97% in payroll purchases, with an average of close to 10%. On the Utah Copper Company operation at Magna, officials of the Independent Union stated that participation and average had shown marked increase in recent weeks and that marked gains could be assured for the future.

In my personal contacts with individual mill employees at both Garfield and Magna, there were some references to "sky high" prices for foods, clothing and household needs far in excess of any benefits the workers may have accrued from wage increases, but it was unusual and refreshing to note the utter lack of officialism of the President on labor policies or of any of the agencies of the Federal Government. As an official of the O.I.O. remarked: "Our President has the world's biggest job to perform, and if workers and management will do their mite nearly as patriotically and well as he is doing his job, we'll be entitled to credit for our share of praise."

BINGHAM:--This operation by the Utah Copper Company also has been a rather weak spot in the Bond Sale program, but Frank West, vice president of the Bond Sale program, Union Council, who resides here, says this situation is being cleared up rapidly and should be entirely remedied within the coming month. Quite a percentage of workers here are Mormons, and many of these have refrained from bond purchases because of the criticisms heaped on the war program and the Roosevelt Administration by J. Reuben Clark, one of the two Counsellors of the Church of Jesus Christ of Latter Day Saints. With Heber J. Grant, President of the Church, now well along in his eighties, feeble and inactive, direction of church affairs has been delegated to Mr. D. O. McKay and J. Reuben Clark, and the latter really "runs things." Clark formerly was Ambassador to Mexico under President Hoover and has ever been critical of President Roosevelt and his program. Bingham workers say that if Clark, as spokesman, had instructed the Bishops to urge purchase of bonds, faithful flocks would have readily responded, but his refusal to participate has been regarded by many Mormons as indicating that the program does not have church approval. (Note: As regards the foregoing, Mr. Moffat says Mr. Charles R. Mabey, State Administrator, belongs to the same Republican group of which Clark is a member but has been unable to sway him from his antagonistic attitude. While Clark asserts the War Bonds

program is the first sensible thing the Roosevelt Administration has brought out, he feels the Administration has brought war troubles on itself. He is an isolationist of the deepest dye. Despite this attitude by Clark, the Church as an organization regularly purchases Series G Bonds, while the Zion Cooperative Mercantile Institute and other Church-owned institutions have participated splendidly in the program, conclusively showing that Clark's antagonism has not filtered down to the church-controlled business organizations.)

PARK CITY:--This is a comparatively small smelter operation, but Ernest Maxwell, secretary of Local 99, of the United Miners, Muckers & Smelter Workers Union, and Carl Thelkie, local War Bonds Committee chairman, stated that, with the exception of babes in arms, every person in Park City was purchasing bonds and stamps. Payroll participation was 98% for an average of 10%. John G. Green, postmaster at Park City, stated that through his office, his daily sales of stamps and bonds averaged \$350.00, while weekly stamp sales in the schools averaged \$425.00. Based on a population of 4,004, Mr. Green regarded this showing as most commendable. Mr. Green stated that in Park City each year, there are 39 different local solicitations-- Red Cross, Community Center, Infantile Paralysis, Community Church, Tuberculosis Seals, School Band, baseball club, etc.,--and he suggested that in these smaller communities,

it is necessary to stage Barnum-like salesmanships from time-to-time to spur enthusiasm. He cited that some weeks ago, the visit of a soldier who had been in service in North Africa and was on leave to see his parents, spurred up bond and stamp sales remarkably during the week of his stay.. He remarked that if the Army and Navy would permit soldiers and sailors on leave to appear before civic organizations and merely outline the training program they have undergone; how well they are fed and clothed and the tremendous cost of such training, (without their revealing any military secrets), such a plan would prove beneficial both in enthusiasm and sales.

PROVO:--The Geneva Steel Company plant is a \$1,600,000 project which employs 7,754 men and women in both administrative and construction branches, the latter numbering more than 5,800. I had a most interesting conference with Mr. Frank A. Noller, secretary of the Building and Construction Trades Council, who administers the affairs of the 19 trades councils and the 23 Locals represented on the Geneva Steel Company job. Mr. Noller pointed out that in the early days of this project, the Administrative groups led in the Bond Sale Score Card, but that now, this has been reversed whereby the construction groups lead, with 12 groups averaging from 10% to 21% of payroll invested and 89% to 100% of employees participating. Heading the score card is the Chicago Bridge & Iron Company with 100% participation and 21% of payroll invested; No. 2 is Ryberg-

Strong & Grant with 100% and 15%, and No. 3 is the Cleveland Steel Erecting Company with 100% and 14%. All of the contractors, Mr. Noller stated, are enthusiastically behind the War Bond Program and are cooperating fully with the Building Trades Council in respecting the obligation which the workers are asked to sign when they are given their Job Clearance Cards, on the back of which is printed: "The undersigned agrees to _____ percent payroll deduction for WAR SAVINGS BONDS AND STAMPS. Signature _____."

(Note: Copy of Job Clearance Card enclosed.)

Individual workers say that while there was complaint at first that there was unnecessary delay in delivery of the bonds following purchase through payroll deductions, this situation has now been remedied and no criticism is now found. The men feel the President and the Army and Navy are handling the war problem satisfactorily, and they are proud of their participation, both from a patriotic and a production standpoint.

I am sending you under separate cover, copies of three recent issues of "The Labor Broadcast." owned and published by the Building and Construction Trades Council of Salt Lake City, and Mr. Noller asked that I draw your attention particularly to the March-April number, with its front page illustration; playing up of the Second War Bond Drive slogan; the Radio Editorial by W.O. Dix, "Labor's Part in the War Effort;" other articles; the Stars and Stripes colored

feature," Construction Men--Help Engineer the Victory," and the double-page spread urging enlistments in the U.S. Army Engineer Corps. He asked that you note that all covers are given over to the war effort. Mr. Holler also asked that Secretary Morgenthau be advised that his Building and Construction Trades Council has a signed contract for a half-hour on the National and Mutual state hook-ups for every Saturday night and that, for the last two months, the almost exclusive subject has been the importance of the obligation to get behind the War Bonds program unsparingly. He has particularly stressed to housewives the need for their making sacrifices in their standard of living so that all possible spare funds could be made to work for Victory.

SUMMATION:--With everyone in the State of Utah jubilant over the fact that the State "went over the top" in the Second War Bond Drive; that it believes Utah to have been the first to reach its quota, and that with a quota of \$50,000,000, sales at noon today were near or past the \$52,000,000 mark, on every hand one heard nothing but praise for the work of State Administrator Charles R. Mabey and his Assistant, Mr. David Howie Moffat, who has withdrawn from his law firm to devote his entire attention to the work of the War Savings Staff. This explains the fact that this report (with the exception of the reference to Mr. J. Reuben Clark), is entirely lacking in individual criticisms of the program and carries but a few minor suggestions.

In all communities, I contacted many individuals--store-keepers and workers--and all expressed satisfaction with the conduct of the war under the Commander-in-Chief and his aides and with the program for the financing of the war because of the opportunity given individuals to help finance it and because of the opportunity given these individuals to effect savings from their earnings. Organized labor as groups appeared particularly eager that their loyalty to the President and the Administration be not questioned. For instance, at Garfield, the local C.I.O. drew attention to the fact that only last Saturday, the Local had purchased \$4,000 in bonds with funds from its treasury, bringing its total of War Bonds holdings to \$11,000, while Mr. Noller, of the Building and Construction Trades Council, stated that all 23 of the Unions in his Council have invested most of their union treasury funds in Bonds and are continuing to do so regularly.

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

APR 28 1943

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

Your letter of April 23, 1943 inclosing correspondence from Francis Biddle in regard to Frankford Arsenal has been received. In investigating the conditions reported therein, I find that the intent of Colonel Rose's order has been misinterpreted. Colonel Rose has been considerably distressed over the lack of cooperation evidenced by his employees in the procurement of bonds. His entire efforts in this field have been toward compliance with the President's request to further bond procurement by payroll subscription. Of recent months, he has noted a decided increase in payroll subscription cancellations.

Colonel Rose states that in no case has he intentionally indicated that the non-procurement of bonds by an employee would jeopardize his employment. He has pointed out to his employees that cooperation in bond drives is one indication of their cooperativeness. That cooperativeness is one of the indicia of an employe's overall efficiency. He advises me that he has never attempted to coerce his employees into buying bonds since he fully realizes that in some cases employees are financially unable to set aside a fixed amount from their pay to procure bonds.

Colonel Rose further reports that every effort is being made by the authorities at the Frankford Arsenal to speed up the delivery of bonds subscribed for by employees through payroll deductions. In fact, Colonel Rose has taken over that portion of the work affecting the delivery of bonds and has put Arsenal employees thereon in an effort to clear up the bond delivery question and make it current. Colonel Rose reports that within a short time he hopes to have the situation with respect to bond deliveries well in hand.

Sincerely yours,



ROBERT P. PATTERSON
Under Secretary of War

D. W. Bell

Under Secretary

Exp. Loans - War
Finance Committee

April 28, 1943

Honorable Henry Morgenthau, Jr.
c/o United States Secret Service
San Francisco, California.

Treasury bills up 200 million today making total banking 2,938. Nonbanking:
Certificates 2,741; 2% bond 2,197; 2-1/2% bond 3,317; Savings bonds 1,033
of which 720 Series E; 70 Series F; 243 Series G. Tax notes 1,260. Total
nonbanking 10,548. Total 13,486. First day's subscriptions by banks to
2% bond 1,428.

BELL

DWB:ew

University of Notre Dame
Notre Dame, Indiana
Office of the President
April 28, 1943

My dear Mr. Secretary:

Naturally, I was a trifle disappointed at your decision in regard to the impounded holdings of my sister, as given to me in your cordial letter of April 22nd. Nevertheless, I appreciate your position.

I thank you particularly for the special instruction you have given to all concerned in regard to applications for licenses involving her accounts. This puts my mind at ease, for now I have seen the highest authority about them.

I shall always remember you for the very personal interest that you have taken in my sister's case.

With warmest regards and cordial greetings to "Fitz" your secretary, I remain

Sincerely yours,

J. Hugh O'Donnell, C.C.

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

APR 28 1943

Excellency:

I am sending for your examination a preliminary draft of a Proposal for an International Stabilization Fund of the United and Associated Nations. This draft was prepared by the technical staff of the United States Treasury in consultation with the technical experts of other departments of this Government.

The document is sent to you not as an expression of the official views of this Government but rather as an indication of the views widely held by the technical experts of this Government. I hope you will examine the draft and submit it for critical study by the technical experts of your Ministry and your Government. After you and your experts have had opportunity to study it, you may wish to send one or more of your technical experts to Washington to give me your preliminary reaction to the draft proposal, and to discuss with our technical experts the feasibility of international monetary cooperation along the lines suggested therein, or along any other lines you may wish to suggest. ~~We are informed that the technical experts of the British Government have also been studying the question and will doubtless make their views available.~~

It seems to me that the enclosed draft proposal points the way to an effective means of facilitating through cooperative action the maintenance of international monetary stability and the restoration and balanced growth of international trade. It is my hope that as a result of unofficial discussions involving no commitments, we may find a sufficient area of agreement to warrant proceeding on a more formal basis.

Very truly yours,

W. D. H. Bell

Acting Secretary of the Treasury.

His Excellency, Kamal Sedki,
The Minister of Finance,
Kingdom of Egypt,
Cairo, Egypt.

Enclosure

Copy in Diary

File to White's office

(Del. by Sturgis 1:10 4/28
to Legations)

MDW:MMW
4/22/43

(Letters sent to those on attached additional list)

Letters sent to following: dated 4/28/43 mailed same day -
/s/ D.W. Bell, Acting Secy of Treasy. Delivered to legations
by Sturgis 1:10 4/28

His Excellency,
Kamal Sedki,
The Minister of Finance,
Kingdom of Egypt,
Cairo, Egypt

His Excellency,
Thor Thors,
The Minister of Iceland,
3839 Mass. Avenue, N.W.,
Washington, D. C.

His Excellency,
Alleyar Saleh,
The Minister of Finance,
Tehran, Iran

The Honorable James T. Phillips,
Secretary of the Treasury,
Monrovia, Liberia (sent from White's office with letter to Berle
4/29 - to be transmitted via diplomatic pouch)

THE SECRETARY OF THE INTERIOR
WASHINGTON

APR 26 1943

My dear Mr. Secretary:

I refer to your recent letters to the Ministers of Finance of thirty-seven countries inviting them to send technical experts to Washington to discuss suggestions for an international stabilization fund of the United and Associated Nations. I have been informed that the Commonwealth of the Philippines also has been invited to participate in the discussions under reference. President Quezon has expressed the wish to have the Financial Expert of the Office of the High Commissioner, Mr. George F. Luthringer, attend the monetary discussions along with such Philippine officials as may be designated to take part.

The Philippine monetary system is fundamentally subject to the control of the President of the United States under the provisions of the Philippine Independence Act which provide that acts affecting currency shall not become law until approved by him. Since the establishment of the Commonwealth the President has been advised on Philippine monetary matters by the High Commissioner. In this connection, it may be noted that Executive Order 9245, September 16, 1942, delegated the powers of the High Commissioner to the Secretary of the Interior.

In the light of these circumstances I believe that it would be desirable to have a representative of the Office of the High Commissioner attend the monetary discussions between representatives of the Treasury Department and such Philippine experts as may be designated by the Commonwealth Government. While, as indicated above, this is also the desire of the Commonwealth Government, it would appear more in keeping with the political relationship between the United States Government and the Philippine Commonwealth and with Mr. Luthringer's status as an officer of the United States Government that his participation be at the request of the Treasury Department rather than solely at the request of President Quezon. If it meets with your approval I shall advise President Quezon informally that Mr. Luthringer would be glad to participate with the Philippine delegates in the monetary discussions.

Sincerely yours,

(Sgd.) HAROLD L. ICKES
Secretary of the Interior

RECORDED
Treasury Department
APR 27 1943
Division of
Monetary Research

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

APR 28 1943

My dear Mr. Secretary:

This is in reply to your letter of April 26, 1943, regarding the exploratory discussions on international monetary cooperation now being held by the technical experts of the United States and the technical experts of the United Nations and the countries associated with them.

The Treasury Department welcomes the opportunity to have Mr. George Luthringer, the financial expert of the Office of the High Commissioner of the Philippines, join in the forthcoming monetary discussions with the technical experts of the Philippine Government. I shall be glad to have you advise President Quezon informally that Mr. Luthringer has been invited to participate with the Philippine experts in the exploratory discussions on international monetary cooperation.

Sincerely yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury

Honorable Harold L. Ickes,
Secretary of the Interior.

4/28/43 - Mailed from Mr. White's office;
file retained in Mr. White's office.

EMB/jm
4/28/43

PARAPHRASE OF TELEGRAM SENT

133

TO: American Embassy, Chungking, China.

DATE: April 28, 1943, 6 p.m.

NO.: 556

This is a message from the Secretary of the Treasury for Adler. China Defense Supplies urging Lend-Lease Administration to try to obtain the release of Lt. Col. Maurice Sheahan from the U. S. Army so that he might serve on the civilian Lend-Lease Mission to China on problems of highway transport reorganization in the capacity as adviser to Ministry of Communications. With respect to this please inquire in confidence about Sheahan's last similar assignment in 1939 in China of K. P. Chen.

HULL

eh:copy
4-30-43

To: Adler, Chungking, China.
From: Secretary of the Treasury.

Reference is made to Treasury's cables of March 13, 1943, No. 343, and of April 7, No. 449, and your cables of March 20, TF-101; March 26, TF-104, and of April 23, TF-111.

1. It is not clear to the Treasury whether Stabilization Board has any objections to the Treasury's licensing transactions referred to in Treasury's cable of March 13, #343, Part I, paragraphs 1 and 2. The Treasury is prepared to license these transactions if the Stabilization Board has no objection.

2. It is not clear to the Treasury whether Stabilization Board has any objection to the Treasury's licensing transaction referred to in Treasury's cable of March 13, #343, Part II, paragraph 1(a). Treasury's information is that total amount involved is US\$30 thousand consisting of two transfers, one of \$10 thousand and another of \$20 thousand. Please check this again with the Bank of Communications and Father Tension. The Treasury is prepared to license these transactions if the Board has no objection.

3. It is not clear to the Treasury whether your cable of April 23, TF-111, paragraph I, refers (a) only to transactions involving Bank of Communications or (b) merely to the transaction of the Bank of Communications totalling US\$10 thousand or (c) to all of the transactions referred to in Treasury's cable of March 13, Part I, paragraphs 1 and 2, or (d) to all of the transactions referred to in Treasury's cable of March 13, Part I, paragraphs 1 and 2 and Part II, paragraph 1(a).

4. Treasury wishes that this matter be considered urgent and would appreciate immediate reply.

EW/cfs 4/28/43

INVEST SECRET
 BRITISH SECRET
 U.S. SECRET

OPTTEL NO. 139

Information received up to 7 a.m. 28th April, 1943.

1. NAVAL

Two of H.M. Destroyers sank two ships and a trawler and possibly another trawler and an E-boat in the Channel last night. Our ships sustained 5 casualties and slight damage.

2. MILITARY

TUNISIA. 26th. 8th Army. Some progress was made in the left sector. 1st Army. The enemy is still in possession of DJEBEL KOURNINE, 3 miles North-East of KOURZIA Lake. 24 enemy tanks were destroyed in this area on 25th and 26th. South-East and West of SEBKRET SIDI DJABEUR our Armoured Forces continued in action against enemy infantry and anti-tank guns supported by 20 - 30 tanks. The longstop Hill area is now firmly in our hands. 260 prisoners were taken during the afternoon with more to be counted.

UNITED STATES SECTOR. United States Infantry made some progress reaching a general North and South line through the DJEBEL WEPTAH feature. 27th. French troops reached the ENFIDAVILLE-PONT DU FAHS Road about 10 miles South-East of PONT DU FAHS and are also firmly established on hills overlooking the town. No change in area North-East of KOURZIA Lake. East of MEDJEZ EL BAB, United Kingdom troops attacked and captured SIDI ABDULLAH. We have also gained the high ground 4 miles North-East of HEIDOUS. Further slight advances on Southern sector of United States Corps.

3. AIR OPERATIONS

WESTERN FRONT. 26th/27th. DUISBURG. 501 aircraft dropped 784 tons of high explosive and 666 tons of incendiaries including 221 4,000 lb. bombs and 17 600 lb. incendiaries. The main attack lasted 45 minutes, ending 3 a.m. Many fires started which took firm hold and developed considerably, whole area reported covered with thick clouds of smoke towards end of attack. Many searchlights operating but heavy A.A. fire seemed to weaken as attack progressed. 27th. Escorted Whirlwind bombers set fire to 1,500 ton ship in convoy off the Channel Islands, the 6 remaining small vessels were damaged. A 4,000 ton ship was torpedoed off NORWAY by escorted Beaufighters. 27th/28th. Aircraft despatched - Sea Mining 160 (1 missing) Leaflets 4.

TUNISIA. 26th. A total of 142 bombers escorted by fighters attacked SILTMAN Landing Ground and enemy positions at BOU FICHA. Enemy casualties 5, 1, 1. Ours 3 missing.

ITALY. 26th. Liberators dropped 116 tons on BARI Airfield where dispersal areas were hit and hangars and oil cisterns set on fire.

MEDITERRANEAN. 26th. Off CAPE BON, Kittyhawks hit 2 ships with bombs, destroying 1 of them. Beaufighters sank two small ships off Eastern GREECE. 1 Beaufighter crashed in the sea. 27th. 12 escorted Spitfires successfully bombed LAMPEDUSA airfield.

BURMA. 26th. Allied aircraft dropped 12 tons among storage cisterns at THILAWA refinery near RANGOON and 11 tons on a hangar and the dispersal area at HEHO airfield.

OPTTEL NO. 137

Correction:

Section 3. Air operations. Line 10.

*72. We lost 24. 17 enemy aircraft probably all.....

Room 278

Under Secretary

Exp. Loans - War
Finance Committee

April 29, 1943

GILBERT

DALLAS

Secretary Morgenthau and his party of six will arrive at Love Field nine p.m. Central War Time. He would like to see some of your people working on Second War Loan drive. He would also like to have you make hotel reservations for the night for him and party. Will you please make all arrangements. In party to see him tonight also suggest you have War Savings Staff represented.

BELL

DWB:NLE

Room 278

Under Secretary

Exp. Loans - War
Finance Committee

April 29, 1943

Honorable Henry Morgenthau, Jr.,

No change in banking figures. Nonbanking: Certificates 2,804; 2% bond 2,292; 2-1/2% bond 3,392. Savings bonds 1,153, of which 803 Series E; 80 Series F; 270 Series G. Tax notes 1,358. Total nonbanking 10,999. Total 13,937. Subscriptions by banks to 2% bond 3,765.

BELL

DWR:NLE

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE APR 29 1943

TO Secretary Morgenthau
FROM Randolph Paul

In connection with the ban on the use of French funds for the purchase of goods to be sent to Martinique and Guadeloupe, we recently received a letter from Acheson reading as follows:

"As you know, it has been our policy to discontinue the shipment of foodstuffs and consumer goods to Martinique and Guadeloupe pending a satisfactory solution of the political situation. The American Consul in Fort de France has recently reported that the stocks of canned milk and pharmaceuticals are now exhausted and that physicians are becoming apprehensive over the situation.

"It does not seem desirable to carry the economic blockade to the point of endangering the health of children and depriving the native population of the drugs necessary to curb endemic disease. The value of the milk and pharmaceuticals which were purchased some time ago and which were part of the cargo of the S. S. Guadeloupe recently requisitioned by this Government, approximated \$16,000. The Department therefore recommends that the Treasury Department release from the blocked account an equivalent sum in order that these health supplies may be repurchased. It is understood that an application will be made by Mr. E. A. Marquais, agent of the High Commissioner of the French Antilles."

The relative application has been received and approved.

BT

APR 29 1943

My dear Mr. Ambassador:

This is to acknowledge, on behalf of Secretary Morgenthau, your communication of April 26, 1943, enclosing a letter from Mr. Ott, the Belgian Minister of Finance and Economic Affairs.

Secretary Morgenthau looks forward to the arrival of the Minister of Finance and welcomes the opportunity to learn his views on the problem of international monetary cooperation along the lines suggested in the Treasury's preliminary draft of a proposal for an International Stabilization Fund of the United and Associated Nations.

Sincerely yours,

(Signed) H. D. White

H. D. White
Assistant to the Secretary

His Excellency
The Ambassador of Belgium
Washington, D. C.

EMH/jm
4/28/43

Original file to White 4/29/43
Photo file in Diary

40
AMBASSADE DE BELGIQUE

Washington, April 26, 1943

n. 2443/8

no. 2152

enclosure

My dear Mr. Secretary:

I am enclosing herewith a letter that Mr. Gutt, the Belgian Minister of Finance and Economic Affairs, asked me to forward to you.

May I avail myself of this opportunity to renew to you the assurances of my highest consideration.

Very sincerely yours,
The Belgian Ambassador:



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

49, EATON PLACE,
LONDON, S.W.1.
Tel. BLOANE 4325.

G/M/AD.

6th April, 1943.

My dear Secretary,

Owing to a delayed mail I only received yesterday your letter dated March 4th, sending me a preliminary draft of a proposal for an International Stabilisation Fund of the United and Associated Nations, and have read it with the greatest interest.

My intention is to go to Washington some time at the end of this month (in fact after I have seen Mr. Lehman and have had the opportunity of talking over our reconstruction problems with him) and I shall then take the liberty of calling upon you.

On the other hand I saw in this morning's papers that you had spoken about a proposed Monetary Conference of experts, adding that three nations had already accepted the invitation. Am I to assume that your letter received yesterday is the invitation? If so, my experts are ready from now on to go over as soon as you will be kind enough to mention the place and date of the Conference.

Yours very truly,

G. H.
(Belgian Minister of Finance and
of Economic Affairs.)

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

TELEGRAM SENT

HB
 This telegram must be
 paraphrased before being
 communicated to anyone
 other than a Governmental
 agency. (DR)

April 29, 1945

6 P.M.

AMERICAN EMBASSY,

CHUNGKING.

560

FOR ADLER FROM THE SECRETARY OF THE TREASURY

Reference is made to Treasury's cables
 of March 13, 1945, No. 343, and of April 7, No.
 449, and your cables of March 20, TF-101; March
 28, TF-104, and of April 25, TF-111.

1. It is not clear to the Treasury
 whether Stabilization Board has any objections
 to the Treasury's licensing transactions refer-
 red to in Treasury's cable of March 13, #343,
 Part I, paragraphs 1 and 2. The Treasury
 is prepared to license these transactions if
 the Stabilization Board has no objection.

2. It is not clear to the Treasury
 whether Stabilization Board has any objection
 to the Treasury's licensing transactions re-
 ferred to in Treasury's cable of March 13, #343

Part II

-2- #560, April 29, 6 p.m. to Chungking.

Part II, paragraph 1(a). Treasury's information is that total amount involved is US \$30 thousand consisting of two transfers, one of \$10 thousand and another of \$20 thousand. Please check this again with the Bank of Communications and Father Tennen. The Treasury is prepared to license these transactions if the Board has no objection.

3. It is not clear to the Treasury whether your cable of April 23, TF-111, paragraph 1, refers (a) only to transactions involving Bank of Communications or (b) merely to the transaction of the Bank of Communications totalling US\$10 thousand or (c) to all of the transactions referred to in Treasury's cable of March 13, Part 1, paragraphs 1 and 2, or (d) to all of the transactions referred to in Treasury's cable of March 13, Part 1, paragraphs 1 and 2 and part II, paragraph 1 (a).

4. Treasury anxious that this matter be considered urgent and would appreciate immediate reply.

HULL
(PL)

FD:PL:JD PE EA

BRITISH ~~SECRET~~U.S. ~~SECRET~~

OPTEL NO. 140

INFORMATION
TREASURY DEPARTMENT
MAR APR 30 AM
SECRET

Confirmation received up to 7 a.m., 25th April, 1943.

1. NAVAL

Early this morning light coastal forces sank an enemy trawler off the Dutch Coast. On 25th, Motor Torpedo Boats sank two petrol carriers in the GULF of TUNIS. On 27th, one of our motor torpedo boats sank a small ship in the same area. On 28th, one of our motor torpedo boats was sunk by enemy aircraft. 18th. One of H.M. Submarines sank an escort vessel off Northern SICILY. 23rd. Another of H.M. Submarines damaged by gunfire a 1,050 ton Italian ship off Eastern SPAIN. Two of H.M. Submarines must be considered lost.

2. MILITARY.

TUNISIA. 27th. 1st Army. French patrols which entered PONT DU FARS and subsequently withdrew reported the place lightly held between MEDJEZ EL BAB and PONT DU FARS. The enemy counter attacked SIDI ABDULLAH with infantry and tanks. Our troops were withdrawn to UIDI SALEH. The Area of the DJEBEL KOURNINE is heavily defended with anti tank guns. In the Central Sector, British Forces continued to advance along the line of the LEDJERDA River and gained a footing on DJEBEL BOU AOUKAZ, taking 30 prisoners.

UNITED STATES SECTOR. United States Forces have made good the high ground West of KEF EL NSOURAND and are advancing astride the SEDJENANE-MATFUR Road towards DJEBEL AZAG and DJEBEL AJRED. 28th. To 1900 hours, French troops continuing to advance have passed ENFIDAVILLE-PONT DU FARS Road to several points and are in touch with the 8th Army. Northeast of MEDJEZ EL BAB, a Guards Brigade captured the DJEBEL BOU AOUKAZ feature. Enemy counter attack expected.

BURMA. It is now known that the attack launched against our positions South of BUTHIDAUNG on 25th was only partially successful. The enemy suffered fairly heavy casualties and our main positions remain intact.

3. AIR OPERATIONS

WESTERN FRONT. 28th. Escorted Whirlwind Bombers sank a minesweeper and damaged another off BRITANNY. 28th/29th. Aircraft despatched: Sea mining, KATTEGAT, BALTIC and elsewhere - 226 (23 missing), HELHELSHAVEN, 'Intruders' - 6, Anti sweeping - 8. One enemy aircraft was destroyed over the Channel.

TUNISIA. 27th. About 750 Fighter and Fighter-bomber Sorties were flown over the Battle Area.

ITALY. 26th. 52 United States Fortresses bombed GROSSITO Airfield, ninety miles Northwest of ROLE.

SARDINIA. 27th. 21 escorted United States Fortresses bombed BILLACIDRO Airfield.

MEDITERRANEAN. 26th. United States Lightnings attacked 7 Sicel Ferrries; 1 blew up, 2 were left on fire, a 4th was damaged and an escort ship capsized.

BURMA. 26th. United States Liberators caused severe damage among warehouses at RANGOON.

Reference Optel No. 132.

One of H.M. Submarines on the 19th sank 2 ships off BASTIA; 1 of 7,600 tons class and 1 of 3,600 tons class. On 22nd, she blew up an ammunition and petrol carrier of about 6,000 tons South of MONTE CRISTO.

April 30, 1943
10:00 a.m.

OCCUPATION CURRENCY

Present: Mr. Bell
Mr. White
Mrs. Klotz

H.M.JR: At your service, gentlemen.

MR. BELL: At this conference in the War Department on Tuesday, I think it was, or Monday, some questions came up regarding the use of local currency which I think you ought to know about.

You know, we planned to print this currency in blank with "United States Military Authority" on it. You approved a type of local currency which would include as a watermark in the paper and across the note "United States Military Authority," and our forces would use that currency after they were in the area for a time, the spearhead currency being the yellow seal.

It was suggested at this conference that instead of the United States using a currency of that type and the British using "British Military Authority," that we have an allied currency.

The suggestion was that we have, instead of those two types of currency, a currency known as "Allied Currency," or some such name. That brought in the question as to whether this whole operation was going to be known as an Allied operation or whether the Americans and British would more or less operate as a separate entity.

They said that the President in the first conference had leaned towards an Allied operation and that there was some document put up to him on Monday. Is that right, Harry?

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MR. WHITE: Yes.

MR. BELL: They expected an answer on it either yesterday or today, and when that came back we could make a decision as to whether this would be separate currency for each of the countries or an Allied currency.

Now, that meant that when that was brought into the picture I had to hold up everything in the Bureau of Engraving and Printing - stop all operations beyond a certain point. So we thought you ought to know that that thing is in the air - our previous decision to have American military authority notes.

H.M.JR: There is nothing for me to decide today?

MR. BELL: Do you feel strongly?

H.M.JR: Do it all over again, will you, please? Say it all over.

MR. BELL: We have made a decision here to use first yellow-seal currency as a spearhead for American forces, and the British would use the military authority notes. After we get in, our forces would use local currency if they could get the local currency. If they didn't have sufficient volume of it, we would print some currency in the currency of the country in which we are going in.

We are preparing the decision which you approved last Saturday, and on that design would be in the plate, "United States Military Authority." The words would also be in as a watermark in the paper, which, of course, you know, takes time.

In this conference at the War Department they suggested that instead of having "United States Military Authority" notes and "British Military Authority" notes, we have Allied currency. I don't know just what - "Allied Military Currency," or something like that. There was quite a bit of sentiment for it, I would say.

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MR. WHITE: Yes, there was, because they wanted the operation to be a single operation rather than separate operations. I think it has some disadvantage.

MR. BELL: Disadvantage from other angles, but it has an advantage from that angle.

H.M.JR: I certainly wouldn't call it "Allied." If I were going to call it anything, I would call it "United Nations." In the speech I said, "As we, the United Nations, go forward"--

MR. BELL: They may get a decision from the President. They may have it already. The separate forces will lose their identity, more or less, and it will be known as a United Nations operation.

H.M.JR: I can answer this. They tell me - people who have come back - that it is the most unusual thing, that at the Allied headquarters in Algeria you call up - it was McCloy - he says that you call up somebody on the phone and one time you get an Englishman and another time you get an American.

MR. BELL: That is what Holmes said. He said you would be surprised how soon these people lose their identity and are known as the United Nations.

H.M.JR: I think the morale effect of having the United Nations thing is good.

MR. BELL: If this looks today as though it is going that way, we don't have to raise any objections or say that we have to come back to you - if the President is leaning that way?

H.M.JR: No, I think it has a distinct advantage, because it is like the same thing in China. Just as soon as we got a united currency in China that was the indication to the Japanese that China was going to be vindicated. It may have been pure accident, but they did jump on them as soon as that was accomplished. We go in and have two different kinds of currencies, and there is always a chance of friction.

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MR. WHITE: If you have United Nations currency, I presume that that practice will be followed everywhere, whether it is American Armies, British Armies going to China, or Russia or British and French Armies going into Germany.

In other words, the decision of that character would presuppose that in all operations by all invading armies of any one of the United Nations, that will be the currency that will be used.

MR. BELL: If it is a joint undertaking, I suppose that would be the assumption you are after, what you would follow.

MR. WHITE: That involves a lot of not insuperable by any manner of means, but difficult, accounting negotiations and arrangements for allocation of expenditures, and so on, which - some of which will have to be done before much of which can be postponed.

H.M.JR: But it sounds good to me, Harry. I think it is a move in the right direction.

MR. WHITE: If it isn't an Allied currency, not a British-American, but United Nations, in which every member of the United Nations uses the same currency when there is any kind of joint operations--

H.M.JR: Sure. If you got your Unitas-- (Laughter)

MR. BELL: That is the start of it.

H.M.JR: I like it. I think it has great imagination - I mean, it appeals to me.

MR. WHITE: Well, as against Allied and United Nations, I gather that you feel pretty strongly for United Nations.

H.M.JR: Oh, emphatically.

MR. WHITE: I mean, that is the position we will take.

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H.M.JR: I feel emphatic. The thing that appeals to me is the imagination, that there is a possibility as we move into this thing - the thing is, we move as a United Nations, not as England and the United States in one case, or England and Russia in another case in another front, and we in China in another front, but the whole thing is we move forward as the United Nations.

MR. WHITE: My great objections - psychological - are removed, because I haven't thought of it as United Nations currency. I thought of it in the terms proposed, which was an Allied currency, and I had several objections.

H.M.JR: No, no, this has great morale effect.

MR. BELL: I thought that Colonel Haskell suggested a United Nations.

MR. WHITE: I didn't hear that.

MR. BELL: It was a United Nations operation.

MR. WHITE: If it is a United Nations, I think the design will have to be more carefully drawn.

MR. BELL: We will have to change it all around - take off the Statue of Liberty and the four freedoms. (Laughter)

MR. WHITE: Not the four freedoms.

MR. BELL: Want to leave those on?

H.M.JR: Yes. Didn't the United Nations subscribe to that?

MR. BELL: I don't know whether you can lay that to the Atlantic Charter or not.

H.M.JR: No. It appeals to me very strongly.

MR. BELL: The other thing is that Harry submitted to this group a memorandum on which some new things

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appear. I thought he had better tell you about it, particularly the organization of an Army central bank.

MR. WHITE: That is the one important development, the recommendation and suggestion that there be established what would be in effect, then, a United Nations military central bank - not a central bank, but a military central bank - in which there will be deposited a fairly substantial sum at the beginning to be used to finance essential operations if there is not enough money in the community - to lend money to the banks that will be reopened after due time.

It will also be used by the finance officers of the various nations for ordinary convenience. It will have no note-issuing powers, certainly.

H.M.JR: Who recommended this?

MR. WHITE: We did. We recommended it, and I think that they liked the idea.

MR. BELL: Yes, they liked it and think you have to do something, because the minute you go in you close all the banks.

H.M.JR: Is this also going to be run by the Army?

MR. WHITE: Yes.

The next point that you will want to know about is the exchange rate. The lira is - the official rate - the normal rate is five cents point one. It has been selling on black markets for around a cent - a little bit more or a little bit less, depending upon the country. With the recent defeat it has been less than that.

The British have set the Libyan lira rate at, you remember, four eighty a pound. That is five-sixths of a cent. It was our thought after much discussion that in the first operation, because of its size and what-not, that we could afford to be much more generous and maybe

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win the support of the people. And so they decided that somewhere between one cent and two cents - we would start with two cents and then have discussions with the British and not go lower than one cent, and maybe settle at one and a half.

Then in the second discussion which they had there was a greater desire for the two-cent rate, and Feis also strongly supported the two-cent rate, which is very considerably in excess of any reasonable valuation of it. But for psychological reasons they would very much like the two-cent rate. That, of course, will call for negotiations with the British.

Whether the British will feel strongly on the matter and be tough about it we don't know, but that was the situation.

H.M.JR: Which way would they want?

MR. WHITE: Probably a lower rate.

MR. BELL: They have already established the lower rate in Libya.

H.M.JR: What is that rate?

MR. BELL: Five-sixths of a cent, although they said that need not govern.

MR. WHITE: That is right.

H.M.JR: Well, I will let you fellows - you keep me advised. It doesn't make any difference to me.

MR. WHITE: I don't think there is anything else. The rest of it is how to handle the currency there and the assets. The Bank of Italy and the branches will all be closed, so there will be some question as to confiscated assets; but they decided to postpone that for subsequent decision.

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The idea is to reopen the commercial banks just as soon as possible, as soon as they can get a man to supervise it. There are a lot of details on that.

MR. BELL: Those are the two main - three main points.

H.M.JR: Does that close that?

MR. WHITE: Yes.



THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

April 30, 1943

CABINET MEETING

The President commented some on his recent trip throughout the country and Mexico. He said that he had visited a good many Army camps and was amazed at the increase in the number of women workers employed now over the number that were working when he made his trip in September, 1942, and he said it was amazing, too, the effect that the women workers were having on the male employees. He questioned some of the foremen along this line and was told that the men were now, generally speaking, shaving once a day and wearing clean shirts, whereas before they shaved two or three times a week and maybe didn't change their shirt more than twice a week. He said this was also true of the WAAGs in the Army camps. He was very much impressed with their training and the presentation they made after they were trained. He said this had a material effect on the West Point boys as well as the Army.

He said in a few industrial centers, particularly Evansville, Indiana, he found need for more housing.

There was then quite a discussion about the contemplated coal strike - Lewis's attitude, the cost of living, the need of paying subsidies to prevent a rise in prices, and the question of paying overtime in certain industries under the President's Executive Order. The President's Executive Order states that a man is entitled to overtime pay if he works seven consecutive days. In many places the men are laid off one or two days a week because of lack of material and they don't get the benefit of the overtime under the interpretation of this order. They would like to have it interpreted so that if they work on Sunday they get the overtime. The President indicated that he was not in favor of this.

Mr. Hull had nothing.

I gave the figures up to April 20 on the Second War Loan Drive. The President seemed to be very well pleased with these figures.

Mr. Stinson said he had nothing but could report that he had had a very nice trip inspecting Army camps throughout the country and that this time he took special interest in the type



- 2 -

of guns that we were using and he was very much impressed with the improvement that we have made in the various types of artillery. He said he had visited the Consolidated plant and found that they were putting out seven of the big B-24s a day. There was then quite a discussion of the fact that the planes coming out of many plants had to be sent to some other plant for what they called "modification". This was to install, I take it, all of the gadgets that have been prescribed and the new innovations that are being developed from time to time. The President said that they were not using very good judgment in some places as to just what is necessary in the way of gadgets. When General Kenny came back from Australia he visited one plant to look over some planes that were being sent to the South Pacific. He said he was able to eliminate eleven different gadgets that were not needed in that area.

Secretary Knox spoke up and said that some of the large Navy bombing planes were recently surveyed and it was found that they could eliminate many of the items that were in the specifications. He said that in some cases they were able to eliminate as much as 6,000 pounds from one plane.

The President then said that while he was on his trip he had had an opportunity to see some of the new P-47s in operation; that they had a 400 mile cruising speed and that when a group of them passed him on a dive bombing demonstration, they passed over his head at the rate of 540 miles an hour and the sound of these planes was not heard until after the planes had passed by, they were so fast.

Mr. Biddle said he had nothing; that he wished to talk to the President with Jimmie Byrnes immediately after the Cabinet to go over the coal strike situation.

Mr. Knox reported that he did not want to appear optimistic so early, but the April sinkings of shipping have been very low. He said that recently they had sent a convoy of sixty ships to North Africa and they ran smack into a submarine pack but they never lost a ship and they got at least one of the submarines. Apparently the convoys are now much better protected. I understand they have eliminated the Murmansk route and that this gives from two to four naval ships additional for each convoy.

He said he had recently visited the new General Electric plant built for the purpose of manufacturing generators and other equipment for naval ships. He said about sixty per cent of the employees were women and they had far exceeded their estimates of production.

Mr. Ickes reported that Under Secretary Fortas had just returned from Puerto Rico and said that Rex Tugwell had apparently come out of his shell and was beginning to do a real job down there. He thought

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the people had begun to like him and that the whole situation had materially improved. He thought that the people of Puerto Rico did not want their freedom and their self-government and were not so particular about statehood, but he thought they would like to be in position to elect their own Governor.

He then discussed the Costello Committee inquiries into deferment in the various Departments. He said the discussion of this subject in the press, in committees in Congress and on the floor in Congress had become very embarrassing to employees of the Government, many of whom would like to go into the military services but who have been asked by their Departments to stay on and do work for which they are much better fitted than anyone else who can be secured or in places where they are doing a much better job for their country than they would be if they went into military service. He said he thought it was high time the President issued a very strong statement on the matter of deferments in the Government service.

The President said he had often discussed the matter of allowing these boys to go into the Service and then detail them back to the Departments. He spoke of the way in which the Secret Service men are taken care of. Two or three at the Cabinet table objected to this saying it would not stop criticism, that it would be just a way of getting around going into the military service and that that wouldn't satisfy the employees involved. He still thought that a strong statement of the President would be the only thing that would help. The President then asked Mr. Ickes and Mr. Biddle to get him up such a statement.

Mr. Wickard had nothing.

Mr. Jones had nothing.

Mrs. Perkins had nothing other than to comment that we wouldn't know how many coal miners are actually out on strike until Monday as not very many work on Saturday and she hoped it would be Monday noon before any comment is made regarding the matter.

Mr. McNutt said that out of 270,000 miners, 177,000 have been given occupational deferment, exclusive of the physical disability cases.

General Fleming had nothing.

Mr. Landis had nothing.

Mr. Blandford said that the Federal Housing Administration had asked for additional authority of some \$400,000,000 and he hoped the President would approve it when it came over from the Bureau of the

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Budget. He said they had constructed 125,000 houses in the past year and had 150,000 under contract at the present time. He also commented some on the Willow Run situation, saying they had 20,000 units there but the number of employees that eventually would go to that plant would total about 40,000.

The President then said that the discussion of housing brought up this question in his mind -- what are we going to do with all of these housing facilities that we have throughout the country, particularly the buildings on Army posts. He said he had put the question to the various Governors with whom he visited on his last trip and one of the first suggested that they use these buildings for giving the youth of the country physical training for one year. He discussed also the matter of the name you should give to such training. It is well understood that it could not be called military training. Someone suggested that this should be a contribution of one year out of your life to the Government. He liked the idea and practically every Governor, both Democratic and Republican, said they liked it and they would support him if he came out with such a proposition.

Mr. Nelson had nothing.

Mr. Byrnes had nothing.

The Vice President commented a little on his South American trip, largely about wages in some of the copper mines. He said some were as low as 15 cents a day. He thought the American owners paid a good deal better wages than the other mine owners down in those countries, but even those were not very high.

AWB

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

April 30, 1943

TO Secretary Morgenthau
 FROM Randolph Paul

This morning, at the invitation of Justice Byrnes, I attended the meeting of his Advisory Committee from 11:00 a.m. to 1:00 p.m. The entire session was devoted to questions of various persons present, relating to the tax situation. There were present the following persons:

James F. Byrnes	Marriner Eccles
Jesse Jones	William H. Davis
Claude Wickard	Eric Johnston
Edward O'Neal	James G. Patton
William Green	Miss Perkins
Edward F. Pritchard	Prentiss Brown

We first discussed in some detail the Doughton plan which is now before the House, and in considerably less detail the Robertson plan. I explained the principal features of these plans, giving detailed figures as to the impact of the plan on various incomes, particularly an income of \$10,000.

We next discussed the subject of compulsory savings. I stated that this was one of the items in the broad tax program which the Treasury had been discussing within its own walls earlier in the year. A number of questions were asked as to details of the compulsory savings and as to the Treasury attitude on the question. I stated that the political situation was now such that there could be no hope of securing any additional taxes on 1943 income, but that there still remained some possibility of collections out of future 1943 income by way of compulsory lending.

We next discussed the corporate rate picture. I gave figures on 1943 anticipated corporate profits before and after taxes, calling particular attention to the fact that corporate profits for 1943 (after dividends received and tax exempt interest) were \$25 billion for profit-making

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corporations, out of which income and excess profits taxes were estimated at \$15.9 billion. This left \$9.1 billion of corporate profits remaining after taxes as against \$7.8 billion in 1942 and \$5.638 billion in 1937. I also gave the figures on corporations filing returns with no net income.

On the basis of this discussion, some seemed to think that corporations could stand more taxes, particularly if some debt relief provision were included in the bill. Mr. Jones seemed particularly interested in this last item. However, the conclusion of the meeting was that even if corporations should pay higher taxes, there would be such a long fight on the issue that it was advisable not to press the point if we wished a quick tax bill.

We then discussed at some length the sales tax. I gave all the arguments against the sales tax, including the argument of insufficiency of revenue and administrative difficulties, and there was considerable discussion of the inequity of the tax. The two principal proponents of the tax were supposed to be Mr. O'Neal and Mr. Jones. Mr. O'Neal argued somewhat vaguely that the tax was popular because the people wanted to pay taxes. Mr. Jones seemed rather of the opinion that there should not be any such tax, at least he did not express any opposition, and at the end appeared willing to help against the passage of such a tax. Mr. Davis was particularly against the tax, as well as Mr. Green and Mr. Patton. Mr. Eccles was not so clear-cut in his opposition, since he felt that more money should be taken somehow, irrespective of equity, out of the purchasing power stream.

In connection with the sales tax discussion, we also discussed the spendings tax. Mr. Jones appeared somewhat interested in this tax, but Mr. Eccles pretty definitely repudiated the tax because of the necessity of estimating balances at the beginning and end of the year, which he thought impracticable. In spite of this comment, Mr. Davis expressed considerable interest in the tax, and the discussion of the tax was somewhat truncated by interruptions on other points.

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We then discussed the matter of loopholes (including community property and joint returns for the benefit of Mr. Jones) and it was the general consensus of opinion that no attempt should be made in this bill to close these loopholes.

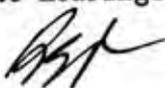
Mr. Patton introduced the subject of expenditure rationing. I pointed out that this was not a tax measure, and some of the difficulties involved in the situation, particularly the possible necessity of establishing different levels of permissible expenditure. Mr. Patton seemed in favor of an absolute level, irrespective of income, as in specific rationing. The group seemed to come to the conclusion that expenditure rationing was unadvisable at this time.

At the end of the conference, we came back to the political situation. Justice Byrnes took the position that he had not thought that he or the members of the Board could be particularly helpful in the House because of its attitude against discussing anything but pay-as-you-go in the present bill, and because of the frayed temperaments of the members. He felt, however, that as soon as some bill passed the House, that bill would serve as a mechanism for a discussion of the tax situation in the Senate, and he expressed the opinion that we would not be able to get a second tax bill through this year; therefore, we had to choose now whether we would bring up in the Senate the question of compulsory savings. It should not be brought up, he thought, unless it could be ascertained that there would be substantial support for it, but if any support could be developed it would be a distinct help in the anti-inflation program.

Marriner Eccles then tried to get the meeting to go on record in favor of compulsory savings, whereupon I asked Marriner a number of detailed questions as to what kind of compulsory savings he had in mind. These questions brought the meeting around to the point that it could not vote except upon distinctly framed alternative compulsory savings schemes, and that it was not desirable to vote

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blindly on the broad question of compulsory savings. It was thereupon decided to request the Treasury to present to a further meeting to be held on Monday, possible alternate compulsory savings schemes. In this connection, I called the attention of the meeting to the imminence of the Senate hearings.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

APR 30 1943

TO Secretary Morgenthau
FROM Randolph Paul

I am sure you will be interested in the attached memorandum of a conference held in this office last Tuesday on the subject of state income taxes on corporations whose profits have been reduced as a result of renegotiation. The meeting was held at the request of the State Tax Commissioners of New York and Connecticut, and at its conclusion we had made it clear to the Commissioners that income for Federal tax purposes is as reduced by renegotiation and that we expect the states to take a similar view.

The question is of great importance from our standpoint, inasmuch as we consider state taxes paid or accrued during the period involved as allowable costs for purposes of renegotiation. This means that the Federal Government is paying to the states whatever amounts corporations ultimately are obligated to pay by way of taxes to the states, and if corporate income taxes by states are based on excessive profits taken away from the companies in renegotiation the additional burden on the Federal Treasury would be substantial and, of course, entirely without justification.

We do not have the data upon which to make an estimate as to the amount of money involved, but in view of the fact that 31 states have corporate income taxes or franchise taxes based on income, and in view of the fact that states such as New York derive as much as 25 per cent of their total revenues from such taxes, it can be seen that the problem is far from minor. My guess would be that a decision to permit the states to levy its taxes on income of corporations before renegotiation might cost the Federal Government as much as \$200 million a year.

RR

Memorandum of meeting held in the Treasury Department

at 10 A. M., April 27, 1943. Present were:

Mr. Randolph Paul	General Counsel, Treasury
Mr. Joseph J. O'Connell, Jr.	Asst. General Counsel, Treasury
Mr. Herman Reiling	Bureau of Internal Revenue
Mr. Ralph R. Reed	Bureau of Internal Revenue
Mr. C. A. Appel	Bureau of Internal Revenue
Mr. Benjamin Brodsky	Tax Leg. Counsel's Office, Treasury
Mr. A. W. A. DeWind	Tax Leg. Counsel's Office, Treasury
Mr. Joseph McCormack	Maritime Commission
Mr. E. J. Price	Maritime Commission
Mr. Clarence Ross	Navy
Mr. John Kenny	Navy
Lt. Com. J. J. Pugh	Navy
Mr. Charles Pengra	War Department
Major W. W. Watts	War Department
Commissioner Rollin Browne	Tax Commissioner of New York
Mr. S. E. Bates	New York
Commissioner Walter Walsh	Tax Commissioner of Connecticut
Mr. Otto Steege	Connecticut

The meeting was held at the request of the State Tax Commissioners of New York and Connecticut, for the purpose of discussing what the New York Commissioner, in his letter requesting the conference, called "a number of problems of considerable importance in the administration of state corporate taxes", posed by the renegotiation of war contracts.

At the outset, Commissioners Browne and Walsh explained that they had thought it desirable to get together with representatives of the Federal agencies responsible for the renegotiation of war contracts with a view to obtaining a better understanding of the way state franchise and other taxes measured by corporate income were treated for purposes of renegotiation.

2.

From the standpoint of the states, of course, the fundamental question was as to whether state corporate taxes based on income should be determined on a basis of income before renegotiation or after, and incidental to that question the states were desirous of ascertaining on which basis the renegotiating agencies allowed state taxes as a cost for the fiscal period under renegotiation.

After a fairly extended discussion, largely exploratory in nature, it was decided to appoint a small subcommittee containing representatives of each of the Federal agencies concerned to give immediate attention to the problems discussed generally at the larger meeting. The subcommittee consisted of Mr. Ross of the Navy Department, Major Watts of the War Department, Mr. McCormack of the Maritime Commission, and Messrs. O'Connell and Reiling of the Treasury. The subcommittee was instructed to report back to the larger group (excluding the state representatives) at 2.30 in the afternoon. It was understood that if the subcommittee and the larger group of Federal Government representatives could reach agreement, the entire group would meet with the representatives of the States of New York and Connecticut later in the afternoon and apprise them of the results reached.

Early in the afternoon the subcommittee reported to the full committee that in its judgment corporate income of corporations involved in renegotiation should be treated the same for state tax purposes as for Federal; i. e., that regardless of whether the renegotiation agreement in a given case was made prior to or subsequent to the filing of the Federal income tax return, the result in each case would be a reduction in corporate net income for the period under renegotiation by the amount determined to be excessive profits during that period.

3.

The subcommittee also suggested that in view of the fact that some people seemed to doubt that amounts recovered in renegotiation necessarily result to that extent in a reduction of net income for Federal tax purposes, it would be desirable for the Treasury Department to put out a ruling making that abundantly clear.

With regard to the determination of the amount of state taxes to be included as a cost in the period being renegotiated, it was recommended that the amount allowed as a cost should be the amount which the contractor involved would actually be called upon to pay to the state. In order to avoid penalizing unfairly any particular contractor, it was suggested that it would be proper for the renegotiating agencies to allow as a cost in the first instance the amount accrued on the company's books for state taxes during the period involved, and to insert a provision in the renegotiating agreement requiring the contractor to take all necessary steps to perfect a claim for a refund (if taxes were in fact paid on the larger amount of income), and to return the amount of any such refund to the Federal Government. Of course, if the larger amount were included as a cost and the contractor were not called upon to pay it (because of a ruling from the state taxing authorities or otherwise), the agreement would obligate the contractor to return to the Federal Government the difference between the amount included as a cost and the amount actually paid the state.

The subcommittee's recommendations to the full committee were accepted by the larger group, and the State Tax Commissioners of New York and Connecticut were advised of the results reached.

In the discussions held in the morning the State Tax Commissioners present, particularly Commissioner Browne of New York, had stressed the administrative difficulties

4.

the states might have if called upon to make a great many refunds. The proposition that to treat income after renegotiation as the true taxable income would create a serious budget problem for states was also mentioned, as was the possibility of legal difficulties. In the discussions had with the Commissioners later in the day, when they were advised of the conclusions reached, it seemed reasonably apparent that the difficulties mentioned earlier in the day were not as substantial as had at first appeared. In any event, neither Commissioner indicated any fundamental disagreement with the general proposition that income after renegotiation is the only true income for Federal tax purposes, nor was there any apparent disagreement on the proposition that the same rule should apply to states.



May 1.

Mr. Sullivan left this memo with the Secy and reported that he had authorized the ordering of the paper.



TREASURY DEPARTMENT
WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

approx 4/30/43

MEMORANDUM FOR

Secretary Morgenthau.

Both the Doughton and Carlson pay-as-you-go proposals provide for --

- (a) Collection of tax at source on salaries and wages beginning July 1, 1943.
- (b) Forgiveness of a part or all of the 1942 tax.
- (c) Filing of quarterly or other tentative returns and payment currently by persons not subject to withholding.

Anticipating the enactment of a law embodying certain or all of these features, the necessary tax forms have been tentatively developed as one step in our program of advance preparation towards effectively administering the provisions of such law. In respect to these tentative forms, inquiry has been made of the Public Printer as to means of insuring timely delivery.

There follows a schedule showing the probable type of forms required, quantities, printing time, etc. --



	Title	Quantity	Forms to be in hands of taxpayers by --	Days required by Public Printer	
				To manufacture and deliver paper stocks	To print forms
1	Employee's Exemption Certificate	200,000,000	June 1, 1943	15 - 20	20
2	Statement of Income and Victory Tax Withheld	80,000,000	July 1, 1943	15 - 20	20
		175,000,000	January 1, 1944		
3	Return of Income and Victory Tax Withheld	20,000,000	September 30, 1943	15 - 20	20
4	Reconciliation of Quarterly Returns of Income and Victory Tax Withheld (Form W-3) with statements of Income and Victory Tax Withheld (Form W-2)	10,000,000	January 1, 1944	15 - 20	20
	Instruction Sheet - Employers	5,000,000	July 1, 1943	15 - 20	20
	Notice to Employees	10,000,000	July 1, 1943	15 - 20	20
140E	Individual Income Tax Returns filed on an Estimated Basis	100,000,000	September 1, 1943	15 - 20	20
	Instruction for Form 1040E	60,000,000	September 1, 1943	15 - 20	20
BA	Assessment List	4,000,000	To be in hands of Collectors June 1, 1943	15 - 20	20
123	Statement of Tax Due	16,000,000	To be in hands of Collectors June 1, 1943	15 - 20	20

3 - Memorandum for Secretary Morgenthau.

The form most urgently needed to inaugurate withholding on July 1, 1943 is the exemption certificate which every employee will be required to fill in, showing his family status, in order that his employer may be prepared to deduct the correct tax from the first wage payment made after July 1, 1943. Obviously employers should have these forms well in advance of July 1, so that they may be able to have them completed by each of the 50 odd million employees in time to permit them to adjust their payroll records prior to the first payroll date after July 1.

Under the most favorable circumstances, the Public Printer will require 20 days after receipt of the final proof to print the forms. In advance of this, however, he requires 15 to 20 days to manufacture the paper stocks necessary for the forms. While the final proof cannot be furnished until a bill becomes law, it is possible to save the 15 to 20 days required for the manufacture of the paper by authorizing the Printer to obtain this stock in anticipation of eventual enactment.

Unless this is done immediately the Printer will not be able to deliver the forms in time for the employers to undertake payroll deductions on July 1, of this year.

As for example, if the order is placed today for the paper it could not be delivered before the latter part of May, the printing could not be completed before June 10, leaving only 20 days for the collectors to distribute the 200 million

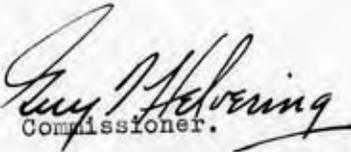
4 - Memorandum for Secretary Morgenthau.

forms to 3 million employers and for the latter in turn to have the forms filled in by some 50 odd million employees, after which such forms would be reassembled in the employers' offices and used as a basis for calculating the portion of the wages exempt from withholding and the establishment of a system for payroll deductions.

Even if the order is placed today employers will suffer undue hardship in meeting this schedule and many will fail completely in complying with the law.

Every day's delay will add to this hardship and will operate to develop an impossible situation. In view of this and despite the uncertainty of the provisions to be finally enacted I have authorized the Public Printer to proceed with the manufacture of the necessary paper stocks.

Your attention is invited to the closing paragraph of the attached letter from the Public Printer in which he advised that ample time must be allowed for the printing and recommended that representations to any Committee regarding a suggested starting date include conservative estimates in that respect and in no event should they be less than those stated by him.


Commissioner.

LIST OF FORMS, ESTIMATED QUANTITY AND ESTIMATED COST UNDER THE PROPOSED
WITHHOLDING PROGRAM, FISCAL YEAR 1943

Form No.	Title	Quantity	Cost
W-1	Employee's Exemption Certificate	200,000,000	\$81,530.
W-2	Statement of Income and Victory Tax Withheld	80,000,000	37,000.
	Instruction Sheet - Employers	5,000,000	70,530.
	Notice to Employees	10,000,000	14,169.
23A	Assessment List	1,000,000	3,500.
1123	Statement of Tax Due	4,000,000	7,500
	Total	300,000,000	\$214,229.

TO BE ORDERED IN FISCAL YEAR 1944.

W-2	Statement of Income and Victory Tax Withheld	175,000,000	73,996.
W-3	Return of Income and Victory Tax Withheld	20,000,000	9,543.
W-4	Reconciliation of Quarterly Returns	10,000,000	5,325.
1040Q	Quarterly Individual Income Tax Return	100,000,000	136,000.
	Instructions for Form 1040Q	60,000,000	84,000.
23A	Assessment List	3,000,000	10,592.
1123	Statement of Tax Due	12,000,000	21,300.
	Total	380,000,000	340,786.
	GRAND TOTAL	680,000,000	\$555,344.



UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C.

April 21, 1943.

Mr. Fred H. Berger, Chief,
Division of Printing & Binding,
Treasury Department,
Washington, D.C.

Dear Sir:

We wish to make the following recommendations and statements concerning the proposed new tax program incident to the withholding tax plans now being discussed by Congress. It should be appreciated that our discussions of April 20 and all the statements contained in this letter are based upon the estimated information furnished us at that time. Should changes occur seriously affecting these plans, it will be necessary to revise our schedules.

A study of the sizes and form descriptions causes us to make the following recommendations.

1. Forms W-1 and W-2 are planned for 8 x 3 $\frac{1}{2}$ inches, while Forms W-3, W-4, and 1040-Q are planned for size 8 x 3 $\frac{3}{4}$ inches. We recommend that all these forms be produced in size 7-7/8 x 3 $\frac{1}{2}$ inches. By adoption of this size, we will have standardized all of the aforementioned forms and also "Instruction Sheet - Employers", "Notice to Employees", and "Instruction for Form 1040-Q". This will permit us to establish standard production methods to be followed by all plants whom we may call upon to produce this work. You will note that this procedure makes the standard unit 7-7/8 x 10 $\frac{1}{2}$ inches, which size you have adopted on many of the regular income tax forms.
2. Form W-2 and "Instructions for Form 1040-Q" specify 32 sub. white writing. We would recommend that these be changed to 40 sub. white writing. Form 1040-Q specifies salmon writing paper. We would recommend that white paper be used on this as on the other forms and that the distinguishing characteristic of color be achieved through the use of colored ink in the printing, in the same manner as you are doing it on Forms W-2, W-3, and W-4.



April 21, 1943

The adoption of the recommendations above will permit us to establish a single size and grade for the paper to be used on your program, which will be a standard size commonly used on a great volume of printing for other agencies of the Government. Further, we can then establish a single standard production plan including paper shipments, paper sizes, folding, wrapping and packing sizes and similar production functions. On a program as extensive as this plan, I am sure you can appreciate the great importance of such an accomplishment. Further, if the recommendations are adopted, we will immediately buy the paper in sufficient quantities and will have it available in several printing centers in anticipation of your program. This can be done even prior to the receipt of copy because any difficulties arising in your program would permit us to divert the paper to other uses. We would, however, expect you to adhere to these sizes for your program, if it continues.

Approximately 18,000,000 sheets, or a total weight of 4,000,000 lbs. is involved in the paper required for the program as a whole. It will require from 15 to 20 days to manufacture and deliver sufficient paper to printing centers selected by us, to justify the start of production. Such a volume naturally would necessitate the use of a number of mills, which consideration we have included in our plans. The total volume of paper would be completed within approximately 5 days thereafter.

The 18,000,000 sheets would require approximately 1,000 press days (20 hours) of printing for completion. In addition to this, there would be many hundreds of days of folding, cutting, wrapping, and packing. We estimate that from 35 to 45 days will be required for the completion of production from the date of receipt of the okayed proof provided that at least 15 to 20 days have elapsed prior to this okayed proof date and the date you approved these recommendations and gave us clearance to proceed with our plans. For example, if you advise us on April 23 to the effect that you will accept our recommendations we will immediately proceed with the purchase of paper and, as stated before, it will require from 15 to 20 days to have a satisfactory quantity available in each area for the start of production. If your proofs are returned to this Office okayed for the making of plates on or about May 11, we will complete production and delivery between June 15 and June 25. If your proofs are returned prior to May 11, we will still not be able to start production until the paper is available, which would be 15 to 20 days from April 23. In brief, the time for completion of delivery of the work would be 50 to 60 days from the date you accept our recommendations and approve the start of paper purchasing. This estimate is based on the assumption that a minimum of 35 to 45 days is allowed from the date of receipt of okayed proof.

In our discussion of yesterday, you outlined a desire to receive delivery on certain forms May 15; others June 15, August 1, and September 15. The best proposals we can make would be as follows. Forms W-1, 23-A, and 1123 - June 1 or 20 days after receipt of okayed proof, whichever is later. Forms W-2, "Instructions Sheet - Employers" and "Notice to Employees" - June 15 or 20 days after receipt of okayed proof, whichever is later. Balance - July 15 or 20 days after receipt of okayed proof - whichever is later.

These dates again depend upon your acceptance of our recommendations.

Mr. Berger

- 3 -

April 21, 1943.

We appreciate the responsibilities placed upon you, and we must emphasize and advise that ample time be allowed for the printing, and we would recommend that your representations to any Committee requesting a suggested starting date for your program include a conservative estimate and that in no case it be less than our stipulations herein.

Very truly yours,
A.E. GIEGACK
Public Printer

By: 
R.A. RITTER
Production Planning Assistant
to the Public Printer



TREASURY DEPARTMENT
WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

April 28, 1945.

Ad:PB

Honorable A. E. Giegengack,
Public Printer.

(Through Section of Printing and Binding, Treasury Department.)

Dear Sir:

Reference is made to your letter addressed to the Department on April 21, 1945, relative to the printing of certain tax forms that will be necessary to carry out the provisions of the proposed new taxing program involving the withholding of tax at the source, effective July 1, 1945.

In view of the further delay and time required to manufacture the necessary paper stock, you are authorized to proceed immediately with the purchase of sufficient paper to print the forms in quantities listed below. Should this program fail of enactment, the stock can be used for regular work of the Bureau or for other Governmental agencies.

Form No.	Title	Quantity	Size	Kind of Paper	Date of Delivery
W-1	Employee's Exemption Certificate	200,000,000	8x5½"	White Wtg. Sub. 40	6-1-45
W-2	Statement of Income and Victory Tax Withheld	80,000,000	8x5½"	" "	6-15-45
	Instruction Sheet to Employer's	5,000,000	8x10½" (8 sheets)	" "	6-15-45
	Notice to Employees	10,000,000	8x10½"	" "	6-15-45
1125	Statement of Tax Due	4,000,000	8½x15"	" "	6-1-45
25A	Assessment List	1,000,000	11½x12½"	White Ledger Sub. 48	6-1-45

The quantities stated above are the minimum requirements of the Bureau of Internal Revenue, and should be delivered to offices of the sixty-four Collectors of Internal Revenue not later than the dates indicated above. The delivery dates have been determined in the light of your printing requirements. However, it will be of material assistance to the Bureau of Internal Revenue and the general public to advance the delivery date in any instance wherever practicable.

Very truly yours,

Ray M. Heberling
Commissioner.



TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE April 30, 1943

TO: Secretary Morgenthau
FROM: Vincent F. Callahan

Transcripts of the news broadcast which OWI sent overseas are available, but they only contain the copy of the telegram sent to you by General Chiang Kai-Shek.

Just before 11:30 Washington time on Wednesday night, April 28th, we notified OWI of your San Francisco speech. They recorded it and then transcribed the Chiang Kai-Shek message addressed to you.

The full text of this message was then sent to their twenty-one language desks. These desks in turn translated and rebroadcast throughout the world. Your talk was treated purely as news and OWI added no comments. The Chiang Kai-Shek cablegram was rebroadcast in French, Italian, German, Greek, Spanish, Polish, Russian, Swedish and Norwegian.

Vincent F. Callahan

GENERAL MOTORS CORPORATION
DETROIT, MICHIGAN

April 30, 1943

Recy paw 177
Mr. Grant
Mr. Baehrick

5/4/43

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

My dear Mr. Secretary:

You will remember in several of our conversations that I took the position that the War Savings activity should not be combined with the War Bond Drive, on account of the fact that one is a continuing activity and the other is an activity consisting of drives which take place at four-month intervals, or thereabouts.

I have just had a fine opportunity in Michigan to watch up the drive that has just been taking place. I have discussed the drive with Mr. Walter S. McLucas, who is Chairman of the drive in this area. I have also talked to men down the line who have participated in the drive in an important manner. It is their feeling that the two efforts are so dissimilar that they should not be mixed up together.

I, naturally, am very much interested in this matter on account of the fact that I took a position, after analyzing the situation, and have wondered whether my judgment was good or bad. Judging from the Michigan experience, I cannot help but come to the conclusion that I had the matter sized up properly in the first place.

As I look at the situation, the War Savings Bond activity needs a permanent organization which is working all the time. The War Bond Drive needs an established organization which works at intervals and between drives needs to be kept alive as an organization for future use.

I thought you would be interested to hear from me on this subject on account of the fact that I have had an opportunity to observe what is taking place in the field.

I am sending you a pamphlet that was issued in connection with the War Bond Drive in Wichita, Kansas. The pamphlet was written by one of our old-time Delco-Light distributors. The writing is so lucid, and as the pamphlet can be read in a few minutes, I thought you would be interested to see what one of our old-timers is able to do.

-2-

Hon. Henry Morgenthau, Jr.

I will be in Washington, Tuesday and Wednesday and I will call your office and if you could spare a few minutes, I should like very much to have a few words with you about future bond drives.

Yours very truly,

R. H. Grant

vm
Encl.

America's Choice

Bonds
or
Bondage
?

Remarks by
SYLVESTER A. LONG, *President*, The S. A. Long Co., Inc.
SECOND WAR LOAN
Wichita, Kansas, April 12, 1943

○ *America's Choice . . .*

BONDS *or* BONDAGE?

★ ★ ★ ★ ★

ABOUT MONEY, BANKS AND BONDS

*A*S AN inexperienced layman I am not flattering myself to think that I can tell bankers and businessmen anything new about money, banks or bonds.

People have some queer ideas about banks and money. There are those who think that it doesn't cost the groceryman's family anything to eat because he has so many groceries. By like token, they think the banks have an unlimited amount of money and can buy anything they see fit.

As I understand it, a bank is very much like any other business firm. It has a certain net worth of paid up capital and surplus. Its business is to furnish a warehouse for other people's money. In addition, the bank performs certain other services such as sorting, baling, packing, shipping and shuffling of the dollars stored in their warehouse. Recently banks have become crematories for ration stamps.

WICHITA BANKS

According to figures available, a combined balance sheet of all the banks in Wichita shows that as of last February 27 the banks of Wichita had, in round numbers:

A combined net worth of	\$ 7,000,000.00
Deposits totaling	160,500,000.00
Government bonds amounting to	73,000,000.00

These figures show that the Wichita banks have already bought, and are now holding, government bonds and securities amounting to more than ten times their net worth. The question arises as to where the banks got the money and what happened when they bought these government bonds.

A THREE-ACT DRAMA

The answer as to where the banks got the money and what really happened when they bought the bonds may be explained in a little Three Act Drama.

- Act One: The bank took our deposits out of their warehouse and bought the bonds. End of Act One.
- Act Two: They put the bonds into the warehouse to replace our deposits which they had used to make the purchase. End of Act Two.
- Act Three: Here is where the drama gets interesting. It is because of what happens in this Act Three that we are here this morning. It is Act Three of this little drama which can easily make it a tragedy or a farce. It is Act Three of this little drama that you and I must clearly understand before we know why we are going out to sell these bonds to the public.

If the banks were interested only in their own immediate prosperity they would buy these government bonds as they are issued. They would make money by doing so. It is a cinch! They take our money to buy the bonds. They place these government bonds in their warehouse in lieu of our money. Then they get the interest from the bonds. It looks like a money making deal for the banks. And so it is.

Then why do not the banks buy all of these bonds? Why are the banks helping us sell these new bonds to people other than banks? It is because they are afraid — and they should be afraid — and we should be afraid — of what happens in the Third Act of the little drama when banks buy too many new issues of government bonds.

What then is the Third Act of our little drama? What really happens when the bank buys new government bonds? You will recall that in the First Act the bank took our deposits out of their warehouse and bought the bonds. In the Second Act they replaced these deposits with government bonds. We are fully protected because our deposits have not been decreased. We have the same claim against the bank that we had at the beginning and they are holding government bonds to make good our deposits. So far so good.

ONE COMBINED BANK

To simplify the picture, let us imagine that all of the commercial banks in the United States are merged into one bank, and that all banking transactions are handled through this one combined bank.

[4]

Now here comes the Third Act! And here comes the villain! When the bank buys new bonds, Uncle Sam takes the money which the bank gives him for the bonds. He promptly pays out that money to aircraft manufacturers and other industrial plants producing essential war materials. These companies, in turn, pay their employees and their suppliers and all of these people in turn pay their bills and the money comes right back to the bank and is placed on deposit.

These new deposits are made in addition to deposits previously held. The result is that the total bank deposits have been increased by the amount of bonds bought by the bank. The only exception to this being some additional loose change because more people handle more money.

ALL DEPOSITS ARE SPENDABLE MONEY

These increased bank deposits are all subject to withdrawal either by check or in cash. They are spendable money. The Third Act of our little drama increased the deposits and thus increases the check money which the depositors are in a position to spend. This adds to the pool of purchasing power composed of money in circulation and demand deposits, all of which is spendable money. This is almost the equivalent to printing new money, because the depositors have the right to go to the bank and draw out every dollar of their deposits in \$20.00 bills or any other real money that they desire.

In this process has any new wealth been created? The answer is "NO." But, demand deposits are increased and spendable bank money is created with every new bond that the bank buys. This is indeed a tragedy, for it may become a long step in a wild inflationary program.

MERCHANDISE LIMITED

But this inflationary threat is even more serious today because the amount of civilian goods that can be bought is definitely limited and decreasing. It requires no vivid imagination to picture what must ultimately happen if and when the owners of these increased deposits start bidding against each other for the shrinking volume of merchandise that is available for purchase. Prices will skyrocket, the value of the dollar will do down, and we will be on the skids for a major inflationary catastrophe. Limited production of civilian goods coupled with increased bank deposits is the best possible prescription for inflation.

[5]

TREASURY DEPARTMENT

11:30

1943 MAY 3 AM 9 54

OFFICE
SECRETARY OF TREASURY

Men like yourselves are not going to go out and pay 40c per gallon for bootleg gasoline, \$75.00 for a nameless tire or \$1.00 per pound for black market meat. But if you buy anything except a bond you are turning loose money into hands that may be less patriotic than your own.

PRICE CONTROL

No artificial device like price control will permanently hold the steam pressure of burning surplus money under the boiler of popular demand for goods. We must dampen the fire beneath the boiler. We have inflation now. Our problem is to save the boiler and prevent an explosion.

We need not be surprised that our prices are rising in spite of price control. They are now rising every month. So long as we keep firing the boiler of popular demand for goods with new money we may expect to hear the whistle of escaping farm prices and the gurgle of higher wages. These two wisps of escaping inflation steam — farm prices and labor wages — are like gremlins playing a game of perpendicular leap frog. Each, in turn, is determined to top the other.

A BETTER WAY

The best way to decrease the danger of inflation is for investors, other than banks, to buy the new issues of government bonds. Let us see what happens then. Let us follow this transaction step by step. Suppose that you are in a position to invest \$20,000 in government bonds. Here is what happens.

Step 1. You write a check, drawing out of your bank deposits \$20,000.
Step 2. Your \$20,000 goes to Uncle Sam who, in turn, sends you a bond.
Step 3. As quickly as Uncle Sam spends this money — and he is spending money rather promptly these days — it flows back into the bank and the total of the bank's deposits automatically rises to the same point that they were before you withdrew your \$20,000.

Thus, when an individual, an institution, or a firm, other than a bank, buys new government bonds the deposits in the bank are neither increased nor decreased by the transaction. This is an important fact. This transaction gives the government your money for essential war purposes while you have less to spend for the shrinking inventory of civilian goods. That makes sense. That helps prevent run-away inflation.

CONSIDER THE GOVERNMENT

It is unfortunate that political expediency sometimes prevents Washington from doing some of the things that would greatly help to avoid inflation.

[6]

But we are not here to criticize Washington. We are here to do in a voluntary and patriotic way a thing that must be done. We must do this job. Our government can not do it the way we want it done. Make no mistake, however, this thing is going to be done one way or another.

Not being a politician I can tell you the plain unpleasant truth. We have nothing to gain by waiting until the government is compelled to hunt us down like draft dodgers and take from us, through taxes, enforced savings or otherwise, what we can now voluntarily loan to Uncle Sam on an interest bearing basis. If we do not do this job it will be done through taxes, enforced savings, creeping inflation or the printing of greenbacks. . . We are at war and the government must get the money. We can take our choice. Naturally we prefer the voluntary, patriotic and safe route.

HEDGE AGAINST INFLATION

There are still some foolish Americans who think that they can buy farms, property, stocks or commodities as a protection against inflation. Nothing is farther from the truth. There can be no real hedge against the consequences of inflation except the support of the financial stability of our government. If we fail to do that there remains very little to die for today and much less to live for tomorrow.

Our job is to dampen the fire under the inflation boiler. We must keep an already leaking boiler from exploding. We are here to protect the value of our life insurance — the value of our savings — the value of our bank deposits — the value of our homes — the value of our property — the value of our money and the security of our future.

DEADLY POISON

The fearful deadly poison gas of uncontrolled inflation once released cannot be escaped. This invisible deadly creeping poison gas filters death into every safety deposit box — every life insurance policy — every savings account — every pocket book — every farm — every piece of property — every share of stock — every oil well — every church — every school — every hospital — every profession and every business.

This inflation poison infects all food — it rots all clothing — it stops the automobile — it turns off the radio — it chokes the refrigerator — it ruins our homes. This poison gas of inflation does not stop until it corrodes

[7]

REASURY DEPARTMENT

11:30
1943 MAY 3 AM 9 54

OFFICE OF THE SECRETARY OF THE TREASURY

the very framework of civilized society and sends men, women and children, like animals, to fight with tooth and claw for food and shelter from the storm.

That is what happened in Germany after the first World War. And it is timely to remember that the German Government did not print money. They merely sold an ever-increasing amount of bonds to the Reichsbank. Everything else followed automatically. In the name of high heaven, what better proof do the American people want of what happens when the government sells too many bonds to the banks? Also remember that if there had been any financial stability in the German Government, the rise of Adolph Hitler would have been impossible.

A nation at war always goes into debt because the combined wealth and strength of its people are used to produce essential instruments of war which are promptly shot away, consumed or destroyed. In war time no real wealth is being created except as the opportunities of the future are made secure. The bonds in which we are now asked to invest are not only a first mortgage on all our money, but on all our property and on all our wealth. They are likewise a first mortgage on the productive wealth and creative power of this great nation in the years to come.

A WORD OF CAUTION

The only time I am concerned about United States Government bonds is when too many of them are turned into increased bank deposits and become check money that can be immediately spent. Frankly, I don't like that kind of money. First, because we can easily get too much of it, second, because money based on a future promise is not as good as money based on past performance. When this new kind of money gets into the bank in the form of deposits you can not pick out the new from the old. The new becomes just as good as the old, or, to be more truthful, the old becomes no better than the new.

These new bank check dollars have nothing behind them except Uncle Sam's future promise to pay. You ask — don't you think that promise is good? My answer is — absolutely yes. If Uncle Sam's promise is not good I do not know of anything that you can buy that is good. These bonds are a first mortgage on all of our wealth, past, present and future. After all — we are Uncle Sam. His promise is our promise and his promise is as good as you and I are willing to make it. I know, as you know, we will make that promise good.

[8]

But even Uncle Sam's promise — our promise — is still a promise and not a fact. In any financial transaction there is quite a difference between a promise and a fact. I know that Uncle Sam's promise is good. But he is not pledged to make that promise good today. If he could do that, there would be no reason for a promise. There would be no bonds to be sold.

Accordingly, we should play fair with Uncle Sam. We should take his bond, lay it aside for safekeeping until his promise comes due. If we use Uncle Sam's promises as spending money now, we are doublecrossing Uncle Sam. Certainly we do not want to commit financial suicide by crippling Uncle Sam's credit.

SACRED PROMISES

We all know that the most sacred promises and the promises most apt to be kept are the ones that cannot be immediately made good. They are usually not spendable today. A promise in itself implies a future date.

Some 25 to 35 years ago millions of good Americans made some very solemn promises. They entered into marriage bonds. By and large those sacred bonds were made good. Those promises have been kept. But it was only after more than 20 years of toil, suffering and sorrow that those promises of 25 to 35 years ago were redeemed by giving to this nation sons, strong of body, keen of mind, true of heart, those magnificent fighting men in our armed forces today.

Those promises were good then but they are better today. A marriage certificate, however good, is not a soldier. A government bond should not be made the equivalent of cash. When Uncle Sam sells you a bond he asks not only for money — he also asks for time. He sets a maturity date. That time is part of Uncle Sam's promise. To permit these bonds to be so handled that they become spendable money before the date of maturity, is to commit a financial abortion.

OUR OPPORTUNITY

Naturally in time of war we must expect to make mistakes. We can not avoid going into debt. But we can see to it that the resources of this great nation are used to produce, not money to spend today, but national strength and security for tomorrow. It is upon that strength and security that we must depend to make good our present day mistakes and pay our debts.

Our armed forces can and will crush the armed forces of Germany and Japan. We will win the war. But we will not win the peace unless we are

[9]

SECRETARY OF TREASURY
OFFICE
1943 MAY 3 AM 9 54
11:30
TREASURY DEPARTMENT

smart enough now to maintain the financial stability of our government. Preserve that stability and the fighting spirit of 135 million people, who have never known defeat, will take care of the future.

The financial stability of our government is the greatest investment opportunity that you and I will ever see. If, contrary to fact, any of us have the mistaken idea that we are so wise and so clever that we can make a better and safer investment than UNITED STATES GOVERNMENT BONDS, let us ask ourselves this question—don't you think the boys living with death in the fox holes of Tunisia or Guadalcanal are smart enough to think of a better and safer way to earn \$50.00 a month?

They give their lives—We lend our money.



[10]

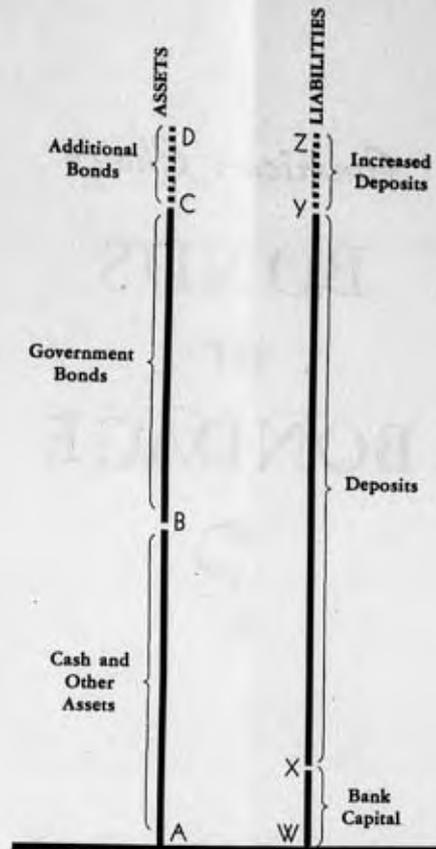


FIGURE 1

If all of our commercial banks were combined and all transactions were handled through this one bank, Figure 1 might be used as a diagram to illustrate what happens when new government bonds are bought.

In this diagram Line AC represents the assets of the bank. Line WY represents the liabilities.

If the bank buys new government bonds their bond holdings are increased by the Line CD. As soon as the government spends the money it flows back to the bank as increased deposits YZ.

If an individual or firm, other than a bank, buys bonds, deposits are withdrawn at purchase and replaced as the government spends the money. The deposits are neither increased nor decreased.

[11]

TREASURY DEPARTMENT

11:30

1943 MAY 3 AM 9 54

OFFICE SECRETARY OF TREASURY

MEMORANDUM FOR THE SECRETARY.

April 30, 1943.

Mail Report

Although the general fan mail fell off during the past week, the prompt and enthusiastic response to the Secretary's broadcast on "We, the People" brought in congratulatory messages that made excellent reading. The letters all were cordial and many spoke with unusual feeling of the Secretary's sincerity and effectiveness. There were no sour notes in the chorus of approval.

Correspondence concerning the Second War Loan drive continued to be cooperative and encouraging. Even the 15 letters that attempted to explain the lag on the part of the little fellow were helpful instead of critical in tone. Government extravagance headed the list of reasons, which included tax uncertainty, indifference of sales officials, or inadequate facilities, delays in delivery of Bonds already purchased under payroll plans, and from the West Coast, in particular, resentment of Washington indifference to the conduct of the War in the Pacific. The execution of our aviators by the Japanese prompted a number of suggestions for special issues or drives for funds to further the War in the East. There were hundreds of reports of purchases of jeeps, etc., through Bond purchases by employees who already were pledging regular payroll deductions. There continues to be a heavy protest mail in connection with War Department Bond purchases. Sixty examples of delay and confusion, entirely from War Department personnel, made a discouraging group, and many of these stated that they would probably cancel their purchases through payroll deductions and buy their Bonds in other ways.

Only 30 letters touched on a pay-as-you-go tax plan, 7 favoring the Ruml Plan, and 10 opposing any sort of forgiveness. There were scattered oppositions to

- 2 -

Memorandum for the Secretary.

April 30, 1943.

a 20% withholding tax and any increase in taxation. The sales tax was again urged by some correspondents, although it does not appear in the mail as often as it did formerly. In the miscellaneous mail there were many questions about currency, including protests against the new pennies; several anti-labor letters; a number of requests for copies of the Report of the Committee on Intergovernmental Fiscal Relations; and suggestions for Government economy. Comments are along the lines of similar ones made during recent weeks.

Apropos of Treasury efforts to jack-up the various Government Agencies in connection with Bond buying, the following story came to light from a trustworthy source in one of the newer offices: The records of the clerk who had for some time taken care of pay reservations for Bonds, when taken over, were found to contain only these three classifications --

1. Current Headaches
2. No Soap
3. Dead Ducks

Surprisingly enough, she was able to put her hand on the correspondence of any given case.



Comments on Speeches

Emory G. Bullis, N.Y.C. After listening to your inspiring description of the real American folk out in Cedar Rapids, Iowa, I have felt that you must be human and possess understanding. * * *

W. Frank McGee, McGee & Bleckley, Wholesale Merchants, Anderson, S. C. I am writing to express my sincere appreciation of your fine program from Cedar Rapids last night. You said so much in so few words. Every feature on this broadcast was interesting, heart-gripping and timely.

J. F. Drake, President Gulf Oil Corporation, Pittsburgh, Pa. I wish to tell you what a great pleasure it was for me to listen to you last evening on our program, "We the People". If all who heard it were as much thrilled as were the people with whom I have contacted since the broadcast, I am sure that the War Bond campaign will be greatly benefited. The success of this broadcast was, of course, due in large part to the fact that you acted as Master of Ceremonies, and I wish you to know what a pleasure it is to me as President of the Gulf Companies to feel that we could be of assistance in such a worthy cause. As you doubtless know, we are making it a policy to have each broadcast given almost completely to furthering the war effort in some way and, in that connection, I wish you to feel that you, as Secretary of the Treasury, can count upon "We the People", program for support in future War Bond campaigns.

Thomas M. Street, Wilkes-Barre, Pa. This is to tell you how much I enjoyed your remarks last night over the air. * * * One thing most of us folks hope is that we won't grow too forgiving when the Japs and Germans holler "enough", but will give them enough to last for a century.

A. Wm. Morrison, Miami, Fla. The tops broadcast of the year. That's my sentiment.

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Sidney G. Stricker, Cincinnati, Ohio. Mrs. Stricker and I enjoyed very much your radio broadcast last evening from Cedar Rapids. The simple stories of the persons who spoke were very effective. * * * Your remarks at the opening and close of the program were very impressive. I hope the Editors of Time Magazine were listening in. Mrs. Stricker and I, though we had bought more than our share of the local quota, which was substantial, are selling certain investments we have been carrying for years, in order to buy more War Bonds today, as a result of your patriotic and inspiring program last evening.

Pvt. Jacob J. Marks, Camp Polk, La. In today's Denver newspaper which I read with interest regarding your speech, and also your proposed plan of monetary proportions for the post-war ritual of self-interest for our best interests, I indulge in due praises which are hereby forthcoming. Exeter in New Hampshire should be proud of a graduate you have been, and I am sure rightly so. * * *

Henry Bruere, President, The Bowery Savings Bank, N.Y.C. I listened last night with great interest and pleasure to the American Forum of the Air. I thought you did your part exceedingly well, and I want to congratulate you on the whole program. It was a fine thing to do and finely done.

J. H. Cline, N.Y.C. I am well aware that my few words of thanks to you for your wonderful broadcast tonight will mean nothing, and at best would be wholly inadequate to really tell you how truly stirring and wonderful the program was. Nothing that I ever listened to on the radio was so tremendously inspiring -- with possibly the exception of messages from our illustrious President. And like him, your voice is calm, clear and perfect, and neither I nor any one else who heard it will ever forget it. No one of us who has a son in the service can ever imagine a more enthralling half-hour than you gave us. My wife and I both want to thank you most sincerely, our truly great Secretary of the Treasury.

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O. G. Overcash, Muncie, Ind. Was agreeably surprised and interested in your appearance on "We the People". We'd like to suggest that millions of us cannot go to our National Capital but there are millions of interesting material Washington can bring to the home folks.

Captain Milton J. Bryan, C.M.P. Technical Information Officer, War Department, Washington. I enjoyed your broadcast from Cedar Rapids so much that I would like to have a copy. Your simple, unassuming and intelligent delivery was impressive. I am sure that thousands of people will put their shoulders to the wheel more readily after having heard you speak. I hope to have the pleasure of hearing you soon again.

Elmer Davis, Director, Office of War Information, Washington, D. C. May I offer you the compliments of a professional on the way you handled the "We the People" program last night? It was a most admirable job. Incidentally, it is obvious that the script came to the attention of the Army only because there were Army officers on the program.

Miss Harriet Von Tobel, Cranston, R.I. I enjoyed hearing you tonight. We plain citizens like to have our Government officials participate in radio shows. It is more real somehow than meeting you in newspaper print. * * *

Edw. W. Stellges, Jr., Arverne, N.Y. Your radio program from Cedar Rapids Sunday night was very impressive. The way you introduced the various people on the program, your brief, still generous introductions were so uncommon I'm sure many of the listeners throughout the country got the same impression that I did, and that is, our Secretary is a real statesman. Realizing the

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tremendous responsibility that is yours, in these times of war, compels me to take the liberty to inform you that you made many friends last night.

Lord Halifax, British Embassy, Washington, D. C. Only one line to tell you that I listened to your talk last night and thought it quite first rate. No answer necessary.

Albert Frank, Decatur, Georgia. I have just heard your radio program and I was very much interested in the way you handled the program. This is the first time I had heard you, and as Master of Ceremonies you did a swell job, and your elocution is one of the finest I have heard. My favorite speaker is President Roosevelt but after tonight I am in the hope that, busy as you are, I shall often be able to hear you again. * * *

W. J. O'Neil, Delco Products, Dayton, Ohio. Just recently I had the good fortune in reading the text of your fine and inspiring talk given in Carnegie Hall, regarding the National Bond drive. * * *

James H. Penick, President, W. B. Worthen Company, Bankers, Little Rock, Ark. Last evening I heard your broadcast on the Gulf program. I thought it the best I have heard in its particular field, and wish to commend you on the honesty and sincerity with which you spoke. The program struck me as particularly genuine - as though you and those appearing with you sincerely meant each word spoken. If there is to be a written transcription made of your broadcast, and it is to be available to the public, I should like to receive a copy. I am a member of the Victory Fund Committee, and of the War Finance Committee for Arkansas, and I believe the use of pertinent parts of your broadcast in our appeals to Bond buyers would help us greatly in reaching future goals. We have subscribed our quota for the present campaign.

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L. J. Horowitz, Mahawata, Palm Beach, Fla. Your handling of last evening's radio program was magnificent. My wife who listened in with me pronounced your performance as human, inspiring and soul-thrilling. I fully subscribe to these sentiments. Please accept my hearty congratulations. You looked tired when I saw you in your office last summer. Considering the gravity of your duties, this is quite understandable. Many years ago I met your father on one of the New York 6th Avenue elevated railroads and we rode downtown together. I looked tired at the time and recall his cautioning me not to overlook the rules of health in my quest (saying this jokingly) of getting contracts away from the George A. Fuller Company. * * * The work I was doing may not be compared in scope or importance to that attached to your office. This, however, emphasizes the value of that advice in its application to yourself. Accordingly, I pass it along.

Mrs. Theresa Atkin, Gainesville, Florida. I heard your program from Cedar Rapids last night for "We, the People", and I want to tell you how much I appreciate your closing talk. You are the very first member of our Government who has displayed both realism and utter honesty in a public speech about our enemies. I refer to your statement that we are fighting Germans, Italians and Japanese - not that silly unrealistic humbug that we are fighting "Nazis" and "Fascists" - no one has blinked the fact that we are fighting just plain Japs - not "Samauri", or whatever is the equivalent term. Even our good President coined the phrase "Japanism" but shied away from that equally deadly and certainly truer one "Germanism" or "Pan-Germanism". I feel very strongly that we are falling into a dangerous trap to pursue this policy. It does not coincide with facts or history. * * * What does this recent campaign - nation wide - about the Jap atrocities against our airmen mean? We knew last October that the Japs had decided to do that. No one in the Government got unduly excited. Several weeks ago our newsmen in Africa reported eye-witness accounts of how the Germans had shot and bayoneted our men after they surrendered. Did any one in Washington go haywire over that? No. * *

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If the Jap atrocity campaign was meant to increase the sale of War Bonds, I'm a little ashamed of the subterfuge - especially since the Government hadn't the honesty and courage to include the German atrocities. It didn't work with me - I'm putting over 40% of our small salary into Bonds anyway - but the day my Government can come out with the plain and realistic truth, I'll mortgage the little home to buy more Bonds! * * * Thank you, Mr. Morgenthau for your brief talks last night! I hope you really meant what you said. * * *

James G. Rogers, Jr., Deputy Director, Domestic Branch, Office of War Information. I thought you might be interested to know that I have heard nothing but extremely favorable comment here on your "We, the People" broadcast last Sunday night. Mike Cowles came in to tell me Monday he thought it was excellent. I, also, felt it was interesting, sincere and convincing. It seemed to me that it did a lot for the sale of War Bonds and also for better understanding of what this war is all about.

General Comments

Alma Madden, Bellingham, Washington. May we earnestly and respectfully beg that the Bonds in this drive be devoted to the prosecution of our own War in the Pacific? When we read that 8,000 planes are to be turned out in May, that we had only three planes on Wake, only three on Bataan, and as late as January or February of this year only twelve on Henderson Field in the Solomons, this seems a fair request. We were admonished on billboards and in magazines all last year to "buy Bonds to bomb Tokyo". We bought the Bonds, but no bombs fell on Tokyo. We read of hundreds of fortresses built right up here in Seattle where our boys before they went into service worked, attacking Germany, of 5,600 planes sent to Russia and we naturally wonder why we had only twelve planes at Henderson Field, only a pitiful handful for brave China, who might be our most useful ally if we gave her planes -- of the meager supplies sent to MacArthur. * * * We still cannot see why American farmers and miners and businessmen should be taxed and rationed to pay for bases in Brazil, railroads in Persia, and factories in Russia, which these countries could pay for themselves, and which will be used in competition against us after the war. * * * Nor do we see why the American people should be burdened with ruinous debt to feed the entire world. I was reading this morning a comparative table of rationing among the nations and I found that we are more heavily rationed than Canada, who has been at war much longer, and that our food status has been reduced to that of Europe and the end is not yet. For that reason our Congress should have representation at any food conference of the Allied Nations or any conference concerning the admission of hosts of refugees into this country which will take the jobs needed by our soldiers when they return jobless from the wars. This may not seem charitable, but it is common sense. It is the sort of realism which Britain and Russia are already practicing. If our statesmen do not look after the interests of the American people, who will? * * *

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Malcolm Hatfield, Judge of the Probate Court, St. Joseph, Mich. During the past few years I have heard hundreds of heirs lament the fact that they are unable to place their money in annuities with the Federal Government in order that they could have a stipulated income for the remainder of their natural lives. On top of this, many wealthy men have frequently told me that they too regretted that there was no way in which they could now invest their money to insure that their wives and children would have a guaranteed income once their estates were probated. One great fear that seems to possess the people of America is the question of insecurity. Therefore, I am merely suggesting that you take under advisement the question of annuities. * * * If insurance companies are able to pay one hundred dollars a month on a thirty thousand dollar annuity, I feel that the Government could go them one better.

J. D. Gillespie, President, George-Gillespie Bond Corp., Dallas, Texas. * * * We deal only in U. S. Government securities. We would be glad to receive the daily statement if we are eligible. Our local papers occasionally print the total of the debt and the receipts on a particular day, but it is too little to be of value. You already favor us with the Monthly Bulletin, which is very valuable to us, and we would not want to give it up in order to get the daily statement.

Edward Jones, President, Sugar Field Oil Company, Inc., DeRidder, Louisiana. * * * There is returned to you herewith check drawn to our order in the amount of \$1.20. The circumstances under which it was drawn to our favor apparently indicate that the Government of the United States is in a sad state of affairs, so far as its finances are concerned. At the time of the calling in of tires on the part of the Federal Government, we notified your agent, Railway Express Company of Baton Rouge, Louisiana, that we had available six tires. Inasmuch as the office was about four and one-half miles from our field office, your agent refused to call for the tires, whereupon, under my instructions, our man

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made a special trip from our field office to the office and delivered the six tires to your agent. However, your agent refused to accept the tires, complaining that they had not been wrapped with wires in bundles. My superintendent thereupon returned to our field office, making a futile nine-mile round-trip. The superintendent then wrapped the six tires in question with wire and again made the trip. The tires in question, for your information, were not worthless by any means and could have been used by us for many thousands of miles, and inasmuch as our entire activity is devoted to producing high octane, aviation gasoline, crude oil and, as we have been advised by the War Production Board that our activities are essential to the war effort, we considered that the rubber situation, per se, must have been very serious in this country to justify our disposing of the six tires in question. The fact that now we have received a mere pittance - \$1.20 - for the six good tires adds insult to injury, and our reaction to the situation is one flushed with patriotism, to the point where we desire to return to you the check above referred to.

F. G. Reese, St. Ansgar, Iowa. Who designed the new penny -- especially the color? Do you know merchants and the public are getting fleeced by the thousands on these being passed as dimes? I bet you have had a flood of such letters protesting such a crime. We have to segregate these and keep them out of circulation, if possible. * * * I want to make my protest on small "jips" for 9¢ losses already handled in this store, and over the United States must already amount to staggering amounts of loss.

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Favorable Comments on Bonds

Marc R. Nielsen, Secretary, United Rubber Workers of America, Los Angeles, Calif. The following quotation is an excerpt from the minority report of the industry member, Henry B. Neff, of the National War Labor Board Panel, which heard the dispute between Local 100 of the United Rubber Workers of America (CIO) and the Firestone Tire and Rubber Company of Los Angeles. "The evidence shows that the workers of Firestone-California Plant have voluntarily bought over 13% of their earnings in U. S. War Bonds, which is 3% more than the Government is asking from its citizens. This shows, without doubt, that workers are highly paid and not suffering from maladjustment; otherwise, they would not be able to oversubscribe their Bond quota". The officers and members of Local 100 and the Management of Firestone Tire and Rubber Company were extremely proud of their achievement of last year in which they jointly secured from the 4,000 employees at the Los Angeles factory 100% participation and more than 10% gross payroll subscriptions to U. S. War Bonds on a payroll deduction basis. Mr. Henry B. Neff, acting as a member of the National War Labor Board Panel, is representing both industry and the Government of the United States. Local 100 is therefore requesting you to furnish it with the following information: Is it the position of the United States Government and the Treasury Department that those working men and women in this country who invest more than 10% of their gross earnings in War Bonds are, in reality, too highly paid, or doing something that the Government frowns upon? Is it the attitude of the National War Labor Board that wage increases should not be granted to those workers who invest more than 10% of their earnings in War Bonds? * * *

John T. Dooner, Philadelphia, Pa. * * * My son, Edward James Dooner, 21 years of age, Aviation Ordnance Mechanic, first class, U. S. Navy, attached to the

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Air-Craft Carrier Ranger as Bombardier, has been buying War Bonds regularly since May, 1942, to the present time, until he has now acquired \$1,200 worth; almost his whole Navy pay in that period has been invested in buying these securities. At the present time he is somewhere at sea. Whenever he reaches a port, even though he does not get home, he manages to send a telegraph money order. His last purchase was in March, 1943, when he bought \$200 worth. He would have made his April quota, but for the fact that he is at sea. So you see, Mr. Morgenthau, Edward is doing his part in the war effort by flying and buying. Likewise, my other son, John Joseph Dooner, was in the Army Air Corps, and I regret to say, lost his life in enemy action in the North Atlantic Area on February 3, 1943, as a result of the torpedoing of a convoyed ship on which he was a passenger. * * * My wife and I, and including the two boys have purchased to date \$7,025 worth of War Bonds, as we as a family of moderate circumstances feel that our participation in the war effort gives a personal interest and pride in the affairs of the nation at a critical stage in its history. It creates a sense of stability, loyalty and responsibility, and at the same time shows our patriotic desire to back up the fighting men who are protecting us with their lives; the least we can do is to protect them with our money.

Unfavorable Comments on Bonds

E. S. Moorhead, Steel Division, Social Security Bldg., Washington, D. C., sends the Secretary a copy of a memorandum he has addressed to Miss Reagan, Railroad Retirement Bldg. Effective on further payroll checks due after May 2, please cancel deductions to cover any War Bonds from checks to the writer. My actions in this matter are entirely due to the unsatisfactory method of handling and delivering my War Bonds, as any future wish to purchase Bonds can be made and the Bonds delivered within a reasonable length of time -- which has not been the case in the past three or four months on my purchases. I still have Bonds due previous to the one just issued me for April.

Harry L. Haines, Royal Oyster Co., Bloomfield, N.J. I have just taken the time to go to the Bloomfield, N.J. Post Office to buy seven \$25.00 Bonds. I had seven \$5.00 Stamps, eight \$1.00 Stamps, two fifty-cent Stamps, and ten, ten-cent Stamps, along with \$86.25 cash. After reaching the window the girl looked at the Stamps and told me to get a book and paste them in before she would accept them. It seems to me, in view of all the advertising that you have done to get people to buy Bonds, that this is a very poor way to act toward any one with cash in their hand, which you say you need so badly. I know that if I treated my customers that way I would not be in business very long. Incidentally, I am still without my Bonds.

Herman Geller, Allied Textile Printers, Inc., Paterson, N. J. I was astonished to learn today that "Bond Speculation" has developed, I believe, among Wall Street Brokers, to the effect that they will buy for a purchaser \$1,000,000 worth of Bonds, providing the purchaser places a deposit of \$70,000 with them, they to hold the Bonds as collateral, charging purchaser $1\frac{1}{2}\%$ interest per annum. At the end of the year, purchaser to benefit by an income of \$11,000 on his investment of \$70,000. This amount is arrived at by the difference between the $1\frac{1}{2}\%$ paid on the \$1,000,000 and the $2\frac{1}{2}\%$ received from the U. S. Government. * * * My companies,

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International Dye & Print Works, of Paterson, N.J., and Perennial Dye & Print Works, of West Warwick, R.I., and my family, are holders of about half a million dollars worth of Bonds, and unless something is done by the U. S. Treasury to prevent the above-mentioned speculation, I shall have no alternative but to dispose of these Bonds now holding, as quickly as possible.

Frank Torre, Salisbury, N.C. I am a seaman, just returned from a six months' trip in the Pacific. On my way to New York I stopped in this town to visit a friend. Having too much cash with me, I decided to buy some Bonds and Stamps. Did I get them? NO Why? Because it happened to be 3 minutes after 5 p.m. and the gentleman at the window told me that it was impossible for him to sell me any Stamps or Bonds. A fine mess! Here I am risking my life first to England then to the Pacific and when I try to purchase some Stamps, no dice, because it is 3 minutes late. No wonder the small people resent and fall below in buying Bonds.

Spinster Jane Day, Los Angeles, Calif. I speak for millions of people like myself who get swearing mad every time we turn on the radio, at being told how much WE should lend our Government. I speak of people in their seventies, whose funds, having been invested in securities that would care for them in these last years, find through FDR's experiments with various philosophies, their securities have been ruined, and they must live on \$500 a year or less. There are still some millions of us who would rather die than be Government charges. We would gladly buy Bonds, but the best we can do would be an occasional Stamp. For the Bonds we bought would never be of value to us -- would never mature in our lifetimes. You would do well to devise some form of investment for people past seventy who have little and only a little. The whole Administration seems lacking in common sense.

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Senator Arthur H. Vandenberg, Washington, D. C.
I wrote you in February regarding complaints I have received from Midland, Michigan, that War Bonds are not delivered in response to purchases. From the same source comes this renewed complaint. I enclose herewith a self-explanatory letter from Mr. George W. Hesse. I have the greatest sympathy for the mechanical problem which you confront in connection with your enormous Bond responsibilities. But I respectfully suggest that nothing could be more important in respect to War Bond psychology than that this "delivery problem" should have effective attention.

Mrs. W. T. Whitmore, Concord, California. I note that you say the Pacific Coast is at the foot of the ladder in subscriptions in the Government War Bond Drive. So would like to tell you that if Washington officials would take a little more notice of our Pacific Coast conditions relative to the food situation, and to the Jap question, you might have your answer to the reason why it is peculiar that the section here should be last, when heretofore, it has always been at the top. The requests that our people here have made for more and more meat to feed our hungry war workers and the civilian population has been ignored, when, as I have been told by letter from New York City, butcher shops there were full to the doors with meat and much cheaper than here. Also, Washington has ignored the fact that the majority here definitely do not want the Japs back on this Coast even though they are in uniform, for we believe a Jap is always a Jap, and never to be trusted. We have lived with them here for years and know of their treachery, and yet only day before yesterday, 50 of them were in Martinez on furlough. We feel that Washington should realize what we are up against out here and why so many cannot get Bonds, for it takes all we make to get enough to eat, with halibut selling at 75¢ a pound, and vegetables so high, and with so few red points to buy butter, meat, cheese and oils, that many are undernourished and have to resort to Drug Store Vitamins, while the Japs are being well fed and yes, some of the

countries in Europe and Africa are getting free food without even lend-lease agreements, according to reports here. We of course want our boys in the service to have plenty while they are giving their lives, and you fellows sit back in Washington making the laws. Many of us feel that the Pacific Coast is not getting the support from Washington that we need and when we ask them to take War Bonds, they say, "Why bother, under those conditions?" Restaurants and butchers have had to close their shops with nothing to supply the hungry customers. I suppose I am sticking my neck out to write this, but some one has to do it. Pacific Coast Resident and a born American on the Atlantic Coast.

Fred L. Deakins, Fort Worth, Texas. My banker advises that in order for me to change death beneficiaries on my War Bonds, I must cash the Bonds and have them re-issued, which means I must take a loss on my Series G Bonds and cause the cancelling and issuing agents considerable detail. Why is there no provision already made to cover such cases? You want to encourage the sale of War Bonds don't you? Please advise.

Fred Reiss, Canton, Ohio. * * * Yesterday I read a letter from a soldier in which he said that they were using high pressure salesmanship to sell War Bonds to the enlisted men. So today I made it my business to ask a returned soldier, also half a dozen other people who have husbands, brothers or sons in the armed services, about the high pressure stuff, and they all said the same thing; yes, it was true, either buy Bonds or get extra duty such as K.P. or they would try to embarrass and shame them in front of other soldiers. I want to say that in my opinion any officer who uses his authority to high pressure the sale of Bonds, or anything else, to men under his command has got a yellow streak running up his back just as wide as his back is; in other words, he is all yellow and not fit to be an American Officer. So from now on 'til that pressure is taken off of the men in the armed services, I am NOT buying any more Bonds and I may cash in what I have already bought.

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Paul Bestor, Second Vice President, The Prudential Insurance Company of America, Newark, N.J. In connection with "Regulations Governing U.S. Savings Bonds" there was issued in Washington, dated November 23, 1942, a circular entitled "First Amendment to Department Circular, No. 530, Fifth Revision dated June 1, 1942". This circular undertakes to explain what constitutes an excess of Bonds over the authorized limit. I have read and re-read this circular, particularly paragraph "c", in Section 315.10 and find that I am entirely unable to understand what it means. I am frank to say that I doubt very much whether anybody else, outside of the Treasury, understands what it means. * * *

Beatrice A. Patch, Brookline, Mass. Will you please do something about the Bond situation in the War Department now located on Commonwealth Avenue, Boston, Massachusetts? During 1942 I purchased 3 Bonds, and in January, 1943, I purchased another. Up-to-date I haven't received one of these fully paid. Upon inquiry to the Treasury Department, Boston, I was given the address of the War Bond Division in Washington with the understanding that these people have received so many complaints that I would not be answered. This is most discouraging and a very poor way of trying to get people to buy Bonds. I am now buying another Bond somewhere else, and if I do not receive those I have already paid for, this will be my last.

Dorsey Carr, Local Union 497, UAW-CIO, Port Clinton, Ohio. In regard to the War Bond drive, our Local Union is putting on, we find in the Standard Products Company employees who were formerly employed at Camp Perry, and at the Reception Center, and Erie Proving Grounds, who bought Bonds through the Personnel Department there and have not received their Bonds as far back as six months to a year. They would not buy Bonds from us in this drive simply because they had not received their Bonds as far back as six months to a year. * * * We request of you to send in two or more Government officials and go through the employees out there and check on this and see that they get their Bonds so that we can sell Bonds to these same people that were formerly employed there. * * *

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Favorable Comments on Taxation

J. J. Coakley, San Francisco, Calif., sends copy of letter he has addressed to his Congressman, Honorable Richard J. Welch. I believe you would like to know the positive views and desires of myself, my son, and daughter, as far as the pending tax legislation is concerned. * * * We desire pay-as-you-go legislation for 1943, and all subsequent taxes and in an amount sufficient to guarantee that by December 31, 1943, each taxpayer in this country of ours will have had sufficient deductions from his earnings, or income from any source whatsoever, to make for full payment of his 1943 income taxes. There is to be no forgiveness of any kind on 1942 taxes. Consideration might be given, with the consent of the Treasury, to a staggered payment plan, possibly paying one-half of the 1942 tax in 1943, and the other half in 1944, or if it is deemed best, the entire 1942 tax in 1943. In setting tax limits for 1943 income and all subsequent incomes, Mr. Henry Morgenthau, Jr., Secretary of the Treasury, is to receive in taxes the amounts he requests be raised in this manner. Mr. Morgenthau is charged with the responsibility of keeping our country solvent -- a tremendous undertaking - and he must not be handicapped and hamstrung in this regard by the Members of Congress. * * * Am taking the liberty of sending Mr. Morgenthau a copy of this letter just so he will know we all support him 100% in his efforts. It might serve to soften some of the battering around he receives at the hands of some Members of Congress. **

Unfavorable Comments on Taxation

F. Ernest Johnson, Executive Secretary, The Federal Council of the Churches of Christ in America, N.Y.C. This letter is wholly unofficial. It expresses my own concern and bafflement over the handling of tax legislation. I have no axe to grind, I am an all-outer for the war and I have been, on the whole, a hearty supporter of this Administration. I have again and again in my editorial capacity, in a wholly non-partisan way, tried to interpret in ethical terms the legislative program which many of our people have thought radical - particularly the labor laws. Now comes the income tax debate. I know there is something to be said against the Ruml Plan, and all tax-remission proposals. But I see what millions are seeing - a growing tax burden in the lower brackets that threatens to throw and seemingly is throwing countless people into debt while no provision is made for collecting taxes on billions of new income. I see something approximating a nullification movement impending, such as we had under national prohibition. And all that emerges from the Government is one or another variant of a proposal to "compromise" in a way that will add to the almost insupportable burden of people making \$2,000 to \$3,000 a year. Is there nothing that people in my position can say to their public to elucidate this incongruous and disturbing situation?

Senator Henry Cabot Lodge sends letter he has received from W. Emory Wardwell, Treasurer, All Saints Parish, Worcester, Mass., which reads in part as follows: "I am enclosing herewith a request from the Treasury Department which is so annoying that I wish you would take it up with them and see that your constituents are not annoyed by such actions. (Form letter and questionnaire sent from the Office of Commissioner of Internal Revenue.) * * * Why we should be bothered by some underling in the Treasury Department is beyond me. Everybody now is flooded with foolish questionnaires,

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but if they are going to start on the churches, it seems to me something should be done. Treasurers of churches usually work for nothing, and it seems to me an imposition to ask them to spend their time making out a foolish questionnaire. * * *

A Soldier, Cambridge, Massachusetts. The 44 million taxpayers want the Ruml Plan of taxation, you war mongers are against it, for what? The American people will never be for this war that Roosevelt forced on them to save the British Empire. The only thing we will get is the loss of Democracy, bankruptcy, total chaos and an internal war against the Jews when its all over.

Adalbert Wolff, San Francisco, California. * * * I am only one of a number of people I know who would be very happy to buy additional Government Bonds if the Ruml Plan or some equivalent plan were enacted into law. As matters stand, what money we have managed to save is kept in reserve against taxes hanging over our heads. It is lying idle and does no good either to ourselves or the Government. May I also submit my opinion that the Treasury Department would not lose by the adoption of the Ruml or a similar plan. When the Government expenses are large as they are today, citizens must pay all they can and the idea of "forgiving" past installments becomes meaningless. The Ruml Plan simply shifts the obligations of taxpayers. I, or my estate after my death, will appear to pay less, but the body of the citizens, which includes myself and my heirs, will in any event pay the maximum possible and the Government will lose nothing. Is it too much to hope that the Treasury Department will withdraw its objection to the Ruml or a similar plan and enable us to supply the Government with all the funds possible, either through taxes or the purchase of Bonds, without having to worry about past-due obligations?

Lorene Blackwood, Gaffney, S. C. * * * We have 13 in the family, 11 children and mother and father. My father is a share cropper, my oldest brother is in the Navy. I am the only one who is working at public works, and this is the only means of support at present. My income is \$24.40 per week, and my income tax for last year was \$89.00. I don't see how I can possibly pay them all for it takes all I make to support my family, and then I can't give them the things they should have. I have talked to several leading citizens of our county and they tell me it is because I am a single girl and have no dependents, and if mother and father and 9 children aren't dependents, I wish that the Government would feed them so I would be able to pay my taxes, but I don't see how it can be possible with the burden on me. * * *



DEPARTMENT OF STATE
WASHINGTON

April 30, 1943

Dear Mr. Secretary:

Following our conversations last week I reported to you over the telephone the result of my inquiry of the Apostolic Delegate with respect to transmission of mail through his Delegation in Washington from Buenos Aires, and have the pleasure of enclosing herewith a copy of my memorandum made after our interview and of the subsequent letter with attached exhibits which I have received from His Excellency and which I am pleased to forward herewith. I trust that these will be adequate for the purposes you have in mind.

Sincerely yours,

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.





C O P Y

203

3339 Massachusetts Avenue
Washington, D. C.

Nº 282/40

27 Gennaio 1943

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

Eccellenza Reverendissima,

Nell'intento di regolare lo scambio di notizie di prigionieri di guerra, internati civili e di civili, questa Delegazione Apostolica, dietro istruzioni della Segreteria di Stato, è venuta ad un accordo pratico con il Governo degli Stati Uniti; e mi onoro notificare all'Eccellenza Vostra Reverendissima le basi di detto accordo e le norme da osservarsi.

1. - Tutti i messaggi, formulati secondo il sistema adottato dall'Ufficio Informazioni in conformità con le norme internazionali, che sono inviati a questa Delegazione per il loro inoltramento alla Segreteria di Stato, o che, provenienti dalla Segreteria di Stato, debbono essere ritrasmessi dalla Delegazione a Rappresentanze Pontificie, saranno sottoposti alla censura degli Stati Uniti.

2. - Detti messaggi non potranno essere inclusi nel corriere diplomatico della Santa Sede, il quale è esente da censura; pertanto non si dovrà mettere sulle buste contenenti i messaggi stessi l'indicazione: "Official Vatican Diplomatic Mail".

3. - Le buste contenenti messaggi di prigionieri o di internati civili dovranno essere distinte da quelle contenenti messaggi di civili. Le prime reccheranno, all'esterno della busta, l'indicazione: "Prisoner of War and Civilian Internee Messages" e le seconde: "Civilian Welfare Messages".

4. - Su ognuna di dette buste, all'esterno, si dovrà segnare il numero esatto dei messaggi contenuti.

5. - Dette buste saranno indirizzate a questa Delegazione, la quale, senza aprirle, le consegnerà all'Ufficio Censura, e, dopo la revisione, le farà proseguire alle rispettive destinazioni.

E' superfluo notare che questo Governo, attesa la gravità delle presenti condizioni internazionali, esige che siano pienamente osservate le norme stabilite. Del resto, l'attenersi ad esse



207

3339 Massachusetts Avenue
Washington, D. C.

Nº

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

sarà nell'interesse della Santa Sede e del Servizio Informazioni.

Mentre mi è grato comunicare quanto sopra, profitto dell'occasione per confermarmi con sensi di ben distinto ossequio

dell'Eccellenza Vostra Reverendissima
dev.mo Servitore

A. G. Cicognani, D.A.

DEPARTMENT OF STATE

April 22, 1943

Secretary Morgenthau inquired of me whether I could secure for him information regarding the contents of letters forwarded by Archbishop Sietta, Nuncio at the Argentine, transmitted from Washington to Rome in the Vatican pouch. I made such inquiry today with the following results:

All letters are opened and censored here except those addressed to the Cardinal Secretary of State. Those letters are purely on Church affairs. Archbishop Cicognani sent instructions some time ago to the Nuncios of the western hemisphere forbidding the enclosing of anything in those letters except such as related purely to routine Church matters. He indicated his firm belief that nothing was transmitted in those letters that would be considered harmful to our interests, and that if any harmful information was included he was definitely certain that the Cardinal Secretary of State would suppress it and would not make use of it. The obligations of his office impose that duty.

I was told that Mr. Welles became acquainted with the Nuncio for the Argentine in Haiti and that they were very friendly, and further that the Nuncio was pro-American.

Copies of the instructions above referred to and a schedule of the dates when letters have been received and transmitted by that pouch will be furnished me within a few days. I have telephoned these facts to Secretary Morgenthau and will transmit to him the documents above referred to upon their receipt.

Myron C. Taylor

MCT:REB

DEPARTMENT OF STATE

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Myron C. Taylor

MCT:REB



UNITED STATES OF AMERICA

3339 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

No 10/43

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

April 22, 1943

Your Excellency:

In further reference to our conversation of this afternoon regarding the mail of the Apostolic Nunciature of Buenos Aires, which passes through this Apostolic Delegation, I am pleased to enclose a list of all the packets of such mail received since January 1942, together with the names of the Cardinals in charge of various Vatican offices to whom they were addressed.

Since January 1943 there have been only four such letters, of which three were to His Eminence, the Cardinal Secretary of State, and the other to His Eminence, Cardinal Rossi, Secretary of the Sacred Consistorial Congregation.

It is a pleasure to assure Your Excellency that no letters to third parties were contained in any of these packets.

I enclose a copy of a circular letter addressed by me to all the Vatican representatives who use the facilities of this office for the forwarding of their mail to the Holy See. This letter dated October 15, 1942, repeats previously given norms of the Holy See in regard to the use of the diplomatic pouch.

In a letter dated October 30, 1942, the Apostolic Nuncio of Buenos Aires responded as follows: "Mentre la ringrazio del cortese invio le assicuro che questa Nunziatura Apostolica si atterrà rigorosamente ai suoi suggerimenti."

In another circular letter, dated January 27, 1943, I indicated to the various Nuncios the practical norms for the sending of prisoner of war and civilian welfare messages. In this letter it is stated that the indication "Official Vatican Mail" must not be used on such packages.

His Excellency
Mr. Myron C. Taylor
Ambassador to the Holy See



UNITED STATES OF AMERICA

3339 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

No 10/43

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

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His Excellency
Mr. Myron C. Taylor
Ambassador to the Holy See



UNITED STATES OF AMERICA

3339 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

No _____

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

In answer to this letter, on February 26, 1943, the Apostolic Nuncio in Argentina assured me that he would be pleased to observe all the norms indicated.

I may be permitted to mention in regard to the mail we have forwarded this year for the Apostolic Nuncio of Buenos Aires that thus far only one of the four letters, that of February 22nd, has reached the Vatican, while the other three are still en route.

While reassuring Your Excellency that the Holy See seeks strictly to adhere to its own and international regulations regarding the use of the diplomatic pouch, I am pleased to add that Archbishop Fietta, the Apostolic Nuncio in Buenos Aires, is personally known to me, and I am most confident that neither he nor the office under his charge would be party to any attempt to transmit military information to or for the agents of any power.

With the assurances of my highest consideration and of my deep personal regard, I beg to remain

Yours very sincerely,

+ A. G. Cicognani

Archbishop of Laodicea
Apostolic Delegate

List of all mail received from the Apostolic Nunciature in Argentina by the Apostolic Delegation since January 1942.

Jan. 29, 1942	Letter for Cardinal Maglione
February 17, 1942	Letters for Card. Pizzardo and Card. Tisserant
Feb. 25, 1942	Letter for Cardinal Maglione
March 5, 1942	" " " "
March 12, 1942	" " " "
March 24, 1942	" " " "
April 6, 1942	" " " "
April 18, 1942	" " " "
July 25, 1942	" " " "
Jan. 7, 1943	Letter for Cardinal Rossi
Feb. 10, 1943	" " Cardinal Maglione
Feb. 22, 1943	" " " "
April 1, 1943	" " " "



C O P Y

209

3339 Massachusetts Avenue
Washington, D. C.

N° 10/42

15 Ottobre 1942

THIS NO. SHOULD BE PREFIXED TO THE ANSWER

Eccellenza Reverendissima,

In riguardo all'invio della corrispondenza di cotesta Nunziatura Apostolica alla Santa Sede, per il tramite di questa Delegazione di Washington, D.C., a quanto si constata, tutto sembra procedere regolarmente. Le restrizioni di volume e la limitazione alle lettere di ufficio, con esclusione di trasmissione di libri, periodici e cose del genere, sono inevitabili, e ben si comprendono nelle circostanze di questo grave periodo.

La vigilanza delle autorità civili e militari naturalmente si estende a ciò che entra ed esce dal Paese, e la necessità della difesa nazionale la rende sempre più accurata e intensa. A questo proposito, le disposizioni degli Stati Uniti d'America proibiscono assolutamente e sotto sanzioni severe la corrispondenza privata con qualsiasi residente nei paesi nemici, né permettono il transito della medesima attraverso questo territorio.

E' pertanto mio dovere richiamare che agli eventuali plichi diretti all'Em.mo Signor Cardinale Segretario di Stato e contraddistinti coll'indicazione "Official Vatican Diplomatic Mail" nulla sia aggiunto o inserito di estraneo, che cioè non appartenga strettamente alla Santa Sede, o non sia diretto a qualcuno degli Em.mi Cardinali, che rispettivamente presiedono ai Sacri Dicasteri della Curia Romana; lettere quindi d'indole privata o personale non sono permesse, anche se indirizzate a impiegati della Santa Sede; né questa Delegazione potrebbe ad esse dare corso.

L'Eccellenza Vostra Reverendissima vorrà scusarmi se, allo scopo di salvaguardare la nostra corrispondenza colla Città del Vaticano e continuarla con le Sacre Congregazioni ed Uffici della Santa Sede, mi sono permesso d'importunarla colla presente.

Essa è circolare, diretta ai singoli Ecc.m^s Nunzi Apostolici, i quali sogliono servirsi del tramite di questa Delegazione Apostolica, e confido che tornerà accetta per le finalità che si propone.

Mi è grato l'incontro, per presentare all'Eccellenza Vostra l'espressione del mio distinto ossequio e professarmi

dell'Eccellenza Vostra Reverendissima
dev.mo nel Signore

A. G. Cicognani, Delegato Apostolico

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking, China

DATE: April 30, 1943, noon

NO.: 629

This is a message from Mr. Adler for the Secretary of the Treasury with reference to Mr. Adler's TF-115.

It may be noted that the articles summarized in the telegram under reference are somewhat vague. This vagueness is in part due to the fact that newspapers have been instructed by the Ministry of Information not to take any definite stand until further notice. The two dominant and conflicting trends in China's approach to postwar problems are nevertheless reflected both in the economic sphere in general and in the monetary field in particular. On the one hand there is recognition of the need for external assistance and on the other a strong and assertive nationalism. The very highest quarters are supporting the trend towards an assertive nationalism. (I understand that the Generalissimo favors high protective tariffs, strict exchange control, etc. in the draft of his new book on economic policy.) Cha Ping Han who is a member of the Generalissimo's so-called brain trust wrote the article summarized from the CHINA TIMES. There is in the government, however, sufficient body of realistic opinion to make it likely that China will cooperate with friendly powers when definite questions involving such cooperation come up. The discussion reported in TF-114 affords a clear example of this.

VINGENT

BRITISH MOST SECRETU.S. SECRETSECRETARY'S OFFICE
OF THE
TREASURY

1943 MAY 1. AM 11 23

TREASURY DEPARTMENT

OPTEL NO. 141

Information received up to a.m. 30th April, 1943.

1. NAVAL

MEDITERRANEAN. 28th/29th. H.M. Destroyers sank 1 E-Boat, probably sank a second and damaged a third in the SICILIAN CHANNEL. One of H.M. Submarines has sunk a destroyer north of SICILY, and on 30th Destroyers sank a fast medium-sized ship escorted by E-Boats.

2. MILITARY

TUNISIA. 28th. 1st Army. In Northern Sector, United States Forces were engaged in heavy fighting, particularly north and east of DJEBEL MEPTAH, where 2 enemy counter attacks were broken up by Artillery Fire. South of MEDJERDA River, enemy made 2 strong counter attacks supported by tanks against our forward positions. The first was repulsed but the second forced a slight withdrawal on DJEBEL BOU AOUKAZ. In hills south and south-east of PONT DU FARS, French troops made a further progress. 8th Army. Active patrolling and Artillery Fire.

3. AIR OPERATIONS

WESTERN FRONT. 28th/29th. 173 aircraft successfully laid 584 sea mines mainly in BALTIC and KATTEGAT. 29th. Escorted Beau- fighters (one missing) attacked convoy off TEXEL. 2 large ships set on fire, 2 mine-sweepers and a trawler damaged.

TUNISIA. 28th. Shipping off TUNIS and KELIBI attacked by 119 Sorties of Fighter-Bombers. A 3,000 ton ship set on fire and 3 landing craft destroyed. Enemy troops and communications in Southern Sector and ENFIDAVILLE Area attacked by 36 Bombers and 329 Fighters. Casualties: Enemy 5, 0, 3. Ours - 1, 0, 0.

SICILY & ITALY. 28th. Liberators (B24) dropped 87 tons of bombs on Ferry Terminus at MESSINA and 40 tons on NAPLES Docks. Casualties: Enemy 5, 0, 0. Allied 3, 0, 0.

CHINA. Kunming attacked by 21 bombers and 20 Fighters. Damage Slight. United States Fighters intercepted enemy and destroyed 10 aircraft.