

Book 786

... Ministry of Finance ...

786 207

DIARY

Book 786

October 25, 1944

... Ministry of Finance ...

207

- C -

	Book	Page
China		
Foreign exchange assets of private citizens: American Embassy, Chungking, transmits Ministry of Finance suggestions - 10/25/44.....	786	227

- D -

Democratic Campaign of 1944
See Book 783
See also Book 782: Speeches by HMJr

- J -

Jewish Children
Transportation to Palestine: See War Refugee Board

- L -

Lend-Lease		
United Kingdom		
Phase 2: See Book <u>785</u>		
Federal Reserve Bank of New York statement showing dollar disbursements, week ending October 18, 1944 - 10/25/44.....		184

- U -

United Kingdom
See Lend-Lease

- W -

War Refugee Board		
Jewish children - transportation to Palestine: Conference; present: HMJr, Pehle, Heller, Mrs. Epstein, Schwarz, and Leavitt - 10/25/44.....		123

October 25, 1944
9:55 a.m.

PROPOSED DRAFT OF SECRETARY'S SPEECH OF OCTOBER 27.

- Present: Mr. White
- Mr. Barth
- Mr. Murphy
- Mr. Blough
- Mr. Gaston
- Mr. Luxford
- Mr. DuBois
- Mrs. Klotz

H.M.JR: Herbert, here is Mr. Kaiser's copy. I promised to have it back at twelve o'clock with the one on airports and the new TVA. (Hands confidential papers to Mr. Gaston)

MR. GASTON: Yes.

H.M.JR: I just can't be bothered.

MR. GASTON: You don't want to see it?

H.M.JR: I can't see it, no.

Now, what I would like to do is start with Mr. Barth if he has done anything. I know you were here last night because Mr. Barth told me.

MR. BARTH: Well, we all did some work on this.

MR. WHITE: He is a little bit unhappy about it and I said I would speak for him. He is a little bit unhappy about the confusion with which we threw this together last night. He feels that his degree of responsibility is considerably diminished, and he would like more time to polish it. Now, what we have is a speech based on his approach, and much of the material is identical, but it is four pages longer than it should be because we thought it would be easy to cut parts that you don't like.

- 2 -

The first page which Barth redrafted carefully was redrafted on the assumption that the President was going to make the speech on the program, so he kind of led into it. Then when I told him after he was through last night that that had been changed, he didn't have a chance to change that, and we have re-done the first page.

H.M.JR: It may be different again. Gentlemen, let me say this. If I am not sparking, you have just got to remember that I have been under the most terrific strain. I have been at it since eight-fifteen. Let's forget what the President is going to do - with this exception; after all, it is changed again, and he may do the job speech Friday night. So give me something to say which will make votes for Roosevelt and will be in tune with whatever he says, wherever he says it. Now, that is the whole thing. I am talking to make votes for Roosevelt and let's forget what he is going to say because it is on again, off again, Finnigan.

I know the President. He may not decide until five o'clock Friday, and I have got the English on Lend Lease this morning, and everything else, and all these other things. So, whoever has something for me this morning on businessmen - I gather you two fellows (to Luxford and DuBois) got an inspiration on minorities, but I will do that last, if you don't mind.

MR. LUXFORD: Fine.

H.M.JR: I know Barth well enough and I appreciate what he does, and I will not treat him any differently than I would anybody else in the room. Is that all right with you?

MR. BARTH: Certainly.

H.M.JR: Would you be willing to be treated that badly?

MR. LUXFORD: Special privilege.

- 2 -

The first page which Barth redrafted carefully was redrafted on the assumption that the President was going to make the speech on the program, so he kind of led into it. Then when I told him after he was through last night that that had been changed, he didn't have a chance to change that, and we have re-done the first page.

H.M.JR: It may be different again. Gentlemen, let me say this. If I am not sparking, you have just got to remember that I have been under the most terrific strain. I have been at it since eight-fifteen. Let's forget what the President is going to do - with this exception; after all, it is changed again, and he may do the job speech Friday night. So give me something to say which will make votes for Roosevelt and will be in tune with whatever he says, wherever he says it. Now, that is the whole thing. I am talking to make votes for Roosevelt and let's forget what he is going to say because it is on again, off again, Finnigan.

I know the President. He may not decide until five o'clock Friday, and I have got the English on Lend Lease this morning, and everything else, and all these other things. So, whoever has something for me this morning on businessmen - I gather you two fellows (to Luxford and DuBois) got an inspiration on minorities, but I will do that last, if you don't mind.

MR. LUXFORD: Fine.

H.M.JR: I know Barth well enough and I appreciate what he does, and I will not treat him any differently than I would anybody else in the room. Is that all right with you?

MR. BARTH: Certainly.

H.M.JR: Would you be willing to be treated that badly?

MR. LUXFORD: Special privilege.

- 3 -

MR. BARTH: They all seem to be bearing up.

MR. WHITE: Then would you like me to read what we have, in the knowledge that it must be cut by four pages?

H.M. JR: I haven't even got radio time. I hope when you (Gaston) go out you will find out.

MR. GASTON: I can tell you right now; you have radio time.

H.M. JR: Have you heard?

MR. GASTON: Yes, he told me that Nathan Straus is handling it, that he guarantees you will have WMCA, and you may have a hookup.

H.M. JR: You know that was my suggestion.

MR. GASTON: Yes, I know. Nathan Straus is handling it and he guarantees you will at least have WMCA.

H.M. JR: I told him Nathan might give it to us.

MR. GASTON: I don't know who pays for it, or whether it is paid for at all. I just made a note for you (hands the Secretary personal memorandum).

H.M. JR: Thank you.

MR. WHITE: You will recognize most of what is in this. (Reads October 24 draft of speech with corrected pages 1 and 14, attached)

H.M. JR: Now wait one second. If we could use General Motors instead of U.S. Steel and then take a couple of quotes on Alfred E. Sloan, who has been more vicious than anybody else, and throw it right back in his teeth as typifying the idea - Alfred E. Sloan has made statement after statement against the Administration. I would just as ~~like~~ ^{well} throw it right back at him. But just think about it. You can get the quotes in the New York Times.

- 4 -

MR. MURPHY: I have the figures here. For 1932 General Motors did make a profit. It was less than a million dollars. And in 1939 it made one hundred and eighty-three million. It isn't as striking as U.S. Steel because they never went into the red.

H.M.JR: But the statements Sloan made about the Administration are simply vicious.

MR. WHITE: Going from a million to one hundred and eighty-three million looks a little spectacular to me.

MR. GASTON: Why not use them both?

H.M.JR: Somebody look up Alfred E. Sloan's statement about the Administration, "We couldn't do this, we couldn't do this, we couldn't do this," constantly.

MR. WHITE: In the last year?

H.M.JR: Right from the beginning. You take it during that seven-year period; he has been the most reactionary of all.

But you don't say anything about the fellows I put in jail.

MR. WHITE: Oh, we forgot about those. All these fellows have been indicted, Mr. Secretary.

H.M.JR: But how about Johnson and Annenberg? Ask Elmer Irey for a list.

MR. WHITE: These fellows were all indicted. I wouldn't say they have been found guilty. Anyway, we got it off our chest.

- 5 -

(Mr. White completes reading the draft)

H.M.JR: I think what you have done is redrafted Barth's speech and taken out, shall I say, the sarcasm, and done it in a manner that I would like to give it. I think if Barth would be willing to work from this, if he can do that, mentally - I don't know whether he feels that he can, intellectually, because this needs an awful lot of polishing - a lot of this stuff is yours, you know, Alan:

MR. GASTON: Nearly all. There is a change in the lead, and the supplying of some additional material. I think that is exactly the way to do, if Alan would do it. My own feeling is - to that latter part - is that it is a little bit the wrong tone, just a little too spiteful in tone.

MR. WHITE: You see, that is when we began to write from the heart.

MR. BLOUGH: We are the friends of business, but the enemy of a heck of a lot of businessmen.

MR. GASTON: I think it should be a sort of mournful, grievous tone.

MR. WHITE: I hate to see the page go out about who are the real enemies, but I think it can be cut in half.

H.M.JR: You wouldn't name names, would you?

MR. GASTON: No, I wouldn't.

H.M.JR: Oh, I agree with you (White). The only thing I think is, being at the end, it emphasizes it so. I just wonder if you want to put that at the end instead of the beginning.

MR. GASTON: I think that is a shrewd criticism. I think it ought to go nearer to the top, and there is some looking-forward stuff in there that ought to constitute the end.

- 6 -

H.M.JR: I think if I do this thing about the enemies, that is what the people are going to go away with. If, on the other hand, it is put up forward, then we want them to go away with that in mind.

MR. GASTON: With a devotional note, so to speak.

MRS. KLOTZ: But I would leave an awful lot of that stuff in.

H.M.JR: But do give me some of the gangster stuff.

MR. GASTON: Does it have any connection? They are racketeers, alcohol racketeers and local town corruption racketeers, not businessmen. We had Pendergast and Nucky Johnson, but they are not businessmen - Moe Annenberg.

H.M.JR: A thirty million dollar business.

MR. GASTON: Put it is a racketeering kind of business, race track pool rooms.

MR. WHITE: It isn't so much people who break criminal law as it is people who are unfriendly to business because they are pursuing tactics which--

H.M.JR: We have eliminated the racketeers in business.

MR. WHITE: I have bought a bottle or two in the past!

page
H.M.JR: But I again say, when a man like Moe Annenberg can develop a business of thirty or thirty-five million dollars, then he is praying on the legitimate business people.

MR. WHITE: I think he could be named; Pendergast, maybe, could be.

page
MR. GASTON: We convicted Annenberg of violation on that machine which prays on business and the little fellow, and the little cashier is still operating, and we haven't

even succeeded in cutting off and reducing his telephone and telegraph service during the war. He is still using a large chunk of the scarce communications equipment.

H.M.JR: American Telephone and Telegraph gets an annual income of three million dollars a year from the pool rooms.

MR. GASTON: Still does.

H.M.JR: Do you want me to say that?

MR. GASTON: No, but it sort of militates against your using Annenberg.

MR. WHITE: I think it is all right if you follow it up with names like duPont and Aldrich.

MR. GASTON: The reason the President of A.T. and T. wouldn't do anything about it is that there are too many powerful people in this country who don't want to do anything about it.

H.M.JR: I still come back - is Barth willing to take this at this stage and rassel with it?

MR. BARTH: Sure, I am willing to do anything you want on it, but I don't see how I can do a good job on it unless you can spend a little time with me to go over it and tell me what you want in and what you want out, because I am afraid that what I want, which is irrelevant, may be different from what you want.

H.M.JR: The first time I can do it would be tonight. I am just tied up tight as a drum all day.

MR. GASTON: Alan, why don't you go ahead; do you think that would be too wasteful, to try to do a redraft today if you had time, and then talk it over tonight?

MR. BARTH: Sure.

- 8 -

H.M.JR: I will leave it to him. You (Barth) always do more than I expect.

MR. BARTH: But the trouble is, Mr. Secretary--

H.M.JR: You mean you have to get the feel from me?

MR. BARTH: I have an idea of what I want you to give, but I think it is different from what you want. Now, it hasn't worked, you see; what I wanted wasn't right for this purpose.

H.M.JR: Well, I will be available at eight-thirty tonight at my house, you and I.

MR. BARTH: All right. I will try to have something by then.

H.M.JR: Now, in the twenty minutes we have left, can you hall-room boys do the speech on minorities?

MR. LUXFORD: Mr. Secretary, I would like to preface it by a one-minute analysis of why we don't like this much? First, you are following the headliner, Roosevelt, the best speaker in the U.S. It is a very difficult position for any man to have to be in. Secondly, your subject is going to cut across, no matter what you say, the subject that he is going to be talking on.

Either he is going to be talking about the economic bill of rights, which will be at such a high level that this will sound like something very negative, or he is going to be talking about business and rehashing exactly the same thing you are saying. So you have got a deadly subject following a headliner.

MR. DuBOIS: They will turn the radio off.

MR. LUXFORD: The radios will go off as fast as you possibly can reach them.

MR. WHITE: That is kind of a devastating beginning!

MR. LUXFORD: Under those circumstances, the question we ask is what kind of a speech could the Secretary give within the area that he is recognized; and secondly, that would be completely different from anything the President could give - something that would be a change in color.

H.M.JR: Change in pace, too.

MR. LUXFORD: It was on the basis of that we addressed ourselves to this much. Go ahead, Joe. It is a format.

(Mr. DuBois reads attached draft entitled, "Of Human Rights.")

H.M.JR: Quite a wonderful speech.

MR. GASTON: The substance of a very fine speech, but it is not for this evening, to follow the President.

H.M.JR: I am not sure. If it wasn't a Businessman's League - at least the audience is going to be either seventy-five percent immigrants or sons of immigrants.

MR. LUXFORD: And your radio audience--

MR. WHITE: My opinion is that that is better, more effective.

MR. GASTON: For this occasion, Harry? The President is going to talk on one subject, and right immediately after that you ask them to concentrate their attention on something that is completely different.

MR. DuBOIS: That will capture their attention.

MR. GASTON: No, it won't capture their attention at all. What you do is divert attention from both speeches. No, it is psychologically just as wrong as it possibly can be to use it following the President's speech. Whatever you say ought to supplement and support what the

- 10 -

President says, and not ask them to think simultaneously about two totally unrelated matters.

MRS. KLOTZ: Nobody is going to listen to the Secretary.

MR. LUXFORD: You can't make any appeal if people are going to turn you off the radio.

MR. WHITE: If it is a question of vote-getting, the kind of audience that is likely to be there this would appeal to much more.

MR. GASTON: I would not waste this speech on a spot like this where it is bound to be suppressed and get little attention.

MRS. KLOTZ: This won't be suppressed.

MR. WHITE: I think there could be better spots. If you were selecting an audience to give this to, it would not be this audience, and it would not be right after the President's speech, but if you approach it from the point of view of what will the people listening be left with, I think it has a little more chance of winning--

MR. GASTON: Do you want to deliberately erase everything the President has said from their minds by giving them something wholly different to think about?

MR. WHITE: The purpose is much simpler than that, fortunately. The purpose is merely to get them to vote for Roosevelt and to give money, I understand.

MR. LUXFORD: On two grounds.

MR. WHITE: Roosevelt is the connecting link. But I can see the force of some of Herbert's points.

H.M.JR: What does Barth think?

MR. BARTH: I agree with Herbert. I think it is a most eloquent speech, but--

(The Secretary holds telephone conversation with Mr. Gates, as follows:)

October 25, 1944
10:41 a.m.

Operator: Go ahead.

HMJr: Hello.

Artemus L. Gates: Hello, Mr. Morgenthau.

HMJr: Speaking.

G: Guy Gates speaking.

HMJr: Right.

G: You're having a meeting this morning of the Combined Committee

HMJr: That's right.

G: at 11:15 and one with the British at 11:30.

HMJr: That's right.

G: Do you want the Navy there? We -- Forrestal got notice of it yesterday afternoon.

HMJr: Well, I think this way -- that we're moving along very rapidly and I'd like Mr. Forrestal to know what's going on.

G: Well, I'd better -- I'd better come over then.

HMJr: I think it's important and if for no other reason, for the Navy to hear that the Army has completed their work.

G: Yeah. Yes. I don't know whether the Air Force has, have they?

HMJr: Yep. Last night the Air Force came through with theirs.

G: Well, that's fine.

HMJr: So, we're just sitting now waiting on the Navy and I'm not accustomed to that.

- 2 -

G: (Laughs) All right. I'll -- I'll be there at 11:15.

HMJr: Thank you.

G: All right.

- 11 -

MR. LUXFORD: You asked the only question that was important when you walked in here this morning - will I get votes? And you can't get votes when the thing is turned off.

H.M.JR: I am going to have to stop in a minute and a half. I think the thing to do is this, I have asked to speak to Hannegan and I am going to put the thing up to him, see? Tell him I have two speeches to give; now, which would he like me to give? I am not going to ask anybody else but Hannegan. If he says, "I want you to do this," or "that" - let me see what Hannegan says.

MR. WHITE: I think they both ought to go forward.

H.M.JR: I think both ought to go forward, but I am going to ask Hannegan. Where would he be between twelve and twelve-fifteen?

MR. GASTON: I think both ought to go forward, because I think this "Clear it with Sidney," speech ought to be made before the end of the campaign.

H.M.JR: And I think both ought to be made in New York.

MR. LUXFORD: And by you.

H.M.JR: Yes, I am willing to.

MR. BARTH: I would like to say this, that I think an undue emphasis is put on this new-fangled instrument called radio. You are invited to speak to a thousand men at a dinner, and I think they are your primary audience, that what goes over the air is so much velvet. Those who are going to turn their radios off, and there will be many of them, will turn them off after the President, won't know what you are speaking about until they see it the next day in the papers.

H.M.JR: May I differ with you fundamentally?

- 12 -

MR. BARTH: Sure.

H.M.JR: Those people, after they have paid their entrance fee, are not going to pay it unless they vote for Roosevelt, anyway, and I never would have made this war Bond speech if I didn't have radio hookups in each district. The newspapers wouldn't print my stuff. They haven't got the paper to print it off.

If I may differ with you, to me the radio is the most important. I will say the newspaper is second, and the audience last.

MR. WHITE: You might get the Times to publish this speech.

MR. LUXFORD: This speech, Mr. Secretary, they will.

H.M.JR: The speech they won't print, I totally agree with you, is the Luxford-DuBois speech, and they will print the business speech.

MR. BARTH: This is a much greater and much more important speech.

H.M.JR: I am inclined to agree that in with the President, and all that - I will try to get hold of Sam to find out where they are going. They don't know where they are going, but I know I have got to be very much the tail to the little dog of the big man.

MR. WHITE: Is there any possibility, within the next couple of weeks, to get the right kind of a big audience for that kind of a speech?

MRS. KLOTZ: Before Election you won't get it.

H.M.JR: My dear sir, it is no longer a couple of weeks.

I am going to have to stop. May I just say this? I would like to see Mr. Barth tonight. I would like to see

- 13 -

the hall-room boys continue to polish it up. I am going to talk to Hannegan and I am going to talk to the people across the street, and if I get any information which is fresh or different, I will impart it to both of you.

I have to stop now.

MR. BARTH: If you decide not to do this speech, let me know.

H.M. JR: The chances are two out of three I will have to do the speech, but I will let you know the minute I know.

Draft # 2

DRAFT

I am going to talk tonight on business -- on business and this Administration. I am going to talk about the friends and enemies of business. I shall tell you who are the real friends of business and who are the real enemies of business.

It is an axiom that the economic welfare of the country as a whole and the economic welfare of business and industry are inseparable. This is the principle in which this Administration has believed. But there is a handful of men who do not believe in this principle, who have fought this principle. They are the ones who say this Administration is unfriendly to business. And politicians who have no constructive principles to offer the people think they can get by with the claim that this Administration is unfriendly to business.

- 14 -

in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how of enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and lifting of our living standards. Business can do this and will do this. But it needs an Administration that is forward-looking and friendly, and an Administration under which business can prosper because it is an Administration that believes whole-heartedly that the economic welfare of the country and the economic welfare of business are inseparable. We have such an Administration now. And I feel sure that business, yes and labor and agriculture too, all of the people, want this Administration to carry on.

Of Human Rights

You have just heard the President talking to you about the great future which awaits the American people - and this future includes every American whether he be a businessman, farmer or worker and regardless of his race, color, creed, or place of birth.

I could speak to you tonight about what might seem on the surface to be the most appropriate subject for the occasion, namely, what the Roosevelt Administration has done for business. But, as businessmen, you are all familiar as I with the true facts about the progress of business during the last twelve years. And, I am certain you will agree with me when I say that there is little that anyone could add to what the President has just told you of the future of private enterprise and initiative in this great country of ours.

I prefer to speak tonight of something much less obvious - but of equal importance to the future well-being of every American. I want to speak of Franklin D. Roosevelt - the friend of all Americans regardless of their race, color or creed, of all Americans whether their ancestors reached these shores in 1607 or in more recent times. And I want to speak not as Secretary of the Treasury of the United States, but as an American whose father was an immigrant and as an American of the Jewish faith.

The human rights of man and the economic rights of man go hand in hand. It is essential that they both be realities and not mere theories if every American is to enjoy our national heritage. It is of these human rights that I am going to speak tonight.

I have known Franklin D. Roosevelt, the man, for many, many years. I also have worked with Franklin D. Roosevelt, Governor and President, for many, many years. During all these years he has always stood out in my mind, first and foremost, as the true friend of his fellow man. I know for what it is, the great heart of this man and of his determination at all times to see to it that the downtrodden in America be accorded their full opportunity to share in our heritage.

I would be less than frank with you if I did not tell you that I am not as confident that the present leaders of the Republican party have this same determination to see to it that every man who walks on this land of ours walks with dignity.

In this political campaign, those seeking a change in the administration of the Federal Government rely heavily upon appeals to segments of the American population who because of their relatively recent arrival here, or for other reasons, are specifically distinguishable from the mass of the population. This election year interest of

the Republican leaders in the Poles, Czechs, Italians, Yugoslavs, and the Greeks and others who have a justifiable pride in the language, culture and traditions of the countries of their origin is familiar to all of us. And we are also acquainted - in fact only too well acquainted - with the concern of the Republicans every fourth year in the problems of the Negro and other groups which unfortunately still suffer economic and social disabilities.

To some people this trafficking in human values - this perversion of human rights - has become an accepted part of a political campaign and, as such, I suppose they have become callous to its implications. To me, however, these human rights, these human values, are far too dear to be made the chattels of a political campaign. To me this election year exploitation of the hopes and problems of the downtrodden adds only to their suffering and despair. These tactics tend to obscure the important fact that regardless of our origin, our color and our religion we are all Americans. We must decide the great issue before us as Americans and not as members of any particular group.

Never let us forget that as a nation we are very young - only one hundred and sixty some years old - and that everyone of us living here today in this great land, save the Indians, came here as immigrants or as the sons of immigrants; came from other lands to build what has

- 4 -

become the greatest and finest nation on earth. We are a nation fused from the people of every conceivable country, every known race, and representing every religion. All of us have been thrown into the great melting pot of freedom and all of us have emerged Americans.

There is a saying that is chiselled in marble on a statue - statue that truly symbolizes real essence of our America of yesterday and today, the Statue of Liberty. It reads as follows:

"Give me your tired, your poor, your huddled masses yearning to breathe free - the wretched refuse of your teeming shore. Send these, the homeless, tempest tost to me. I lift my lamp beside the golden door."

These words cover me as they do Franklin D. Roosevelt, as they do everyone here tonight or within the range of my voice.

To the shores of America from its very inception have flocked fugitives from injustice, oppression and persecution. On the whole they have found here the new way of life which they sought. But unfortunately in the eyes of some - who strangely enough are themselves fugitives from injustice, oppression and persecution, or their descendants - in their eyes there are certain minority groups amongst us who are not entitled to all the privileges of America.

But it is not only the minority groups who are discriminated against who suffer from such intolerance.

The American way of life is cheapened by the existence of this form of persecution and when the American way of life is cheapened, every American whether he be of the minority or not loses by it.

The issuance of proclamations, the making of pious statements, attending meetings sponsored by minority groups, and the making of pretty speeches will never cure the evil. It takes deeds and not words to make this a land where all persons regardless of race, color, creed or place of birth may live in peace, honor and dignity, free from want and free from fear.

And all America knows that the record of President Roosevelt on this fundamental issue is written in deeds and not merely in words. For the first time in American history the Roosevelt Administration required Government agencies such as the Public Works Agency, United States Housing Authority and others to see to it that their contracts provided against discrimination in employment because of race or color. The President's famous executive order establishing the Fair Employment Practice Committee has been backed by action.

Today a million and a half Negroes are in jobs in war plants, many at lathes and benches where before no Negroes were allowed to work and they are receiving equal pay.

In the Philadelphia transit strike in August of this year, the President did not hesitate to implement the non-discriminatory orders of the Fair Employment Practice Committee and the War Manpower Commission. The President, through the National Labor Relations Board and the War Labor Board, long ago established the principle for equal pay for equal work regardless of race, color or creed.

Under the Farm Credit Administration, the Farm Security Administration and other agricultural agencies tens of thousands of Negro share-croppers were helped to become farm owners. Negro-owned businesses have recovered from the days of depression and are flourishing. Great housing projects have removed more than 75,000 Negro families from the slums and into decent homes. The Home Owners Loan Corporation and the Federal Housing Administration helped tens of thousands of Negroes to buy their own homes. Negroes have been given better medical attention and the real opportunity for a good education. This is what I mean by deeds. This, not words, is what America needs.

Persons of Jewish and Catholic faith, persons of Polish origin, Czech origin, German origin, Italian origin, Greek origin, etc., whether citizens or not, have all been given equal opportunities for Government work and to the extent that it has been within the power of the Federal Government they have been given equal opportunities for

private work. Persons of every race, color and creed are in all branches of the Army, including the Air Force - and they hold every rank from private to general. There are Negroes in the Navy and I mean fighting men - not merely mess boys. There are Negro Marines. And for the first time in our history there is a Negro General.

Now let us examine the record of Governor Dewey on this issue.

[To be supplied later]

John W. Bricker, the Republican Vice Presidential candidate, has also let the cat out of the bag on this issue. He has at the same time made clear what Republican candidates and orators really have in mind when they joyfully repeat that phrase of their own fabrication "Clear Everything With Sidney."

In a speech in Denver, Colorado, on October 23 Bricker made a scurrilous attack upon President Roosevelt's humanitarian action in bringing to an Emergency Refugee Shelter in this country for the duration of the war 1000 homeless and helpless men, women and children, all survivors of Nazi brutality and terror. Bricker concluded his vicious diatribe against these innocent sufferers with the following words: "I am not saying that this group was 'cleared with Sidney'. I do not know."

*Birth took to 25
Kings house - 10/25/44 - 2:30
1947*

I am going to talk tonight about business - about the
relations. Why did Bricker see fit to use this phrase deliberately
in such a context? The answer is clear and it has such ominous
implications that it must be understood by all. These poor
and friendly people to whom for a temporary period we are
giving no greater comfort or privileges than we give to Nazi
prisoners of war are of many nationalities. Included, among
others, are Poles, Czechs, Yugoslavs, Greeks and Austrians.
Although most are of the Jewish faith, there are Catholics
and Protestants in the group. But, and, this is important,
if we are to understand John Bricker's words, they are all
"foreigners". And John Bricker, at least, feels it necessary
to assure the lunatic fringe of the isolationist group that
he will not condemn or restrain their intense hatred of other
Americans whose parents, grandparents or great grandparents
were born in Italy, Poland, Greece or some other part of Europe.
This, then, is the meaning of "Clear Everything With
Signey". It is the symbol of the fatal doctrine that there
are some American citizens who have lesser privileges than
others because their ancestors arrived here later than 1620.
Remember this when you next hear a Republican orator gleefully
read the phrase. It is not merely an appeal for the votes of
those who hate Jews or Catholics or Italians or Greeks or
Poles. It is an attack upon the basic principle upon which
this nation was founded and has endured.

Draft #3

- 2 -

Barth took to 27
Ry's house - 10/25/44 - 8:30
P.M.

I am going to talk tonight about business - about the relationship between business and the American economy as a whole and about the relationship between business and the American Government. I am going to talk in plain terms about the friends and the enemies of American business.

It is an axiom that the economic welfare of the Nation and the economic welfare of business and industry are inseparable. This is the principle on which the present Administration has acted. Its premise has been that business and industry could prosper only in a prosperous society.

But there is a handful of businessmen who do not accept this principle and who have fought the Administration's efforts to put it into practice. And by the noise and volume of their complaints they have given currency to the myth that this Administration is unfriendly to business in general. Politicians who have no constructive or affirmative ideas to offer exploit the myth for what they think it may be worth.

The Republican Presidential Candidate, for example, made this statement in his acceptance address: "The present Administration * * * * * has been consistently hostile to and abusive of American business and American industry, although it is in business and industry that most of us make our living."

Now I do not mean for a moment to suggest that the myth - in this particular instance - was invented by the candidate. On the contrary, it is one of the most hackneyed, time-worn and over-worked myths of the present day. It has been in circulation, I should guess, for pretty nearly a full decade. It was tried out with great gusto by campaign orators in 1936, was dusted off and trotted forth as a brand new discovery in 1940; and today - such is the originality of its sponsors - it is being tried again, evidently on the assumption that if it is repeated often enough somebody may believe it. The technique is a well-known one.

It is about time, I think, we ought to take a good close look at this myth. Let us leave the war years altogether out of account for the moment and go back instead to the 7-year period before 1940 when the Administration halted the precipitous deflation of the early '30's and built up steam in a cold boiler to start industry once more on the upgrade. It is this period which the Republican Candidate is pleased to call "The Roosevelt depression".

I am glad to think that time has dimmed the memory of the dark days before Franklin D. Roosevelt revived our faith in ourselves by telling us that the only thing we had to fear

- 3 -

was fear itself. In 1932, the year before he took office, in corporations reporting to the Bureau of Internal Revenue showed an aggregate loss of more than 4 billion dollars.

By 1934, the present Administration had abused business and industry to such an extent that they began to report profits instead of losses to the Bureau of Internal Revenue. The profits of corporations that year - after payment of taxes - amounted to \$2,374,000,000. Net profits rose steadily each year after that, except during the recession of 1938, until by 1939 they stood at about six billions.

All right, now let's take a look at the record of retail trade during this period. Total retail sales in 1933 amounted to 24½ billion dollars. In 1939, they were better than 42 billions, an increase of 75 per cent. If this was abuse, I have an idea that most retailers would like to be abused constantly.

The steel industry affords a pretty good clue to our general economic health. In 1932, it was operating at 20 per cent of its capacity. In 1939, before the war orders began to come in, at 65 per cent.

The United States Steel Corporation had a net income in 1932 of minus 71 million dollars. That was when it was functioning under an Administration that professed great friendship for business. In 1939, U. S. Steel was ruthlessly forced to relinquish the pleasure of taking such a loss; the New Deal abused it into accepting a net profit of 41 millions.

The General Motors Corporation, to take another example, had net sales in 1932 worth 432 million dollars. In 1939, its sales amounted to \$1,377,000,000. It had less than a million dollars of net income available for dividends in the earlier year, more than 180 millions in 1939. Yet Mr. Alfred P. Sloan, the President of General Motors, in a speech last August, demanding revision of the Wagner Act, referred to the Government as dealing - I quote him - "with two groups, one equitably and the other inequitably." And last year he spoke of the "destructive" policies of the New Deal.

There wasn't anything special about the experience of the United States Steel Corporation. Manufacturing concerns in general reported themselves in the red for 1932 to the tune of \$1,600,000,000. In 1939, they were three billion dollars in the black.

If this be hostility, I should think the motto of businessmen might very well be - Lord, protect us from our friends; we can take care of our enemies.

Of course, there is not now, and there never has been, any enmity on the part of the Roosevelt Administration toward business and industry. What there is, and has been from its inception, is a firm determination to avoid the kind of quicksand crust of fake-prosperity on which this Nation danced such a frenzied jig during the twenties. There was nothing solid underneath it because millions upon millions of Americans were unemployed or employed at such low wages that they could not maintain a decent standard of living. It was inevitable that we should crash through such a crust as we did so tragically in 1929.

This Administration has sought, instead, to develop a balanced and expanding economy, based on a high volume of purchasing power. It has recognized that enduring prosperity must have a solid foundation, that it must be built from the ground up. It has operated on the premise that what advances the general welfare of the people of the United States also advances the welfare of the business and industry in which they engage.

It cuts out an inflamed appendix or a cancerous growth.

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling competition of monopoly. I think that no banker or broker who wants the public to invest in an honest enterprise will feel abused by an Administration which protects him from the competition of irresponsible market manipulators and gold brick salesmen. I think that no honest employer will feel abused by an Administration which protects him from the competition of sweatshops.

These and other measures instituted under the New Deal have given American enterprise real freedom. To speak of them as abusive is as absurd as to speak of a surgeon as abusive because he cuts out an inflamed appendix or a cancerous growth.

Business and industry in America are healthier today and have greater opportunities for the future because this Administration has been a true friend to them. Oh, yes, I know that the opposition now endorses these reforms and any evening on the air you can hear the Johnnies-come-lately hollering "me, too." But you can also hear them hollering that the present Administration "has been consistently hostile to and abusive of American business and industry." And I think that you can get from this a fair measure of their sincerity.

These, I think, are the real enemies of business. They are important and powerful enemies - some of them within the ranks of business itself who would undermine the very foundations of free enterprise.

They are the "business as usual boys" who opposed the conversion of industry from peace to war. They are the men who fought price control and renegotiation - who would have risked the danger of inflation for extra profits for themselves. They are the labor-haters who fought against collective bargaining, minimum wages, social security and the other social accomplishments of this Administration. They are the monopolists who favor restricted industrial output and restricted markets at home and abroad.

The real enemies of business in America are the economic isolationists, the men who oppose international economic as well as political cooperation. They are the men who want to restrict credit, who want high interest rates. They are the few bankers who bring pressure against the Treasury to increase interest rates knowing full well that every increase of one per cent means an additional burden of \$2 billion a year on the American business men and the taxpayer.

Yes, business has its enemies. But they are not in the Roosevelt Administration.

Now, I want to turn for a moment to the war years. Business itself has fared pretty well in the performance of its magnificent production job. The total of corporate profits for the year of 1943, after payment of taxes and after renegotiation, was the highest in the history of this Nation - higher even than in the frenzied boom of 1929.

This war prosperity has been well balanced. I am glad to say that it has created few war millionaires, for the rise in profits has been distributed throughout the business community. The virtual absence of war-made fortunes represents the combined results of a wise policy of military procurement, the success of the policy of economic stabilization, the operation of the excess profits tax, and the commendable restraint exercised by business itself.

1942-109-

The prosperity of the smaller concerns is less easily observed than that of the large publicly owned corporations, but it has been actually even greater. A survey of the relative movement of the profits of large and small companies in eight major industrial groups, made jointly by the Board of Governors of the Federal Reserve System and Robert Morris Associates, shows that in each group the smaller concerns have, during the wartime period, improved their profit position relative to the larger companies.

Business can do this and will do this. But it can do it only in partnership with an Administration which will support it, not merely with fair words and special favors, but with a dynamic program of economic development for all the people. It is this kind of friendship for business, as for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice while it is in office. You must certainly credit this in large measure, I believe, to the stabilization program and the methods of war finance undertaken by your Government. The economic policies pursued in the war years have safeguarded business and industry not only against inflation but also against the disastrous sort of deflation which struck this country in 1920 and 1921.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Business and industry have a role of vital responsibility to play in the development of the future. They must serve as its generators. They must be, in the future as they have been in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how, the enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and the lifting of our living standards.

Business can do this and will do this. But it can do it only in partnership with an Administration which will support it, not merely with fair words and special favors, but with a dynamic program of economic development for all the people. It is this kind of friendship for business, as for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice while it is in office.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE October 25, 1944

TO Mr. Alan Barth
FROM E. M. Bernstein

We have quotations of Sloan's speeches as reported in the New York Times, ~~and~~ as follows:

"Demanding revision of the Wagner Act, Mr. Sloan termed it 'a one-way street'. He voiced a fear of the outcome 'as long as government deals with two groups, one equitably and the other inequitably.'" - San Francisco Chamber of Commerce, August 11, 1944.

"Maximum post-war employment, he declared, depends upon American industry asserting its leadership to make sure of the preservation of the free 'competitive' enterprise system, with reasonable profits as the incentive, and upon the Government substituting constructive policies toward business and industry for the 'destructive' policies of the New Deal years." - New York, December 10, 1943.

EMB

National Association of Manufacturers,

3/20/44

37 ✓
Copy to Frank Coe

10/26/44

October 25, 1944
10:50 a.m.

AMERICAN DELEGATION ON BRITISH LEND-LEASE

Present: Mr. Acheson
Mr. Collado
Mr. White
Mr. Davidson
Mr. Angell
Mr. Casaday
Mr. Currie
Mr. Coe
Mr. Cox
Mr. Gates
Mr. Patterson
Mr. Taft
Mrs. Klotz

H.M.JR: We have two communications which are highly confidential which Mr. White will distribute, I take it, through the Secretary. One is on the ground forces for the Army and the other is on the Air. The amusing thing is, they have come to an agreement.

MR. ACHESON: Have they, really? Good. And on the Air, too?

H.M.JR: Yes, it came in quite late last night. I just talked to the Navy. They asked if they should come over. I said yes, for no other reason than to find out how fast the Army can work.

(Mr. White distributes copies of attached "Top Secret" documents)

MR. WHITE: Then we just got one just now in which they are indicating the items they are turning over.

- 2 -

H.M.JR: Another thing they said they were turning over - locomotives, wagons - oh, I see.

MR. WHITE: They have copies of the first two, but they don't have this last.

H.M.JR: I think, Coe, if you stay behind afterwards and make sure you have everything I have--

MR. COE: Yes, I will.

H.M.JR: Now, Harry, you didn't mean these people, did you, to discuss this Army document? You had some other problems.

MR. WHITE: That is right. The problem we wanted to bring to you this morning was a difficult, troublesome problem with respect to non-munitions, and particularly with respect to the export policy.

Dean Acheson has prepared a memorandum based on the discussions of the two meetings that we have had, which presents in his view the opinion of your Committee. But before you go to that, I just want to mention a letter which we have just received from Admiral Land in response to an earlier letter asking him for information on the shipping requirements, and so forth.

(Mr. Taft enters the conference)

MR. WHITE: His letter states that since Foreign Economic Administration hasn't received the material for Phase II, he is going to wait until they do. I am merely suggesting that to indicate that this should be taken up with FEA. There is some misunderstanding. We won't hear from Admiral Land on the shipping until that happens.

So, if we can turn to these non-munitions now, and if Dean will take the Floor--

H.M. JR: Before you do that, I would just like to say this, I would like the advice of these people. I

- 3 -

think when the British come we should say that we have received late last night these memoranda signed jointly by the British and ourselves, and that this Committee is studying them, and at the moment we have no comment to make. Don't you think so? Otherwise, we would be going off half-cocked.

MR. ACHESON: Yes.

H.M.JR: Take, for example - I am sure no one is prepared to say whether FEA wants to take over the locomotives and the wagons from the Army, or the tires, and so forth. I mean, you have to study that. And the thing which isn't in here, which somebody raised, is that the basic steel - wasn't that something that goes into some of these things? Wasn't it suggested that FEA buy that?

MR. COX: It is fuzzy on the basis of their statement whether we buy steel or not. I mean, you can't tell, the figures aren't detailed enough.

H.M.JR: But wouldn't it be best to commit the Army on what they have done, and say that we will receive it and we will study it, and if we have any comments to make we will make them promptly?

MR. COX: That is right.

MR. WHITE: The one thing which the British might raise is that the Army has raised the question and made it a prior condition of some of their acceptance that the Lend-Lease in Reverse items be continued. The British seem to feel that that is a matter which shouldn't concern the Army, and they may raise that. One may ask, "Why should it concern the Army?"

MR. COX: Isn't part of this in terms of the supplies and services for the armed forces? They are directly concerned in that.

MR. WHITE: No, I think they had in mind such things as meat from Australia, which Patterson mentioned.

- 4 -

MR. COX: Meat might go to the armed forces in the Pacific area.

MR. WHITE: What should that have to do with the amount of military equipment the military is willing to let them--

MR. COX: From the standpoint of political considerations in Congress, it is easier for them to be liberal on the munitions things - after all, the British Empire, they might say, is providing all the meats, and so forth.

MR. WHITE: That is an issue which need not be raised.

H.M.JR: There is one thing that I would like to say, which I don't quite understand. Maybe you people could throw some light on it. I had lunch last night with Forrestal. I was telling him about my troubles, some of them, and how we were trying to work here. So he called me up the next day and said, "Well, in view of what you are doing, and with which I am wholly in sympathy, that the Treasury should try to tie these things together, I want to send over to you requests which we have had from the British for reconditioning the Navy." Does anybody know anything about that?

He said, "We have things running into very large figures where they want us to recondition the Navy. They have been talking to us and I am going to send that over to you." Of course, there is nothing that appears in this.

He said, "They have been buzzing me, and I think it ought to be all put in the same pot."

MR. WHITE: The item of repairs is too small to include.

H.M.JR: He was talking about something very, very large. Is that new to you people?

- 5 -

MR. ACHESON: I have heard from time to time in the past that various British ships have come in and wanted to get automatic fire control, and that sort of thing.

H.M. JR: I gathered this was a reconditioning, modernizing of the British Navy.

MR. ACHESON: I don't know anything about it, beyond what I have said.

MR. COX: Mr. Secretary, mentioning the confidential things, in the discussions we had previously, I was called this morning by McMahon of the National Association of Manufacturers. They get out some fairly terrible stuff on this thing. They had a story released about the Lend-Lease settlement which was all messed up and wrong.

He has a good deal of information about these Keynes meetings, and I am wondering whether there shouldn't be reconsideration in the light of that, as to what should be done about it.

H.M. JR: In the room here, if I followed my own feelings on the matter, I like to do these things out in the open. I hate these secret meetings because I always end up as the goat. I don't particularly enjoy them. "Morgenthau again is doing something that somebody else should do." Don't think that I enjoy this thing.

I would much rather have the White House announce the thing and say, "This is it, and the meetings are taking place." I don't enjoy one bit reading in the paper the damned fool stories that soldiers are dying because somebody showed the plan, a series of memoranda I gave the President on how to treat Germany.

Now, the person to be condemned is the person who showed the plan to the newspaper people, not myself for complying with the request of the President that he be furnished with the plan. So far as I am concerned, I would like it right out in the open. I don't enjoy this

- 6 -

one bit, but I am willing to do it until the 8th of November and then I hope we are going to have everything out in the open.

MR. COX: The question I was going to put up--

H.M.JR: The same thing on the French thing. I don't enjoy doing these things on the French Lend-Lease. Either the Directive we are talking about here, which the President gave out to FEA, is what it is, or this is a Committee, an over-all Committee, or it isn't.

MR. COX: What I was going to suggest was, I don't know how far this NAM thing will be picked up. I was wondering whether, in advance, there shouldn't be a joint statement which is cleared with the White House on the decision as to whether anything ought to be said, or to let the NAM thing ride. I would be sure that if the fellow in NAM writes it up you are going to get a bad twist to it, and that means the follow-up will be bad.

H.M.JR: The way Whaley Eaton had it over the weekend - he had it pretty accurate.

MR. WHITE: They always have British stuff very accurate.

H.M.JR: I didn't like the release. If Frank Coe would take another crack at it and then see what he can do, I would be very glad to submit it to Mr. Steve Early today. Don't think I enjoy this. After the 8th I want to express myself. If the President wants me to do these things, I want to do them openly; I don't want to do them behind closed doors. Notwithstanding the things they are spreading, there is the least reason for my telling the newspapers. I wind up as the goat. It is spread all over town that the Treasury is doing these things. There is nothing in it for the Treasury but a headache.

Now, after that I feel better! And believe me, anybody that talks to me about it, they strike flint - something sparks.

- 7 -

We will now go to this very nice dignified statement.

Last night, again, you know, the News printed stuff on the front that I am responsible for people dying. It is just terrible, you know. You want to read this, Dean?

MR. ACHESON: This was an attempt to put down some statements and understanding of the British Paper on our part, and a suggested change in the British proposal for the purpose of bringing out from the British whether we understood correctly what they had set forth in the big document or not.

As we, broadly speaking, understood the non-munitions chapter in this Stage II book, it provided, generally speaking, that there should be no raw materials with the exception of cotton and rubber, which could be used in goods which the British would manufacture for export. They have taken steel and chemicals and all those items off the Lend-Lease list.

On manufactured goods, non-munitions types, they only have three items in there, all of which we understand are not manufactured and are not to be manufactured in Great Britain.

Now, if generally we understand the thing right, then at some period after this program goes into effect, it would be possible to remove the export restrictions of the White Paper without doing any harm; and to find out whether we understand it right, I have put down these items, which I think were what your subcommittee agreed on.

First of all, I have put down the sections of the book to which these refer, so that they are not generalizations in the broad. The first one was that the U.S. side understands that if the non-munitions program set forth in Chapter Two should go into effect on January 1, 1945, all other raw materials and manufactured goods except munitions items would go off Lend-Lease.

- 8 -

Now, we understand that they say this January 1, '45, date is a tentative date, but if it should go into effect on that date, is that understanding correct? We say, should the effective date be postponed, an intervening non-munitions program might be required. That is what the British say on Page One.

In other words, if the war doesn't come to an end until June in Europe, they have to have a filler. In such event, when the effective date should be reached the same action would be taken. That is, whenever this program goes into effect, then all other raw material and manufactured items come off Lend-Lease. This applies whether or not non-munitions items on prior requisitions are still undelivered.

H.M.JR: Dean, you have to take a little time. You have been thinking about this and I haven't. Do you mind explaining a little bit to me?

MR. ACHESON: What we are trying to bring out from the British is whether it is true that when this new program goes into effect, then only the things included in the new program go forward under Lend-Lease, and that any backlog of undelivered steel or chemicals or anything else, if they want those they will pay for them. You want to find out whether that is right or not.

H.M.JR: Now, may I interrupt you there? I was pleased the way the Army set this thing up in which they say estimated balances of quantities, estimated undelivered balances of 1944, ASP, then the value. Then they go on Phase II requirements, the quantity and the value.

They take, for instance, trucks, ten-ton; estimated balance forty-seven. In other words, they take it perfectly for granted that they are still to deliver forty-seven trucks, five thousand trailers. Then the Phase II thing goes on. It seems to me this is the case in point, isn't it, that the Army there takes it for granted that the undelivered quantity is still to be delivered.

- 9 -

MR. ACHESON: Well, the British say that in their Paper, "so far as munitions items are concerned"; but they don't say, "so far as non-munitions items," and perhaps they mean it. If they do, then we will find it out this morning.

H.M.JR: And you want to raise that point.

MR. ACHESON: Yes.

H.M.JR: Let me see if I have this straight. On munitions you take it for granted that the undelivered will be delivered under Lend-Lease; then you add to that the new. But on non-munitions it isn't clear in your mind, whenever Phase II starts, that is the cut-off date, and from then on things other than what we have agreed to, that they will pay cash for?

MR. ACHESON: Yes.

MR. WHITE: Mr. Secretary, in their estimates of their armaments, the British say they took into consideration the fact that they would be undelivered, and therefore they asked for less armaments for Phase II on the basis that they would get the undelivered amount.

That is not clear in here.

H.M.JR: All right, it is unfolding, but White hasn't had a chance to talk to me.

Now, what is the next point?

MR. ACHESON: The next point is Number Two; the U.S. side understands that the Quebec agreement - that articles which have been received under Lend-Lease or mutual aid will not be exported - will stand. They don't say that anywhere in their Paper, but that was in the document which the President and Mr. Churchill initialled in Quebec.

H.M.JR: May I again ask the question - does that mean that the things which they have already received, or things to come?

- 10 -

MR. ACHESON: We think it means both.

MR. WHITE: Same item.

MR. ACHESON: It does not mean that if they have some raw material left over that they cannot use that to make something for export, but we think that what they agreed at Quebec was that the items which you get on Lend-Lease you do not export as such. If you get a typewriter, or something of that sort, you don't export it.

H.M.JR: I am asking for the original thing where there were pencilled inserts, because it is right on that subject.

(Mrs. Klotz leaves the office temporarily)

H.M.JR: After that was done, Cherwell came back two or three times. Finally I said, "I have been back to Roosevelt twice, I can't go back a third time."

MR. ACHESON: If we can get clear on what they understand was agreed, that will help us.

H.M.JR: I think after I see the very original document, it will be clearer in my own mind.

MR. ACHESON: Now, we also have a sentence that the U.S. side also understands that articles lend-leased for military use - motors, for instance, to go in airplanes - will not be transferred to civilian end use without agreement. Now, that has to do with whether a Whirlwind motor they get for a Hurricane is going to turn up later on in some commercial exported airplane. We don't think they intend to do that - but we want to be clear.

Then the third point is that the U.S. side understands that the manufactured goods included in the Stage II program in Chapter Two, Section Six, are not produced, and are not expected to be produced during Stage II in the United Kingdom.

- 11 -

H.M.JR: I don't understand that, Dean.

MR. ACHESON: In Chapter Two, Section Six, they have only three items of manufactured non-munitions goods that they want. Those are tractors, mining machinery, and certain tractor tires.

Now, we understand, but we are not sure, that they don't make any of those particular items in England and they don't expect to, and if that is so, then if they don't export those particular articles we don't need to worry about their exporting others. We want to be clear that we are not giving them a tractor and then they export exactly the same tractor of British make.

H.M.JR: I go back to the question of export. The way the thing was written - "Naturally, no articles obtained on Lend-Lease or identical thereto would be exported" - and the President added in his own handwriting, "for profit." Do you see?

And then they were not satisfied with that and we had that exchange of letters, meaning what was for profit - which you have been furnished with.

MR. WHITE: That is right.

MR. ACHESON: Yes, yes.

MR. WHITE: They wanted to make it appear that exports could be sold if they were sold for profit. We said that was not our understanding, but that the policy which had been pursued in the past would be continued.

H.M.JR: Has Dean Acheson been furnished with that exchange of letters?

MR. ACHESON: Yes, we have. That is right. I understand that.

(Secretary Patterson and Mr. Gates enter the conference)

- 12 -

H.M.JR: May I compliment the Army on the very amazing job they have done. I hope the Navy will do likewise!

MR. PATTERSON: Thank you, sir.

H.M.JR: Supposing you re-state the thing as you understand it, this question of export or re-export, so that you are sure it is clear with me, because I think we are going to have quite a time on that.

MR. ACHESON: We understand that Paper that was initialled at Quebec, and which you have now with the pencilled notation, to mean that articles which had been received under Lend-Lease will not be exported.

Now, what we want to find out from the British is whether this Paper which they have handed us, this book, contemplates that that understanding still stands. They don't say so in the book, anywhere.

H.M.JR: Now, Harry, you have to check my memory. My understanding is that they will not re-export.

MR. WHITE: That was our understanding, and we felt that their letter which they sent asking whether their interpretation of that phrase "or for profit" - we feel that that letter was an attempt to get us to agree that they could export, providing they didn't make a profit out of it. And we all felt that that was not the intent. The intent was that they couldn't export at all, that "sold for profit" applied to the goods at home. And that was the policy which had been pursued in the past.

H.M.JR: You have to let me think out loud a minute. You remember, I said to them, what was a profit. I said, using oil as an example, that what I meant as a profit was, if we gave them some oil, then there would be the cost of transportation, storage, and handling, and you have to add that to the product, and that was my interpretation of profit.

- 13 -

MR. WHITE: Yes, you were defining profit, then, but it was a definition which I think, in your view and my view at the time, referred to their resale at home, not their resale abroad; because if they resold it abroad they would be making not only that profit, but they would be making the amount to cover the transportation, and they would be making the original cost back.

H.M.JR: Resale at home. They said, "What is profit?" And I said, "That is profit." But that was for home consumption, whether it was oil, or whether it was cheese.

MR. WHITE: That is right. You were merely describing you felt certain expenses of transportation could be covered without being called a profit. But they applied it to domestic sale and not to sale for export.

H.M.JR: I think we are clear now.

MR. ACHESON: Yes.

H.M.JR: Are we together?

MR. WHITE: Yes, I think everybody here is in complete agreement on that.

H.M.JR: Go ahead, Dean.

MR. ACHESON: Then we come to the last one. The U.S. side understands the U.K. proposal to be that the White Paper export restrictions, except those which we have just discussed - that they shall not export the same article that they get - should be lifted on December 1, 1944 as a fixed date. We understand that is what they propose.

Now, it may be that they will say that they propose that it is to be on December 1 if Stage II program goes into effect on January 1. I don't think they will, but at any rate we want to be clear as to what they propose.

Now, the U.S. side believes that these restrictions should be lifted at the expiration of a definite period

- 14 -

following the inauguration of the programs for Stage II as set out in Chapter Two, and the termination of other Lend-Lease Stage I programs contemplated above.

In other words, we think we should not raise the restrictions of the White Paper on export until after - sometime after - the Stage II program goes into effect. The British are proposing to raise it before it goes into effect.

MR. WHITE: Do you want to give some explanation of why?

H.M.JR: One minute, if you don't mind. Supposing they asked the very pointed question - "All right, Mr. Acheson, we agree with you, but are you willing to do that after Phase II starts?"

MR. ACHESON: We think we are.

MR. WHITE: That is one of the points we want to bring up with you for discussion.

MR. ACHESON: The reason we think we will be willing to raise the White Paper restrictions at some time to be agreed on after Stage II program goes into effect, are the following: First of all, there would not be then on Lend-Lease any manufactured items which might be re-exported or similar items re-exported, because the only manufactured items they are going to get are the three types that we mentioned, which they don't make and don't expect to make. Secondly, so far as raw materials are concerned, with two exceptions that we will come back to - they don't ask for any raw materials in the Stage II program of the type which they would use in manufacturing goods for export.

H.M.JR: How about cotton?

MR. ACHESON: Cotton and rubber are the only two. We will come back to those in a minute. The reason we think a lag ought to take place is that if you take some

- 15 -

reasonable lag, it then gives you the basis of saying, if there is any criticism, that so far as past stocks are concerned, we have given a reasonable time for the using up of those stocks, so that they are not using past Lend-Lease to manufacture stuff for export.

Now, if we can get agreement on a reasonable period, whether it is two or three months, or some number of months, then we think a simple easy way of handling the export program is to not send them the kind of things which they use in export and just raze all the restrictions except the identical articles which they get, whether they get them, or get them from somewhere else, shall not be exported.

Now, when you come to rubber and cotton, which are in the items, rubber seems to us to produce no problem, because while we give them synthetic rubber on Lend-Lease, they give us practically the same value of crude rubber or raw rubber - natural rubber - on Reverse Lend-Lease.

H.M. JR: We can export the crude rubber but they can't export the synthetic?

MR. ACHESON: They don't export it in the same form, but they could use it.

MR. WHITE: We can export products that are made out of it.

MR. ACHESON: Yes. Now, we could either just leave them both on Reverse Lend-Lease or take them both off.

MR. WHITE: The Secretary says, as it is now, there are no restrictions on re-export of goods made of raw rubber, but there is a restriction on British export of goods made of synthetic rubber, and he says that seems unfair.

MR. ACHESON: That is right. Now, so far as the cotton is concerned, that is a matter which we were discussing, and I am not sure we came to any conclusion.

- 16 -

One suggestion which I brought in was that cotton should be taken off the Lend-Lease and some other compensation for it be found. However, I think Oscar's view was that during Stage II, textiles were going to be so tight, anyway, that there would not be any competitive political difficulty arise by American textile manufacturers saying their markets were taken away from them by the British using Lend-Lease cotton to make textiles, because the demand for textiles, as Bob knows, is so vastly greater than any supply that you can get in the near future, that we won't have political trouble.

MR. PATTERSON: True of cotton duck, at any rate.

H.M.JR: I understand this well enough to let you present it!

Now, I wondered if either the War or Navy wanted to get in on this?

MR. PATTERSON: No, my record for minding my own business is not very perfect, but in this case, I will.

H.M.JR: I assure you it is much better than mine!

MR. WHITE: At best, you are only second best.

MR. PATTERSON: This time I will restrain myself.

MR. WHITE: Is there anything you want to raise with respect to your own matters before the British come?

MR. PATTERSON: Only this, that I think I indicated in a letter yesterday to Henry that we are concerned from the Army supply point of view with four items of a non-military character, because if they are granted them, they will certainly affect production for military purposes for both our Army and for theirs, too, on their military items on Lend-Lease.

H.M.JR: That is the locomotives and wagons?

- 17 -

MR. PATTERSON: No, sir, that is a later letter - nylon, paper products--

H.M. JR: Don't those two things go together?

MR. PATTERSON: Yes, but we mentioned the locomotives and wagons because they were put on the military program although we believe they involve civilian needs in India.

Then tires, tire fabric, paper and paper board, and nylon, are things that were always on their non-military program, but if granted them, will have an impact on military production in this country for our forces, and also for their forces.

H.M. JR: "hat I would like to do if it is agreeable to the other people - because I know how busy you are - I would like to bring up, if it is agreeable to Dean Acheson, the War Department's problem first, then if you want to excuse yourself, you can. If you want to stay, you are more than welcome. Is that agreeable to you, Dean?

MR. ACHESON: Yes, sir.

MR. GATES: I have two things to bring up for the Navy, if I may do so now, Mr. Morgenthau.

Our program divides into two parts, as we brought out the other day. One is what we call the Navy program, and the other is the Navy Air program, which was thrown under their airforce requirements. As far as the Navy program is concerned, we are still waiting for further information to be furnished by their people to us.

H.M. JR: Would you bring that up, because I don't want, at any stage, to have them say they sat around waiting on the U.S. Government.

MR. GATES: I can bring that out.

.On the question of Navy Air, Sir Christopher Courtney asked us to deal with a naval officer, I think Captain Smith. He hasn't arrived in this country yet, so we

- 18 -

haven't been able to get together with them. I think he is due here today. The Air that they are asking for I don't think applies to Phase II, necessarily. It is the Air they were asking for, anyway, for the 1945 program, and I raised the question whether you want to throw it into Phase II, because Phase II is postponed until the first of April, and they still want that Air the first of January as far as their air arm is concerned. It isn't a part of Phase II as I see it.

I might also add that we are going to have quite a difficult time on it, because I don't think we are going to be able to agree. What they want is what we need very badly ourselves.

H.M.JR: Supposing I let Bob Patterson bring up his problems and you bring up yours, and then, as I say, you are more than welcome to stay if you want to. Then we will let Dean Acheson bring up his memorandum.

Is that all right?

MR. ACHESON: Yes.

H.M.JR: I am doing it in order to get these people to come again. You are stuck with me!

MR. ACHESON: That is all right with me.

H.M.JR: One thing I want to tell you about is the conversation I had with Forrestal Saturday. He was bothered about the British Navy presenting a program, as I understand it, more or less privately, or secretly, to him, of complete rehabilitation of the British Navy. He thought that that ought to be thrown into this Committee. He said he would send it over to me. I haven't received it yet.

MR. GATES: I haven't seen that.

H.M.JR: Would you mind--

- 19 -

MR. GATES: I think that is one of the things that is holding up the Navy negotiations with their Navy. We have asked for information as to when these ships will be available, where they propose using them, and so forth.

H.M.JR: Do you mind reminding him of having called this Saturday and saying he would send it over - am I to get that - do you see? Just what is that?

MR. GATES: I will remind him this morning.

H.M.JR: As I understand it, they are talking about really remodernizing the whole Navy.

MR. GATES: The question has been raised very seriously in our minds.

H.M.JR: He says he thinks it ought to be thrown into this Committee, that he would like that.

MR. WHITE: Is it a fairly large sum of money involved?

H.M.JR: I gathered a huge sum. Well, if you are going to modernize the British Navy it will run into billions.

MR. GATES: Yes, I haven't seen those figures, but I know what is worrying him.

MR. WHITE: There is just one further question. I don't know whether Dean Acheson had an opportunity to explain to you why the lag between the two periods. That is important because they will raise that question. They probably will stick at that. So if he could expand that to you--

H.M.JR: Bob, I know how hospitable the British are, and if you think I should, maybe Monday or Tuesday, have their military people, and yours, here for lunch, and a couple of people, I would be glad to do it; and then maybe Tuesday I could have the Navy people. What?

MR. PATTERSON: Yes, indeed.

- 20 -

H.M.JR: Whom should Mrs. Klotz call in your office to find out who the military people are? She will call up your office. Then at that luncheon I would like Mr. Acheson, and Mr. Crowley if he can come, and Dr. White.

Updated 57
Rec'd 11-23-44

Mr. Henry Morgenthau, Jr.,
Chairman, British-American Committee on Lend-Lease,
Washington, D.C.

Dear Sir:

In accordance with the directions of your Committee in its meeting on 12 October 1944, we have examined the British requirements for ground and other than air Army equipment for the first twelve months of the war following the defeat of Germany. It is noteworthy that the Subcommittee has been able to agree on the treatment of all items. Our conclusions are as follows:

1. The War Department accepts the British demands as listed in attached schedules as a production requirement subject to annotations contained in the schedules and undertakes to make all practicable efforts to produce the specified quantities.
2. In all categories there are included quantities of material specified only by type and dollar value. This is also true of the spot items. In accepting these dollar values, it is understood that the ability of the U.S. War Department to deliver the particular items which will be specified later, will depend on the production conditions existing at that time. It is agreed that the U.S. will make diligent effort to deliver the specified items after the filing of firm requirements to the extent consistent with its overall production possibilities for all purposes at the time of filing of the firm requirement.
3. There are certain items for which additional production is impracticable within the period and the British do not press for further facilities; such items have been accepted by the War Department as a requirement with the understanding that the U.K. must bid for these items before the Munitions Assignments Board on the basis of operational urgencies in accordance with existing procedures.

COPY

- 2 -

4. It is agreed that a figure of 50 million dollars will cover the U.K. demands for spot items.

5. In certain cases it is agreed that the U.K. will accept combat serviceable equipment of the type and kind being used by the U.S. Army, with the understanding that spares will be furnished on the same scale as for the American Army. In such cases a suitable notation appears in the detailed schedule.

6. The U.S. War Department has recommended that the request for procurement of the following items should be transferred from it to the F.E.A.

<u>Item</u>	<u>No.</u>	<u>Value \$ (Millions)</u>
Locomotives, broad gauge	60	5
Locomotives, metre gauge	128	6
Wagons, broad gauge (5'6")	6000	15
Wagons, metre gauge	1717	4

7. Subject to the above and the remarks in the attached schedule, the U.S. War Department agrees that these items in the quantities stated or in the value indicated, are accepted for production concurrently with the requirements of the U.S. Army and all other known military requirements at the time of acceptance.

8. It is understood that the agreements reached herein as far as deliveries are concerned fall within and are subject to the established procedures of the Combined Munitions Assignments Board.

9. On the British side, the U.K. undertakes to continue to supply items of reciprocal aid within the limits prevailing at the time of the defeat of Germany in the interest of the most efficient utilization of shipping at the disposal of the two countries.

10. The U.S. representatives also recommend that as a condition of the acceptance of the scheduled U.K. requirements by the U.S. the U.K. accept the responsibility for furnishing reciprocal aid throughout the British Empire and Commonwealth as required by the common interest.

Respectfully,

United States

Robert P. Patterson

Brehon Somervell

Lucius D. Clay

United Kingdom

Walter Venning

R. M. Weeks

G. N. Macready



WAR DEPARTMENT
THE ASSISTANT SECRETARY FOR AIR
WASHINGTON, D. C.

23 October 1944

Franklin D. Roosevelt Library

DECLASSIFIED

DDU WML 5200.9 (9/27/58)

Date- 5-28-70

Signature- RHAR

The Honorable

The Secretary of the Treasury

Dear Mr. Secretary:

There is set forth below as a preliminary report the list of items on which tentative agreements have been reached with British representatives covering aircraft, aircraft engines, gliders, components and equipment of Army Air Force types. The agreements have disposed of all of the major requests on the Army Air Forces with the exception of certain radio and radar items as to which further details are needed. It is hoped that these will be received tomorrow or the next day.

Tabulation of those items on which agreement has been reached is as follows:

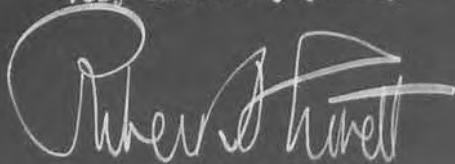
a. <u>Aircraft</u>	<u>Quantity</u>	
B-24	100	
P-51	1117	
P-47	324	
C-54	20	
C-47	1184	
<u>Others</u>		
UC-45	136	
b. <u>Gliders</u>	1400	
c. <u>Components & Equipment</u>		
<u>Engines</u>	<u>Quantity</u>	<u>Value (\$ Million)</u>
Merlin	10,634	
Wright	531	
Lycoming	454	
Total	11,619	203

<u>Propellers</u>	<u>Quantity</u>	<u>Value (\$ Million)</u>
Nash- Kelvinator	14,250	20
Miscellaneous Engines and Propeller Accessories. Undetermined quantity.		107
Instruments & Miscellane- ous Equipment. Undetermined quantity.		
d. <u>Supplementary Maintenance Spares</u>		100

Members of the British Mission are taking up directly with the Navy the question of Navy aircraft types and we are not informed as yet of any definitive agreements.

It is our expectation that a formal memorandum of agreement on Army aircraft types and major items of equipment can be signed by Wednesday night.

Very sincerely yours,



ROBERT A. LOVETT
Assistant Secretary of War for Air

FRANKLIN D. Roosevelt Library
DECLASSIFIED
 DDD DIR. 5200.9 (9/27/58)
 Date- 5-28-70
 Signature- *RHP*

October 25, 1944
11:50 a.m.

OCT 25 1944

Dear Mr. Lovett:

Thank you for your letter of October 23, 1944 setting forth as a preliminary report the list of items on which tentative agreements have been reached with British representatives covering aircraft, aircraft engines, gliders, components and equipment of Army Air Force types.

I am gratified to learn that you have been able to reach agreement on all the major requests made on the Army Air Forces with the exception of certain radio and radar items and that a formal memorandum of agreement on Army aircraft types and major items of equipment may be expected very soon.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Robert A. Lovett,
Assistant Secretary of War for Air,
War Department,
Washington, D.C.

Copy to Frank 63
Coe & Frank Sec -
10/26/44 -

October 25, 1944
11:30 a.m.

BRITISH LEND-LEASE NEGOTIATIONS

Present:	Lord Keynes	Mr. Acheson
	Lord Cherwell	Mr. Patterson
	Mr. Brand	Mr. Taft
	Sir Robert Sinclair	Mr. Gates ✓
	Sir Henry Self	Mr. Cox
	Mr. Ben Smith	Mr. Currie
	Mr. Opie	Dr. White
	Mr. Lee	Mr. Angell
		Mr. Coe
		Mr. Collado
		Mr. Davidson
		Mr. Casaday
		Mrs. Klotz

H.M.JR: Gentlemen, if it is agreeable to you, in order to help our Army and Navy friends Mr. Patterson has certain points he would like to bring up, and then the Navy has certain points they would like to bring up; and last but not least, because I imagine it is more difficult, Mr. Acheson will present a paper for all of us.

I have invited both the Army and Navy to stay if they want to. They know they are welcome. But if they don't stay it will be because of pressing business. I'd like to hear from the Army first, if it is agreeable to you.

MR. PATTERSON: Mr. Secretary, the working sub-committee on ground army items, American and British, came to an agreement on their items quite swiftly, and have reported. I think the copies of the report have been distributed. The only thing that is mentioned in that report that I might dwell on a moment is the transfer of the locomotives and wagons or railroad cars from military to non-military and picked up on our side by the FEA.

- 2 -

I might mention, also, four items that appear on the non-military side which, if granted in the amounts requested, will have an adverse effect on production for strict war purposes in this country and have an adverse effect upon supply for the American Army and British Army. Those relate to the tires, the tire fabrics, the nylon, and the paper and paper board items. They are in unprecedented amounts for any civilian Lend-Lease requisitions. They all relate to materials that are in short supply for strict military requirements, and we would like to be consulted when those four items come up and see if an accommodation may be made that will go a certain distance, at least, toward supplying the needs of our friends for non-military purposes and at the same time not disturb seriously any military objectives.

H.M.JR: Before they answer you, may I compliment both the British military authorities, as well as our own, on their amazing speed; and I am holding it up as a shining light to both of our Naval authorities and hope they do likewise!

MR. PATTERSON: Having gotten that bouquet, I might say that we expect this afternoon or tomorrow morning to come in with an agreed program on Army air items. We trust that will be so. That will pretty well clear us out of the picture and I'll be in a place, I hope, to put on my hat and go through the door, except for those items mentioned.

H.M.JR: Would somebody from the British side care to answer the points raised by Mr. Patterson?

MR. SINCLAIR: I would like to start, if I may, by saying how very much we on our side appreciate the spirit in which the War Department entered into and conducted these discussions. It meant very intensive work for a short time, and they were in every way most helpful and considerate. And I'd like that to be on the record.

I think Judge Patterson would agree that not the least as a part of the arrangement was the fact that the operational and military basis of these requirements

- 3 -

was very thoroughly discussed and a full agreement was reached on it.

On the specific points which he has mentioned, the locomotives and wagons for India, there is, as he says, a difference of opinion. The War Department do not accept the contention that we have put forward and to which I am afraid we adhere, that these are military requirements. But we are very happy to discuss, as he suggested, the requirements.

We would like to suggest to FEA that the locomotives, although desirable on military grounds, we could not claim to be essential on military grounds; that is, for delivery in the year 1945. We would suggest, however, that the wagons are essential, and we feel that it is a very strong military case for the provision of the wagons on Lend-Lease.

H.M.JR: You speak of wagons - is that what we call freight cars?

MR. SINCLAIR: Freight cars - yes - sorry.

H.M.JR: I just wanted to be sure. I didn't know whether you were talking about the kind of wagons that broke the plains!

MR. SINCLAIR: So I believe, Judge Patterson, that the War Department would not oppose the granting of the production facilities for these things, but they cannot or do not admit themselves that they are, in their judgment, a military requirement.

MR. PATTERSON: That is right. We did not oppose the granting of the items on a Lend-Lease program, but said we would rather turn them over to people who know more about that than we do because we don't view them as military--or, rather, they are just remotely military.

MR. SINCLAIR: On the other four items to which Judge Patterson referred--tire and tire fabric, package material, nylon--we are hoping to have an opportunity of

- 4 -

further discussion both with the War Department and FEA, because as Judge Patterson made clear, these requirements that we are now talking on have a military basis and a military justification, and I hope we may be able to reach agreement. Some of these amounts are quite advanced, I quite agree. I hope we may be able to reach a satisfactory agreement.

H.M.JR: To use the vernacular, where do we go from here on those items?

MR. PATTERSON: Those are the only items on the non-military program, and therefore on a program not to be considered by the War Department directly.

Those are the only items on which we want to have our views presented, because we believe they will affect, inevitably, our military production.

MR. SINCLAIR: If you would agree, Mr. Secretary, we would propose to get in touch with FEA, as was suggested, on these four items, and at the same time advise the War Department. I think we would have some preliminary discussion with the War Department.

DR. WHITE: I should imagine the War Department would, in the meantime, discuss it with FEA.

H.M.JR: Is that all right, Mr. Currie? Will you proceed that way, keeping the War Department advised?

MR. CURRIE: Yes.

Bob, isn't it the usual procedure for it to come up before the Requirements Committee of WPB on which we are both represented - and other agencies, too?

MR. PATTERSON: That is right.

MR. SELF: That wouldn't be quite correct, would it? First of all, there has got to be the programming, and then we are asking that these go into the program.

MR. CURRIE: Yes.

- 5 -

H.M.JR: But could this proceed, Mr. Currie, with the same speed that the military items have proceeded?

MR. CURRIE: That sets us a very high standard, Mr. Secretary!

H.M.JR: Will you aim for that?

MR. CURRIE: We'll do our best.

MR. SINCLAIR: May I make one further point? Clause Ten of the agreed document--this is dealing with reciprocal aid--insofar as it relates to India and the Dominions is a matter on which the U.K., as such, cannot enter into a commitment. Others here are better able to speak on that than I am, but I wanted to make the point and I think it is in fact appreciated by the War Department and that is why there is a unilateral statement in Clause Ten.

MR. PATTERSON: Yes, that is right. That has to do with Reverse Lend-Lease, say, from Australia, for example the furnishing of beef for the United States Army needs in India; and it was recommended in our paper that that Reverse Lend-Lease - Australia was unwilling to make the commitment without a guarantee from U.K. that U.K. would be willing to give them that.

LORD KEYNES: I think we must discuss that with Mr. Dunk, of Australia, who isn't here. The Australians thought that owing to the movement of American forces away from their shores they probably would be called upon to make rather less Reverse Lend-Lease in 1945 than in 1944. I haven't heard anything from them. We don't really quite know what this is all about. It might be a question not really of that, but of allocation. The Australians allocate part of their beef to our forces in the Pacific areas and part to yours. And it is very obscure--

I think this has to be a matter of separate discussion. We, anyhow, of course, can't commit the Australians, and we don't know exactly what it is about.

- 6 -

MR. PATTERSON: It was suggested you might guarantee--

LORD KEYNES: That is quite a question, I am afraid. We could, but why should we?

H.M.JR: If I understand correctly the point that Mr. Patterson has raised, certain items which he feels are non-military that the British should take up with FEA, and as they proceed the Army wishes to be advised step by step as you proceed. Is that correct?

MR. CURRIE: That is correct.

MR. PATTERSON: We think the granting of these items would have a certain impact on the supplying of our Army and their Army.

MR. CURRIE: We can't be quite as rapid as the Army, Mr. Secretary, because there are other claimant agencies for these materials that have to be canvassed.

H.M.JR: Is that agreeable to the British that we proceed in that manner?

LORD KEYNES: Yes, it is.

MR. PATTERSON: That is okay. That is all I have to say.

H.M.JR: Does anybody of the British side care to bring up something with Mr. Patterson?

LORD KEYNES: The only point I raised is that we have to have reciprocal aid discussions with the Australians and find out what it is all about. It isn't clear to us what the subject-matter is.

MR. PATTERSON: I don't know, myself. I only cited that as a possible instance and not as an actual occurrence.

(Mr. Patterson leaves the conference)

- 7 -

H.M.JR: If it is agreeable, Mr. Gates, would you bring up your questions?

MR. GATES: You are not going to start this off with any compliments for the Navy, Mr. Morgenthau? (Laughter)

H.M.JR: You'll get "well done" when you have earned it!

MR. GATES: Well, the Navy's situation, I think, divides into two parts, that part that is Navy and that part that is Fleet Air Arm. The Navy part amounts to some 415 million and the Fleet Air Arm, I think, amounts to 350 million.

The Navy, as I understand it, are still waiting for further information from the British Navy before proceeding. They are ready to proceed as soon as they get that information.

As far as the Fleet Air Arm is concerned, Captain Abel Smith of the British Navy - the one that was appointed to discuss the matter with us - I think is due today. He is still in England. We are ready to proceed as soon as he arrives.

I raise a point regarding the Fleet Air Arm requirements, that they are the same requirements that came in previous to Phase Two, and it is a question of whether the Fleet doesn't need those irrespective of Phase Two-- need those same ones. It is a question of whether you want to include them in Phase Two. I picture a situation where Phase Two might be postponed one or two or three months the beginning of next year, whereas the Fleet Air Arm need the planes in their 1945 schedule. I raise that point. I don't know the answer.

It is going to be hard, I think, to come to an agreement on some of the requests there, because they are very important plans to us and a couple are ones with which we are running into some shortages, ourselves. I repeat, we are ready to talk to Captain Abel Smith on that, and as soon as he arrives we are ready to talk with the Navy

- 8 -

people when they come forward with information.

H.M.JR: What would you gentlemen like to say?

MR. SINCLAIR: Of course we confirm what Mr. Gates says. As regards the Navy, I think it will be true to say that 1945 and the first year of Stage Two makes no difference to the naval requirements, assuming, as we assume in this document, that the first year of Stage Two and the calendar year 1945 are co-terminous.

In other words, there is no material difference in the naval requirement which depends upon or is dictated by the date of the ending of the German war.

As regards the Fleet Air Arm requirements, I can only say how much we regret that Captain Abel Smith has not been here in time. I am afraid it is the fault of circumstances over which neither he nor we had any control, because he has been waiting on the other side for the best part of a week to get across.

H.M.JR: Weather?

MR. SINCLAIR: Yes. He did leave on Monday, flying the southern route, and he is due today. So I hope that they will begin those discussions on the Fleet Air Arm immediately.

As regards the other requirements, the Navy Department asked a good many questions which require a little time to prepare the answers to, because all the information which they ask for is not available in Washington. I have already seen the drafts of some of the answers, and I hope that complete answers to a number of those questions will be available within a matter of a day or two, and what I hope the Navy Department will regard as a perfectly reasonable answer to the other questions will also be available. We are dependent on some information from London, England. We do appreciate the urgency and we are very anxious to get going as quickly as possible, and it is just a matter of days. I am afraid there is nothing more one can say about it.

- 9 -

H.M.JR: Mr. Gates?

MR. GATES: I have nothing more.

Well, I raise that question again of including the Fleet Air Arm requirements in Phase Two. We both agree they need those anyway, irrespective of Phase Two. If they tied it too much into Phase Two and Phase Two is postponed, that may affect them somewhat on their requirements.

MR. SMITH: Is it your suggestion that the application should be made on the original basis?

MR. GATES: The application has been in for some months. I don't know the solution. The application has been in for some months, and if Phase Two is postponed, then what happens to the original application?

MR. SINCLAIR: Well, sir, I see no objection that the Stage Two requirements, as we put them in, should be regarded as the 1945 requirements for the Navy, and if it is desired to present on conclusion of these discussions a complete report indicating the requirements for the first year of Stage Two, assuming that to be coterminous with the calendar year 1945, then these requirements for 1945 are included in the general picture.

MR. GATES: I think your Navy is better off if you do it that way.

H.M.JR: You are welcome to stay.

MR. GATES: I had better get back. Thank you.

(Mr. Gates leaves the conference)

H.M.JR: Now, Mr. Acheson has a series of problems he would like to raise.

MR. ACHESON: Mr. Secretary, the United States side has been meeting to consider, Lord Keynes suggested we should, the matter of dealing with exports under the

- 10 -

Stage Two program. We have had several meetings.

There are some points which are not clear to us, and in an effort to clarify those we have put down on a piece of paper, which I think we might pass around to the British members of the committee, certain understandings which may or may not be correct.

(Mr. Acheson distributes copies of memorandum of October 25, attached)

We have put down, first of all, that the comments which we make in this paper refer to certain parts of the British document. Those are Chapter Two, Section Five and Section Six; and Chapter One, the military chapter. That has, so far, raw materials in it which we understand are in the amount of \$13,816,000. And then there is Chapter Five on the White Paper.

The first matter which we want to get clear is under heading (1). "The U. S. side understands that if the non-munitions program set forth in Chapter 2 should go into effect on January 1, 1945"--which is the assumption made in the Paper--"all other raw materials and manufactured goods (except munitions items) would go off lend-lease. Should the effective date be postponed, an intervening non-munitions program might be required." That refers to the statement on page 1. "But in such event, when the effective date should be reached the same action would be taken." That is, other items not in the Stage Two non-munitions program would go off lend-lease. "This applies whether or not non-munitions items on prior requisitions are still undelivered."

That is what we got out of the document, and we wanted to be advised as to whether we are right.

LORD KEYNES: I think that is correct. We thought of this as coming into force on the first of January, 1945 irrespective of the date of the end of the German war. That is the first one. We didn't intend, if the

- 11 -

German war lagged on three months, to postpone this for those three months.

MR. ACHESON: Oh, we didn't get that clearly. We thought that was an assumption that you made that the end of the German war--

LORD KEYNES: We should be clearer about that, because in some part of this document this relates to Stage Two. Our thought on the export and the program for raw materials, and so forth, was that that should begin on January 1, irrespective of the end of the German war.

The second point is, what the relation is to undelivered non-munitions on prior requisitions. I'll just have to check on that. It was my impression that we thought that everything went off except the included categories which haven't been delivered by January 1. Is that right, sir?

MR. SELF: On the restricted non-munitions program.

MR. CURRIE: In other words, regardless of Phase Two you expect to take these non-munition raw material items off Lend-Lease on January 1.

LORD KEYNES: That is right.

MR. ACHESON: That is very helpful. We weren't clear on that.

MR. TAFT: There is no filler program, in other words, if the time is delayed.

LORD KEYNES: That is right. I ought to say that applies to what is in the non-munitions program. It doesn't apply to the items which we put in the munitions program which Judge Patterson wants to be transferred back. There are minute considerations of which I am not cognizant.

H.M.JR: Dean, when you are accepting this explanation, are we accepting the thing in principle as well,

- 12 -

or will we discuss it further?

MR. ACHESON: What we are trying to do now is to get clear on the facts.

H.M.JR: And then we will discuss those among ourselves.

MR. ACHESON: Yes, I don't think that presents any problem. There is no difference between us. We just hadn't understood.

H.M.JR: I want to be extra careful.

MR. ACHESON: Yes.

The second point which we put down was that "the U. S. side understands that the Quebec agreement, that the articles which have been received under lend lease or mutual aid will not be exported, will stand. The U. S. side also understands that articles lend leased for military end use (motors, for instance) will not be transferred to civilian end use without agreement."

LORD KEYNES: Yes, I think that is correct, except, of course, that we should make the usual application for re-transfer. That would remain. It would be open to us to be re-transferred as heretofore.

And also there is something that perhaps is not quite so clear. There are certain cases where we should like to be able to change our minds and make reimbursement. It might be that some item which we have got on Lend-Lease ought to have been off Lend-Lease. I believe that the leading instance of this is certain oil products, where it goes into a complicated pooling system and we might be exporting the identical articles. In such case, we should like to be able to reimburse the value and come back on it at that stage; but anything which remained on Lend-Lease which we hadn't got a re-transfer concession--

MR. CURRIE: Mr. Secretary, before we go to the third point, may I go back to the first point for one further

- 13 -

bit of information which would be helpful to us? In the cut-off date of January 1, on non-military items is it your suggestion that they should be cut off on the undelivered items, too, as of January 1?

LORD KEYNES: I should like to check that with the non-munitions technicians. That was my personal understanding.

DR. WHITE: What other interpretation could you put on that?

MR. COX: You could pick the date of requisition or the date of delivery.

DR. WHITE: I thought we had assumed it was delivery.

MR. TAFT: I take it that means shipment.

LORD KEYNES: I think there is some legal danger.

MR. COX: Whether it is receipt, delivery, or shipment--those are the three major possibilities.

MR. TAFT: We had better be clear about which it is.

DR. WHITE: I should think it would be shipment.

MR. SELF: You have been supplying on the civilian program articles for military end use. They would go off.

MR. COX: This is the other items. What is the date-line - the date you normally receipt or the date of delivery?

MR. CURRIE: In the case of manufactured goods or raw materials.

LORD KEYNES: I think I ought to have an opportunity to check on that with my people, but it wasn't intended by those of us who weren't cognizant of the details that it should be otherwise than you are describing it.

MR. ACHESON: Then, Mr. Secretary, the third point on which we want to state our understanding was that the

- 14 -

"U. S. side understands that the manufactured goods included in the Stage II program in Chapter 2, Sec. VI"-- now, that is certain mining machinery, certain types of tractors, and certain types of tractor tires--"are not produced and are not expected to be produced during Stage II in the U. K."

LORD KEYNES: But I think we are using different criterion. What we intended was that would not be exported. With regard to the mining machinery, I don't think we produce that. As regards the agricultural machinery, what we are needing on the program is, broadly speaking, types which we do not produce or produce in minute quantities. I don't believe we have yet produced a crawler tractor, but I don't think we necessarily wouldn't try to in the course of 1945; but if so, it wouldn't be for export but for our own use. That is the only modification.

MR. COX: If the locomotives come in under the FEA procurement program, then you may have to define it a little more precisely. Then you get the problem of whether you will be producing in the U. K. locomotives for export in other parts of the world.

LORD KEYNES: Yes, except that India--I mean, our export restrictions do not depend on the program of Lend-Lease to India. They haven't, hitherto.

MR. CURRIE: You do see the political problem involved?

LORD KEYNES: Oh, yes, in considering whether you can do it.

DR. WHITE: Does that suggest that agricultural machinery which has been narrowed down to that one item would need to be re-examined in the light of Lord Keynes' suggestion?

LORD KEYNES: I had hoped you wouldn't ask us not to begin to try to make--you see, after all, we want to make tractors. We certainly shan't be making any significant quantity. But I think it would be rash to say we wouldn't

be beginning such things. We took as our criterion the fact that we didn't include anything there was any expectation we should export.

MR. ACHESON: I think that clarifies the thing in our mind. What we were asking here was a question of fact, not to ask you to agree to something. We had thought that the items which were on that Section Six were items which you did not produce.

Now, if you are going to produce them, but not for export, that accomplishes the same purpose.

DR. WHITE: Why is that different from any Lend-Lease items you send if they can't export the other items either? Why would that be in a separate category?

MR. COX: You get down, I think, again, if they are not producing for export, in the relationship of the types I suppose the degree of relationship will create the political problem. If you get a certain type tractor and export a similar type--

LORD KEYNES: We thought on that that there was no case where you could say that anything on four wheels is similar to anything else on four wheels, but in the Quebec conversations the phrase "identical" was used, as Mr. Morgenthau will remember. And we certainly wouldn't be exporting anything that could be possibly considered identical.

MR. COX: That is the question; then it becomes a question of fact and judgment within the frame of the Quebec conference. Now, if the tractor were the same except for a different name-plate, you would get one type of case.

MR. SELF: These items are also the subject of Combined Planning.

MR. ACHESON: I think that clarifies that, that these items we are talking about are not items going to be produced for export. The locomotives we weren't consider-

- 16 -

ing here because we didn't know about it.

Then I think you have probably already answered the next question. "The U. S. side understands the U. K. proposal to be that the White Paper export restrictions (except those referred to in Paragraph 2 above) should be lifted on December 1, 1944, as a fixed date."

LORD KEYNES: The answer is yes.

MR. ACHESON: We were not clear; because we were not clear that January 1 was the fixed date, we didn't know whether December 1 was put in relation to another date.

Then we stated here that the "U. S. side believes that these restrictions should be lifted at the expiration of a definite period following the inauguration of the programs for Stage II set out in Chapter 2 and the termination of other lend lease Stage I programs as contemplated in Paragraph 1 above. This is to remove the necessity for complicated rules relating to the use of stocks of lend lease materials in the manufacture of goods for export."

LORD KEYNES: Were you thinking of a period of any significant length more than, say, a month or something like that?

DR. WHITE: Yes, we were talking in little longer terms than that.

LORD KEYNES: I think we must argue that with you. I think we can produce very convincing reasons why this is not possible for us.

MR. CURRIE: That depends on the flow of materials and the pipeline at the cut-off date and the size of the stocks.

LORD KEYNES: We are very conscious about the problems set out on the business of stocks, and we have thought up three or four different methods which we should like to put to you. We feel that there are other ways

- 17 -

which we would like to discuss. They are all very technical and I should hesitate to expound them now.

DR. WHITE: I wonder whether that might not be more profitably discussed at one of the technical meetings?

H.M.JR: It is all right with me.

MR. ACHESON: All right, sir.

DR. WHITE: It would be helpful if prior to that, if it lends itself to that, it could be submitted in the form of a memorandum.

LORD KEYNES: I think we could do that. Possibly the best way would be to meet, to have some oral discussion, and then leave something behind. I believe we could explain it more clearly that way. It is a very tricky matter, as you all know - very difficult.

MR. CURRIE: May I ask whether the information on the stocks we asked for has come in?

LORD KEYNES: Yes, substantially. I think it ought to be available today or tomorrow. We thought we had it available yesterday, then the figures had to be revised. Have they actually been incorporated?

MR. LEE: I think that will be available tomorrow.

DR. WHITE: It might be helpful if we could have the meeting you have just referred to, to present that oral alternative directly after the information on the warehousing is available, don't you think, because it is tied up so intimately with that problem?

MR. COX: Yes.

DR. WHITE: The picture presented by the warehousing would modify it.

LORD KEYNES: I think we could give you the figures for that. The figures holding us back are the food

- 18 -

figures. I think we have the raw materials figures already. I think they are quite final. We could let you have those separately, if you like, at once. Shall we present them at the same meeting at which we presented our ideas?

MR. ACHESON: I think that is the next item on the agenda, if we could have that meeting as soon as possible.

H.M.JR: Well, we have these two very competent secretaries, now, who should arrange it.

MR. ACHESON: I think that is all I have.

H.M.JR: How about you, gentlemen? We have brought forward our problems. Have you some you would like to bring forward at this time?

LORD KEYNES: Well, I think the way in which Mr. Acheson started this is just right. I believe this is a problem that runs like a thread through everything else and it will help us very much in other directions if we thresh this out. I believe we could have a meeting even today, if possible this afternoon, and we could bring with us the figures of stocks and a short memorandum of our suggestions, and then expound those in more detail.

MR. ACHESON: That is what we would like.

H.M.JR: Fine. If you gentlemen will arrange it among yourselves--

Now, I'd like to ask, do you people feel that is going forward as fast as it can?

MR. SMITH: I think so.

LORD KEYNES: We are very content, yes. We can't do any more work than we are doing.

H.M.JR: I just wanted to be sure. Well, if there is nothing else, then if you will just arrange among yourselves and then whatever you want to plan for meetings, I am always available.

DEPARTMENT OF STATE
ASSISTANT SECRETARY

October 25, 1944.

The following comments refer to

- (a) Chapter 2, Sec. V, Raw Materials
- (b) " " , Sec. VI, Manufactured Articles
- (c) " 1, (So far as raw materials totaling \$13,816,000 are concerned, see p. 33, bottom)
- (d) " 5, White Paper & Export

Comments:

(1) The U.S. side understands that if the non-munitions program set forth in Chapter 2 should go into effect on January 1, 1945, all other raw materials and manufactured goods (except munitions items) would go off lend-lease. Should the effective date be postponed, an intervening non-munitions program might be required (see p. 1). But in such event, when the effective date should be reached the same action would be taken. This applies whether or not non-munitions items on prior requisitions are still undelivered.

(2) The U.S. side understands that the Quebec agreement, that the articles which have been received
under

- 2 -

under lend lease or mutual aid will not be exported, will stand. The U.S. side also understands that articles lend leased for military end use (motors for instance) will not be transferred to civilian end use without agreement.

(3) The U.S. side understands that the manufactured goods included in the Stage II program in Chapter 2, Sec. VI, are not produced and are not expected to be produced during Stage II in the U.K.

(4) The U.S. side understands the U.K. proposal to be that the White Paper export restrictions (except those referred to in Paragraph 2 above) should be lifted on December 1, 1944, as a fixed date.

The U. S. side believes that these restrictions should be lifted at the expiration of a definite period following the inauguration of the programs for Stage II set out in Chapter 2 and the termination of other lend lease Stage I programs as contemplated in Paragraph 1 above. This is to remove the necessity for complicated rules relating to the use of stocks of lend lease materials in the manufacture of goods for export.

Erbe

UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

Reeves

ltly Delegation

REFERENCE:

Oct. 25, 1944.

TELEPHONE EXECUTIVE 2020

ly and Organization

Dear Mrs. Clark,

itions
cal Weeks, who is
General Staff)

The senior people over here for the talks are Admiral Waller, Air Chief Marshal Courtney and General Weeks. Unfortunately General Weeks is leaving this evening, but I think Mr. Morgenthau would like to ask Major General Bond, who is his second in command. So far as I recollect, Mr. Morgenthau also mentioned General Macready, head of the British Army Staff, although I gather he did not wish to ask others normally resident in Washington.

Staff in Washington

In addition, he will no doubt wish to ask Sir Robert Sinclair, who headed the Services supply mission. I am not clear whether he had it in mind to invite the Ambassador and Resident Minister.

of Production

of man under Nelson

I trust this will give you what you want, but if it does not, pray do not hesitate to ring up.

Yours sincerely,

Chamwell

Mrs. Clark,
Private Secretary to Mr. Morgenthau,
U.S. Treasury Department,
Washington, D.C.

P.S. I do not know whether Mr. Morgenthau will still find it convenient to have the party on Saturday, since General Weeks will be already gone.

*to A.L.
fill
11/17
Bel = 11/17*

Miss Erbe

Reeves

Admiral Waller Acting head, British Admiralty Delegation

Pat. Air Chief Marshal Courtney ^{of.} Air Member for Supply and Organization ?

Pat Major General Bond ^{of.} Director of Liaison and Munitions ^{Gen'l Clay?}
(second in command to General Weeks, who is Deputy Chief of the Imperial General Staff)

Pat General MacReady ^{of.} head of the British Army Staff in Washington?

Pat Sir Robert Sinclair Secretary to the Ministry of Production
chief man in the Nelson

*by way
42020.*

5/1940 -

Miss Randall

*Lord Cherwell
Lord Keynes
Lord Halifax*

*Frank A.G.
Hul
11/12
Bill 11.571*

Captain Clark, Lord Cherwell's secretary, phoned and gave me the following names, which he said you were anxious to have:

Desks

asked head of adm...

- Admiral Waller
- Air Marshal Courtney
- Major General Bond
- General MacReady
- Sir Robert Sinclair

Klotz

*... ?
... can clay?
... ?
... ?*

Mrs. McHugh

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Robert Patterson,
Under Secretary of War,
Munitions Building,
20th & Constitution Avenue,
Washington, D.C.

LHC
LWC:EL 20/25/44

FILE COPY

Mr. Henry Morgenthau, Jr.,
Secretary, British-American Committee on Lend-Lease
Washington, D. C.

OCT 25 1944

Dear Judge Patterson:

In accordance with the directions of your Committee in its
report of 12 October 1944, we have examined the British requirements
for air Army equipment for the first twelve
months following the defeat of Germany. As I stated in our meeting this morn-
ing, I greatly appreciate the despatch with which you
and the other members of the Subcommittee have been
able to reach substantial agreement upon this part of
the military lend-lease program.

Very truly yours,

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

Honorable Robert Patterson,
Under Secretary of War,
Munitions Building,
20th & Constitution Avenue,
Washington, D.C.

LWC:EL 20/25/44

FILE COPY

[REDACTED]

Mr. Henry Morgenthau, Jr.,
Chairman, British-American Committee on Lend-Lease,
Washington, D. C.

Dear Sir:

In accordance with the directions of your Committee in its meeting on 12 October 1944, we have examined the British requirements for ground and other than air Army equipment for the first twelve months of the war following the defeat of Germany. It is noteworthy that the Subcommittee has been able to agree on the treatment of all items. Our conclusions are as follows:

1. The War Department accepts the British demands as listed in attached schedules as a production requirement subject to annotations contained in the schedules and undertakes to make all practicable efforts to produce the specified quantities.

2. In all categories there are included quantities of materiel specified only by type and dollar value. This is also true of the spot items. In accepting these dollar values, it is understood that the ability of the U.S. War Department to deliver the particular items which will be specified later, will depend on the production conditions existing at that time. It is agreed that the U.S. will make diligent effort to deliver the specified items after the filing of firm requirements to the extent consistent with its overall production possibilities for all purposes at the time of filing of the firm requirement.

3. There are certain items for which additional production is impracticable within the period and the British do not press for further facilities; such items have been accepted by the War Department as a requirement with the understanding that the U.K. must bid for these items before the Munitions Assignments Board on the basis of operational urgencies in accordance with existing procedures.

[REDACTED]

~~TOP SECRET~~

4. It is agreed that a figure of 50 million dollars will cover the U.K. demands for spot items.

5. In certain cases it is agreed that the U.K. will accept combat serviceable equipment of the type and kind being used by the U.S. Army, with the understanding that spares will be furnished on the same scale as for the American Army. In such cases a suitable notation appears in the detailed schedule.

6. The U.S. War Department has recommended that the request for procurement of the following items should be transferred from it to the F.E.A.

<u>Item</u>	<u>No.</u>	<u>Value \$ (Millions)</u>
Locomotives, broad gauge	60	5
Locomotives, metre gauge	128	6
Wagons, broad gauge (5'6")	6000	15
Wagons, metre gauge	1717	4

7. Subject to the above and the remarks in the attached schedule, the U.S. War Department agrees that these items in the quantities stated or in the value indicated, are accepted for production concurrently with the requirements of the U. S. Army and all other known military requirements at the time of acceptance.

8. It is understood that the agreements reached herein as far as deliveries are concerned fall within and are subject to the established procedures of the Combined Munitions Assignments Board.

9. On the British side, the U.K. undertakes to continue to supply items of reciprocal aid within the limits prevailing at the time of the defeat of Germany in the interest of the most efficient utilization of shipping at the disposal of the two countries.

~~TOP SECRET~~

10. The U. S. representatives also recommend that as a condition of the acceptance of the scheduled U.K. requirements by the U.S. the U.K. accept the responsibility for furnishing reciprocal aid throughout the British Empire and Commonwealth as required by the common interest.

Respectfully,

United States

R. P. Patterson
Robert P. Patterson

B. Somervell
Brenon Somervell

L. D. Clay
Lucius D. Clay

United Kingdom

Walter Venning
Walter Venning

R. M. Weeks
R. M. Weeks

G. N. Macready
G. N. Macready

Schedule of Ground and Other than Air
 Army Equipment for U.K. for First
 12 Mos. of Phase II (U.S. Period I)

Explanatory Notes

1. The column entitled "Estimated Undelivered Balance of 1944 A.S.P." is made up of the quantities which will be undelivered to U. K. from quantities provided in the 1944 A.S.P. for U.K. as estimated by the War Department. Since these estimates are made as of 22 October 1944 they are subject to such adjustments as may subsequently appear. Although these undelivered balances are accepted as requirements it is understood that upon more detailed examination by the U.K. they may be reduced because not needed.
2. Requirements listed in the column headed "Phase II (U.S. Period I) Requirements" are for the first 12 months of that phase, assumed to be coterminous with the calendar year 1945.
3. Dollar values set forth are based in part on British estimates against best available information, and in other parts on W. D. prices. Both computations are subject to adjustment.
4. In certain instances, such as for medium tanks, dollar values for new equipment are used although it is understood that combat serviceable reconditioned equipment may be provided.
5. In the case of items which are not accepted as a production requirement but are listed in the schedule as obtainable by bidding against existing production, the dollar values used are based on the assumption that the total quantities set forth will be assigned.

SUMMARY

	<u>Estimated Undelivered Balance of 1944 ASP</u>	<u>Phase II (115 Period I) Requirement</u>	<u>Total</u>
Ordnance	\$ 154,678,148	\$ 329,723,110	\$ 484,401,258
Transportation	0	30,590,000	30,590,000
Quartermaster	2,225,750	93,570,228	95,795,978
Engineer	6,925,000	87,000,000	93,925,000
Chemical Warfare Service	0	5,000,000	5,000,000
Signal	15,802,530	38,841,000	54,643,530
Medical	0	13,600,000	13,600,000
Allowance for spot subject to feasibility of production on individual items			
Totals	\$ 179,631,728	\$ 648,624,338	\$ 828,256,066
		<u>50,000,000</u>	<u>50,000,000</u>

* This recapitulation does not include the lists entitled "Other Navy Items" (\$ 1,000,000) nor "Air Corps Items" (\$ 1,000,000) requested by the United Kingdom. Neither does it include a few items listed in the following categories which are impossible of evaluation until specifications are known.

RECAPITULATION OF ORDINANCE

<u>Item</u>	<u>Undelivered Bal. at 1944</u>	<u>Phase II Requirement</u>	<u>Total</u>
<u>SECTION I</u>			
Combat Vehicles	\$ 109,882,140	\$ 77,000,000	\$ 186,882,140
L.V.P.'s	0	52,601,110	52,601,110
Motor Vehicles	33,484,723	71,122,000	104,606,723
Guns and Small Arms	3,693,900	17,000,000	20,693,900
Gun Ammunition, Etc.	2,062,980	56,000,000	58,062,980
Small Arms Ammunition	<u>5,544,105</u>	<u>35,000,000</u>	<u>40,544,105</u>
Total	154,678,148	308,723,110	463,401,258
<u>SECTION III</u>			
GRAND TOTAL	<u>154,678,148</u>	<u>21,000,000</u>	<u>175,678,148</u>

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP Quantity	Value	Phase II (18 Period I) Requirement Quantity	Value	Total Quantity	Total Value
<u>SECTION I</u>							
<u>COMBAT VEHICLES</u>							
1.	Tank, Light M24	58	3,200,962	500	27,000,000	558	30,200,962
2.	Tank, Medium M4 series 75mm gun 392 76mm gun 701 105mm how. 407		22,628,592 44,984,572 26,107,422			392 701 407	22,628,592 44,984,572 26,107,422
3.	Tank, Medium M4 with DD			100	6,500,000	100	6,500,000
4.	Tank, Medium M4 with BB			100	6,500,000	100	6,500,000
5.	Tractor, Tank Recovery M32	196	12,960,892			196	12,960,892
6.	Carrier, Cargo Light M29C			1,000	6,000,000	1,000	6,000,000
7.	Carrier, Personnel, Half Track			2,500	31,000,000	2,500	31,000,000
TOTAL			109,882,440		77,000,000		186,882,440

British prefer M24 but will accept M5.

Combat serviceable satisfactory. Dollar values stated are for new tanks.

Item must be bid for at MAC(O) against existing production. Dollar value is for full quantity.

No further production, U.S. will try to recondition to give such vehicles as possible. Dollar value stated is for full quantity and for new vehicles.

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
SECTION I (Cont.)								
<u>LANDING VEHICLES, TRACKED</u>								
8.	L. V. T. 3 & 4			1,000	32,933,000	1,000	32,933,000	War Department will submit requirement to Navy Department and will bid for U.K. against Navy production at MAC(N).
9.	L. V. T. (A)4			350	16,789,850	350	16,789,850	
10.	L. V. T. Rocket			60	<u>2,878,260</u>	60	<u>2,878,260</u>	
	TOTAL				52,601,110		52,601,110	Dollar values shown are for full quantities.
<u>MOTOR VEHICLES</u>								
11.	Truck, 1/4 ton, 4x4 G & R			38,000	46,122,000	38,000	46,122,000	U.S. agrees to increase presently contemplated production by 38,000 for British account. Additional requirements will be reconsidered under assignments procedure after a review of overall status following the defeat of Germany.
12.	Truck, 2-1/2 ton, 6x6 Amphibian	2,122	17,468,304			2,122	17,468,304	
13.	Truck, 2-1/2 ton, 6x4 Tractor	386	1,024,830			386	1,024,830	
14.	Truck, 2-1/2 ton, 6x6 cargo	360	1,106,280			360	1,106,280	
15.	Truck, 5-6 ton, 4x4 Prime Mover SU	542	5,267,698			542	5,267,698	
16.	Truck, 10 ton, 6x4 GSLC	678	6,256,584			678	6,256,584	

Serial No.	Item	Estimated Undelivered		Phase II (US Period I)		Totals		Remarks	
		Quantity	Value	Quantity	Value	Quantity	Value		
<u>SECTION I (Cont.)</u>									
<u>HEAVY VEHICLES (Cont.)</u>									
17.	Truck, 10 ton, 6x6 wrecker M1	47	649,023			47	649,023		
18.	Truck, 12 ton, 6x4, Tank Transporter M20	*	*	0	0	*	*	*Estimated undelivered balances of 1944 ASP are 499 each. Bids may be submitted against production or stock if requirement exists.	
19.	Trailer, 40 ton Tank Transporter M9	*	*	0	0	*	*		
20.	Semi-trailer, 7 ton, 2 wheel cargo	386	523,802			386	523,802		
21.	Trailer, 1 1/4 ton, 2 wheel cargo	5,000	1,085,000	20,000	5,000,000	25,000	6,085,000		
22.	Trailer, 1 ton, 2 wheel cargo	159	64,077			159	64,077		
23.	Trailer, 4-5 ton, 4 wheel open panel	25	39,125			25	39,125		
24.	Tractor, High Speed M1			200	5,000,000	200	5,000,000		
25.	Carrier, Cargo T30			32	1,000,000	32	1,000,000		
26.	Other Vehicles				14,000,000		14,000,000		
		<hr/>		<hr/>		<hr/>			
		23,484,723		71,322,000		204,606,703			

Subject to ability to produce specific items after analysis of breakdown submitted by U.S.

OPD/MANAGE

OPD/MANAGE

Serial No.	Item	Estimated Undelivered Balance of 1944 ASB		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	

SECTION I (Contd.)

ARTILLERY AND SMALL ARMS

27. Rifle cal. .30 M1 (Carand)
 28. Carbine cal. .30

Item must be bid for at ALC (S) against existing production. Dollar value is for full quantity.

29.	Pistol, auto, cal. .45 M1911A1 and magazines	7,131	320,895	25,000	1,000,000	32,131	1,320,895	
30.	pistol, automatic cal. .38	3,000	79,500			3,000	79,500	
31.	Gun, submachine cal. .45 M3	34,000	1,190,000			34,000	1,190,000	
32.	Gun, machine Brg, H.B. cal. .50 M2 turret type (Non CV)	70	27,300			70	27,300	
33.	Revolver, cal. .30/200	40,984	952,878			40,984	952,878	
34.	Gun 155mm S.P.	32	3,000,000	32	3,000,000	32	3,000,000	
35.	Carriage, Howitzer 8"	20	1,000,000	20	1,000,000	20	1,000,000	
36.	Howitzer, M10	2,100	1,000,000	2,100	1,000,000	2,100	1,000,000	
37.	Howitzer, 105mm tank	10	27,500			10	27,500	
38.	Howitzer, 240mm M1	2	176,234			2	176,234	

Delivery Date In 1945.

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
SECTION I (Contd)								
<u>ARTILLERY AND SMALL ARMS (Contd)</u>								
39.	Spare cannon 8" gun	24	722,232			24	722,232	
40.	Spare cannon 240mm howitzer	9	197,361			9	197,361	
41.	Other items				5,000,000		5,000,000	Subject to ability to produce specific items after analysis of breakdown submitted by U.K.
TOTAL			3,693,900		17,000,000		20,693,900	
<u>AMMUNITION, ARTILLERY</u>								
42.	75mm Smoke			830,000	7,000,000	830,000	7,000,000	
43.	105mm how. HE, HEAT, Smoke, Cannister			745,000	13,000,000	745,000	13,000,000	
44.	155mm gun HE and Smoke			334,000	8,000,000	334,000	8,000,000	Cannot guarantee percentage of smoke. U.K. will have to bid for smoke.
45.	8" gun HE M103	8,500	820,080			8,500	820,080	
46.	240mm how. HE M114	18,000	1,242,900			18,000	1,242,900	
47.	Fuzes, Special			1,100,000	20,000,000	1,100,000	20,000,000	Navy procurement. Quantity appears assured from production point of view. War Department will bid for U.K. against Navy production.

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
SECTION I (Cont'd.)								
<u>AMMUNITION, ARTILLERY (Cont'd)</u>								
48.	Grenades, 85 or '91			3,250,000	6,000,000	3,250,000	6,000,000	Subject to ability to produce specific items after analysis of breakdown submitted by U.K.
49.	Other items				2,000,000		2,000,000	
	TOTAL		2,062,980		56,000,000		58,062,980	
<u>AMMUNITION, SMALL ARMS</u>								
50.	Cart. cal. .30 carbine ball & tracer (1000)			75,000	2,000,000	75,000	2,000,000	Bids for ammunition to match bids for carbines at 1,000 r.p.g. Dollar value stated is for full quantity.
51.	Cart. AP cal. .30 M2 Gd & AC (1000)	2,331	122,377			2,331	122,377	
52.	Cart. ball cal. .30 M2 Gd & AC (1000)	54,568	2,400,992			54,568	2,400,992	
53.	Cart. incend. cal...30 M1 Gd & AC (1000)	2,162	167,540			2,162	167,540	

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
SECTION I (Cont'd.)								
<u>AMMUNITION, SMALL ARMS (Cont'd.)</u>								
54.	Cart. tracer cal. .30 M1 Gd & AC (1000)	22,607	1,175,564			22,607	1,175,564	
55.	Cart. blank cal. .30 M1903 (1000)	4,473	59,267			4,473	59,267	
56.	Link, metallic belt, cal. .30 M1 AC (1000)	4,000	21,000			4,000	21,000	
57.	Cart. cal. .50 Ball, API, Tracer, Links & Dummy (1000)	9,665	1,244,497	200,000	32,000,000	209,665	33,244,497	Subject to ability to meet breakdown by types.
58.	Cart. ball cal. .45 M1911 (1000)	10,996	362,868			10,996	362,868	
59.	Other items				1,000,000		1,000,000	Subject to ability to produce specific items after analysis of breakdown submitted by U.K.
	TOTAL		5,554,105		35,000,000		40,554,105	
SECTION III								
	TOTAL		*		21,000,000		21,000,000**	*Not possible to estimate.

**Subject to ability to produce specific items after analysis of breakdown to be submitted by U.K.

100

QUARTERMASTER

QUARTERMASTER

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
1.	Insecticides	0	0	-	\$28,000,000	-	\$28,000,000	Dependent on type selected U.K. will be required to justify quantity of each item required at the time requisition is approved.
2.	Miscellaneous	0	0	-	1,000,000	-	1,000,000	Subject to possible difficulty on individual items, when breakdown is submitted.
3.	Shirts, Flannel	0	0	1,000,000	4,560,000	1,000,000	4,560,000	
4.	Undershirts, Wool	0	0	500,000	685,000	500,000	685,000	
5.	Drawers, Wool	0	0	500,000	620,000	500,000	620,000	
6.	Undershirts, Cotton, summer sleeveless	0	0	1,749,600	559,872	1,749,600	559,872	
7.	Drawers, Cotton	0	0	1,669,600	584,360	1,669,600	584,360	
8.	Gloves, Wool, O.D.	0	0	500,000	710,000	500,000	710,000	
9.	Knives, Clasp	0	0	304,000	304,000	304,000	304,000	
10.	Bladders, Floatation	0	0	154,000	101,640	154,000	101,640	
11.	Jackets, HBT, Special	0	0	605,000	1,500,400	605,000	1,500,400	
12.	Trousers, HBT, Special	0	0	605,000	1,270,500	605,000	1,270,500	

101

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
13.	Undershirts, Cotton, Protective	0	0	979,000	\$ 744,040	979,000	\$ 744,040	
14.	Drawers, Cotton, Protective	0	0	979,000	851,730	979,000	851,730	
15.	Leggings, Canvas, Dismounted	0	0	528,000	475,200	528,000	475,200	
16.	Hood, Wool, Protective	0	0	297,000	864,170	297,000	864,170	
17.	Razors, Safety with 5 blades	0	0	600,000	144,000	600,000	144,000	
18.	Handkerchiefs	0	0	2,304,000	138,240	2,304,000	138,240	
19.	Laces, Boot, Cotton	0	0	3,301,600	66,032	3,301,600	66,032	
20.	Necklaces, Identification tag w/ext.	0	0	915,200	18,304	915,200	18,304	
21.	Stones, Sharpening, Pocket	0	0	572,000	211,640	572,000	211,640	
22.	Bags, Water, 2 $\frac{1}{2}$ gallon	0	0	117,000	1,404,000	117,000	1,404,000	
23.	Repair Outfits for Bags, Water	0	0	39,000	39,000	39,000	39,000	
24.	Hats, jungle (Hat H.B.T.)	0	0	595,000	398,650	595,000	398,650	
25.	Towels, light wt.	0	0	2,464,000	739,200	2,464,000	739,200	

Commercial pattern size 20 x 40 not in O. D. color. U.S. will furnish dyes for dying a like number of towels being produced in U.K.

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
26.	Blanket, Wool, G.D.	225,000	1,725,750	1,000,000	7,670,000	1,225,000	9,395,750	
27.	Battledress, Blouses) Trousers)	0	0	250,000	1,687,500	250,000	1,687,500	Requirement is for 500,000 Blouses and 1,000,000 Trousers. War Dept. agrees to review presently unaccepted balance in Mar. 1945.
28.	Battledress, Trousers)	0	0	500,000	3,500,000	500,000	3,500,000	
29.	Jersey, Pullover	0	0	500,000	2,425,000	500,000	2,425,000	Requirement is for 880,000. War Dept. agrees to review presently unaccepted balance in March 1945.
30.	Hamocks, Jungle	0	0	400,000	7,620,000	400,000	7,620,000	
31.	Shorts, Jungle	0	0	2,085,000	4,400,000	2,085,000	4,400,000	
32.	Toggings, Canvas, dism'td.	0	0	900,000	810,000	900,000	810,000	
33.	Fouciro	0	0	1,018,500	7,637,750	1,018,500	7,637,750	Requirement is for 2,037,000. U.K. will accept 5,000,000 yds. of untraced cloth in lieu of unaccepted balance subject to examination of overall position on U.S. textiles.
34.	Jackets, H.B.T.	0	0	1,500,000	3,900,000	1,500,000	3,900,000	Requirement is for 2,794,000 each. War Dept. agrees to review presently unaccepted balance in March 1945.
35.	Overalls, H.B.T.	0	0	1,500,000	3,500,000	1,500,000	3,500,000	

UNCLASSIFIED

Serial No.	Item	Estimated Undelivered Balance of 19hh ASP		Phase II (US Period I) Requirement		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
36.	Insoles (Savan)	0	0	2,504,000	3,130,000	2,504,000	3,130,000
37.	Forklift Trucks Tractors Cranes	-	500,000	-	2,500,000	-	3,000,000
	Total		2,225,750		93,570,228		95,795,978



Delivery of insoles is dependent upon availability of Savan.

U.K. must justify production inability as to cranes and may submit additional requirements when details are known.

Remarks

UNCLASSIFIED

TRANSPORTATION

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
<u>TUGS & BARGES</u>							
1.	Steel Barges	0	0	177	6,200,000	177	6,200,000
2.	River Tugs	0	0	74	4,000,000	74	4,000,000
3.	Marine Tugs	0	0	73	1,500,000	73	1,500,000
4.	Other Tugs & Engines & Launches	0	0	-	5,000,000	-	5,000,000

TRANSPORTATION

Remarks

There may be a continuing requirement during first year of Phase II.

Requirement is for 60 Type A (500 HP) and 14 Type B (200 HP). War Dept. will produce all that are necessitable in these or equivalent types on receipt of specifications.

73 required for approved SHAD operations in first year of Phase II in addition to 60 now available for delivery against 1944 ASP. There may be a continuing requirement during first year of Phase II.

UK to justify on basis of approved operations. Must be standard equipment with no production problems. Breakdown required. 30 4th Class launches are included.

TRANSPORTATION

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
5.	Railway Rolling Stock Locos, Broad Gauge (5'6")	0	0	0	0	0	0
6.	Locos, Meter Gauge	0	0	71	3,550,000	71	3,550,000
7.	Locos, 3'6" Gauge (Diesel)	0	0	8	480,000	8	480,000
8.	Wagons, Broad Gauge	0	0	4,800	7,950,000	4,800	7,950,000
9.	Wagons, Meter Gauge	0	0	1,000	2,210,000	1,000	2,210,000
10.	Cranes	0	0	3	---	3	---
GRAND TOTAL		0	0		\$30,890,000		\$30,890,000

Remarks

Requirement of 60 submitted not accepted by War Dept.
 Requirement admitted was 199 of which 128 not accepted by W. D.

Requirement submitted was 10,800 of which 6,000 not accepted by War Dept.

Requirement submitted was 2,717 of which 1,717 not accepted by War Dept.

Accepted subject to breakdown presenting no production problems. Value unknown. 2 -- 75 Ton Meter Gauge Cranes now available.

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
1.	Section I Items		\$ 6,925,000		\$ 67,600,000		\$ 73,925,000	Accepted subject to detailed examination of itemized lists to be submitted. It is understood that items will not be furnished for uses which are denied U.S. troops and that it may not be possible to exceed quantities of various items carried in 1945 A.S.P.
2.	Section III Items				20,000,000		20,000,000	

CHEMICAL WARFARE

Serial No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I) Requirement		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
1.	Section I	0	0	0	\$2,000,000	0	\$2,000,000
2.	Section III	0	<u>0</u>	0	<u>3,000,000</u>	0	<u>3,000,000</u>
	GRAND TOTAL		0		\$5,000,000		\$5,000,000

CHEMICAL WARFARE

Remarks

Accepted subject to breakdown presenting no production problems.

Same.

SIGNAL

Signal No.	Item	Estimated Undelivered Balance of 1944 ASP		Phase II (US Period I)		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	

SECTION I ASP

1.	Radio Link System	2	\$ 52,830	10	\$ 264,150	12	\$ 316,980	
2.	Radio Set SCR-300	---	---	2,000	618,000	2,000	618,000	
3.	Radio Set SCR-499	---	---	200	1,591,800	200	1,591,800	
4.	Radio Set SCR-536	---	---	17,000	4,828,000	17,000	4,828,000	

Subject to acceptance by Australia of 6,651 Radio Sets SCR-536 in lieu of Radio Set AN/PRC-4.

5.	Wire W-130	---	---	150,000 ml.	16,350,000	150,000 ml.	16,350,000	
6.	Flashlight Fi-122	---	---	372,000	189,080	372,000	189,080	
7.	Other Signal Items	---	3,150,000	---	7,000,000	---	10,150,000	

Subject to itemized breakdown and no production difficulties.

TOTAL SECTION I ASP \$3,202,830 \$21,812,030 \$28,013,860

SECTION III ASP

8.	Total Program	---	\$12,600,000	---	\$71,000,000	---	\$26,600,000	
----	---------------	-----	--------------	-----	--------------	-----	--------------	--

Subject to itemized breakdown and no production difficulties.

GRAND TOTAL \$15,802,830 \$38,812,030 \$54,613,860

Serial No.	Item	Estimated Underserved Balance of 19th 13P		Phase II (95 Period I) Requirement		Total		Remarks
		Quantity	Value	Quantity	Value	Quantity	Value	
1.	penicillin, USMD Item 16858	0	0	4,500,000 amp.	4,500,000.00	4,500,000 amp.	8,100,000.00	Based on operational use in SEAC plus allowance for non-sounded uses for total projected U.K. troop strength.
2.	Medical Supplies for India	0	0		1,000,000.00		1,000,000.00	Included in 1945 A.S.P. 1 October Revision.
3.	Medical Supplies for Theaters of Operations	0	0		500,000.00		500,000.00	Included in 1945 A.S.P. 1 October Revision.
4.	X-Ray equipment and miscellaneous stores for U.K. and India	0	0		4,000,000.00		4,000,000.00	Items not yet submitted and will be subject to clearance by H.P.B. before final approval.
TOTAL					\$11,600,000.00		\$11,600,000.00	

TOTAL

OCT 25 1944

Dear Judge Patterson:

This will acknowledge with thanks your memorandum of October 24, 1944 calling attention to the fact that the War Department has a direct interest in certain items of non-munitions requirements to be filed by the British with the Foreign Economic Administration.

I can assure you that, in accordance with the procedure agreed at this morning's meeting of the American Committee, the relevant civilian agencies will consult with you fully, step by step, in arriving at decisions on the items you mention. Please feel free to bring to our attention at any time any other matters in which you feel there is direct military interest.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Robert Patterson,
Under Secretary of War,
Munitions Building,
20th & Constitution Avenue,
Washington, D.C.

~~TOP SECRET~~
WAR DEPARTMENT
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D. C.
OCT 24 1944

Franklin D. Roosevelt Library
DECLASSIFIED
DOD DIR. 5200.9 (9/27/58)
Date- 5-28-70
Signature- RHP

MEMORANDUM FOR THE SECRETARY OF TREASURY:

Subject: U.K. Requirements for Procurement by Foreign Economic Administration for Military End Uses and Other Uses.

1. The War Department has transmitted to you the joint recommendations of its representatives and the representatives of the British Army for military lend-lease assistance to the United Kingdom following the defeat of Germany. However, in examining the requirements to be filed by the United Kingdom with the Foreign Economic Administration, we find that there is also a direct military interest in four items requested by the United Kingdom. These items and the reasons for our interest follow:

a. \$30,000,000 - Tires -- This represents several times the value currently being procured for the United Kingdom for a two-front war. The tire shortage in this country is most acute and will continue for many months. The provision of this quantity therefore might seriously impair our own ability to produce in this country, as well as our own military requirements, particularly if a substantial portion is in the larger sizes.

b. \$5,000,000 - Tire Fabric -- Rayon tire fabric is in short supply in the United States. Our cotton fabric capacity is also in short supply due to the requirements for Army duck for tentage.

c. \$20,000,000 - Paper and Paper Board -- Apparently this requirement is for tropical packaging. The meeting of the demands for our own military shipping is difficult at this time with no material being made available to the United Kingdom. The provision of this quantity therefore might seriously interfere with our own military shipping.

d. \$6,000,000 - Nylon Yarn and Polymer - This item is also in short supply and the Army is at present unable to obtain sufficient quantities to meet urgent demands.

2. It is requested that the provision of the above items be discussed fully with the appropriate industry divisions of the War Production Board and that the War Department be given an opportunity to comment on the quantities which are promised to the United Kingdom with respect to the effect of such supply on our own requirements.

R. P. Patterson
ROBERT P. PATTERSON,
Under Secretary of War

October 25, 1944
12:23 p.m.

HMJr: Hello.

Operator: Operator.

HMJr: Go ahead.

Operator: Mr. Hannegan. Go ahead.

HMJr: Hello.

Robert
Hannegan: Hello.

HMJr: Henry talking.

H: Yes, sir. How are you, Mr. Secretary?

HMJr: Bob, what I wanted to say was this: I am coming up Friday night, as you may or may not know, to make a speech at the Waldorf.

H: Yes, I know about it.

HMJr: Now, I can give one of -- two kinds of speeches -- I've got two speeches.

H: Yeah.

HMJr: And I wanted your advice because I appreciate what they want me to come up there for is to try and make a few votes.

H: Yeah.

HMJr: And I can give a speech on what the Roosevelt Administration has done for the business man. See?

H: Yes.

HMJr: I've been told the President is going to do that and he isn't going to do that, you see, in Philadelphia. I don't know. I can give one. It'll be pretty good.

H: Yes.

HMJr: Not -- well, it'll be as good as I can make it, anyway.

- H: Yes.
- HMJr: Then I've got another speech which is written on what Roosevelt has done for the minority races in this country.
- H: No, no, the business man.
- HMJr: The business man.
- H: Oh, yes.
- HMJr: That's what you want.
- H: Oh, yes. And he's not going to talk -- in Philadelphia he's going to devote just a very little of his speech to the business men.
- HMJr: I see.
- H: But -- and I'm sure -- not only what the Administration has done for the business men but the outlook for the business men in the future for this Administration.
- HMJr: I see. That's what you'd like.
- H: Yes, sir.
- HMJr: All right.
- H: I'll probably -- I don't think I'm going out with him. I'll probably be over here and listen to you.
- HMJr: You will? Are you coming to the dinner?
- H: I think so, yes, sir.
- HMJr: Do you know how the -- how the tickets are coming in?
- H: No, I don't but I'm going to find out about it.
- HMJr: I'd like to know.
- H: Yeah.
- HMJr: Could you have somebody let me know?

- 3 -

H: Yeah, I'll find out right away.

HMJr: Now, the other thing -- this other talk, I'd like to give it somewhere else.

H: Uh huh.

HMJr: I think it will make you some votes. I talk about the negroes and all the other people.

H: Yeah. All right.

HMJr: Will you think about it?

H: I will.

HMJr: I think coming from me it might do some good.

H: Yeah.

HMJr: In New York.

H: Yeah. All right, I'll -- I'll call you about that at the same time.

HMJr: Yeah. Now, if you're not getting all of the tickets sold that should be sold, let me know.

H: I will.

HMJr: Because

H: Yes, I want -- of course, we want to have a good meeting or none at all.

HMJr: Yeah, because we have a lot of friends up there.

H: Yeah. All right, I know what to do.

HMJr: You do?

H: Yes, sir.

HMJr: All right.

H: I'll be right on top of it.

HMJr: All right.

H: Okay.

HMJr: Thank you.

H: Yes, sir.

HMJr: Good bye.

TO:

10-25-44

The Secretary

Liebson says they have sold more than
 500 places at \$50. The Starlight roof
 itself holds only about 500 and they
 expect to sell only 400 and to have
 100 earnest workers as non-paying
 guests. They may increase number
 by opening adjoining space. He would
 like to know tomorrow just how many
 will be in your Party.



FROM: MR. GASTON