Medium Tanks - Scheduled and Actual Deliveries

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Office of the Secretary of the Treasury,  
Division of Research and Statistics.  
April 21, 1941.  

Source: Statistics Branch, Office of the Under Secretary of War,  
and British Purchasing Commission.

Franklin D. Roosevelt Library  
RECLASSIFIED  
per T.O. 160

RHP 8-3-71
**Light Tanks** 1/ - Scheduled and Actual Deliveries

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Office of the Secretary of the Treasury, Division of Research and Statistics.  
April 21, 1941.

Source: Statistics Branch, Office of the Under Secretary of War, and British Purchasing Commission.

1/ Includes combat cars.

Franklin D. Roosevelt Library
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RHF 8-3-71
DEVELOPMENTS OF PURSUIT PLANES
By Company, Two Week Periods June 9, 1940 to Date

1940

1941

1941

1940

1940

1941

1941

1941

1940

1940

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DECLASSIFIED
DEVELOPMENTS OF BOMBERs
By Company, Two Week Periods June 9, 1940 to Date

DOUGLAS

TOTAL

BRITISH

GLEN L. MARTIN

TOTAL

BRITISH

CONSOLIDATED

TOTAL

BRITISH

BOEING

TOTAL

BRITISH

CURTISS-WRIGHT

TOTAL

BRITISH

VOUGHT-SIKORSKY

TOTAL

BRITISH

NORTHROP

TOTAL

BRITISH

VULTEE

TOTAL

BRITISH

Office of the Secretary of the Treasury
Division of Research and Statistics
DELIVERIES OF ENGINES OVER 1000 HORSEPOWER
By Company, Two Week Periods June 9, 1940 to Date

Office of the Secretary of the Treasury
Division of Research and Statistics
Sunday, April 20, 1941

The President called me at 9:30 Sunday night with Prime Minister of Canada sitting next to him, and asked my advice should the Prime Minister give out statement tonight or tomorrow in Canada. He put the Prime Minister on the phone and he then read the statement which incorporated my suggestion to him of last week. The Prime Minister said he might be criticized for being out of the country and must return to Canada; therefore, could not see me in Washington. I advised him to give statement out tonight with the result that he did.
U.S. JOINS CANADA TO SPEED OUTPUT OF AID TO BRITAIN

President and Prime Minister Agree on Cooperative Steps at Hyde Park Parley

A CONTINENTAL EFFORT

We inturn will obtain some vital materials—financial help on Dominion buying

By FRANK L. KLUCKHOHN
Special to THE NEW YORK TIMES.

HYDE PARK, N. Y., April 20—An agreement between Canada and the United States for cooperation in the production of war materials for embattled Britain was announced tonight in a joint statement by President Roosevelt and Mackenzie King, Prime Minister of Canada.

The statement was made public after a conference between the two at Hyde Park house which lasted nearly seven hours.

Under the agreement Canada will obtain certain defense articles from the United States and will in turn produce certain kinds of "munitions, strategic materials, aluminum and ships" which the United States will urgently require.

The statement declares that during the next twelve months Canada can supply the United States with between $200,000,000 and $200,000,000 worth of such defense articles. The United States agrees to help Canada finance the purchase of the materials it wants from the United States.

Technical and financial details will be worked out later.

This agreement is expected to make for speedier production of the sinews of war which Britain so urgently needs.

The technical and financial details will be worked out as soon as possible in accordance with the general principles which have been agreed upon between the President and the Prime Minister.

It is obvious that the collaboration between the United States and Britain's largest dominion which was announced tonight is the most far-reaching of its kind ever made between the United States and another New World nation.

It will not only permit Canada to obtain the financing barred for a belligerent under the Neutrality Act, but it will provide a practical merging, as far as the war effort is concerned, of economies of the two nations. Since Canada will be able to supply the United States dollars, in payment for materials delivered, no loan in violation of the Neutrality Act seems to be involved.

Dressed in grey suit and carrying a cane, Mr. Mackenzie King stepped from his private car at Poughkeepsie at 2:34 P. M. to be met by William D. Hassett, Presidential Secretary. He was driven immediately to the Hyde Park estate, which he did not leave until shortly before his departure at 9 P. M. for Ottawa. The President himself is scheduled to be back at his desk in Washington tomorrow morning.

Mr. Mackenzie King graciously granted the requests of photographers upon his arrival at Poughkeepsie but he told reporters that "I will have nothing to say."

Vacation Cut Short for Talks

By The Associated Press

HYDE PARK, N. Y., April 20—Prime Minister Mackenzie King of Canada cut short a vacation on the Virginia seashore to come to Hyde Park for his conference today with President Roosevelt.

Greenland a Concern of Canada

By The United Press

HYDE PARK, April 20—Among hemispheric problems growing out of Canada's war effort which possibly came within the preview of the Mackenzie King-Roosevelt conference today was that of Greenland.

Under the virtual protectorate which the United States has asserted over this Danish possession, Canada, as any of the other New World nations, has full rights to utilize American bases on Greenland.

Since the German war zone extends to within three miles of Greenland's coasts, aircraft may become of immense strategic importance in maintaining the "bridge of ships" over which American material aid is flowing to Britain, this subject may have been of the major problems reviewed today's conference.

Until the Canadian Prime Minister's arrival this afternoon, Mr. Roosevelt had been seeking complete relaxation in his home. He was supervising spring planting on his own private recreation project on the 3,000-acre estate, and spent much of the morning in the Franklin D. Roosevelt Memorial making plans for the expansion of his private library in the Federal archives there.
April 25, 1941

H.M. Jr.

At Cabinet today, I told the President that the Chinese were asking for three things.

One, the fifty million dollar funding through in toto. That they get armament under the Lease-Lend; and three, that the Chinese funds be frozen, and that I was ready to recommend that the total fifty million dollars be advanced without any restrictions, particularly in view of the fact that K. P. Chen had been made Chairman of the committee to handle it.

The President seemed to be confused on it, but I repeated my recommendations and I said I wanted to do it at five o'clock this afternoon; and he said, "All right." He gave me the impression he thought it had already been done.

In regard to the Lend-Lease, he also wasn't familiar with that, but said he was sure that Hopkins would take care of it.

On freezing the funds of China, Mr. Hull said that that matter was entirely in the hands of Dean Acheson.

I then read Cable No. 467, Matthews, paragraph on page two beginning, "According to my informant, ample hidden dollar assets are held in the United States by the Reichsbank, mostly through
Spanish and Swiss channels, which assets are sufficient for the present needs of Germany. I was again asked by him why the United States does not block the balances of Germany and Italy in the United States. The French find it very difficult to understand why this has not been done," pointing out that the French could not understand why we didn't freeze German and Italian funds.

Mr. Hull made the surprising remark that he had gotten the impression that some people didn't think he was handling that matter in the proper way, and therefore he turned the entire thing over to Dean Acheson. In other words, he washed his hands of the whole thing, and that Dean Acheson was in touch with the Attorney General and the Attorney General could have called the President on what is being done. I gathered that they were doing something about registering the property of aliens, but nothing else to speak of. I doubt if anything will be done.

I then brought up the question that Frank Knox had reported that both Forrestal and Harriman had sent word that the British Admiralty questioned whether their crews could run Coast Guard cutters on account of the electric drive. I reported that both Captain Palliser and Admiral Pott, Naval Attaché of the British Embassy, reported that they were satisfied that the British crews could run our cutters, and then read a report from Captain Dempwolf saying that the first tests on the Pontchartrain and Saranac were satisfactory.

I then wrote the President a little note saying that he heard that the first Boeing 17 had made
a successful raid over Germany at 33,000 feet and had dumped a full load of bombs and that the English were simply delighted, because this was using a new technique; namely, flying at a height and a speed at which they could not be reached and that they would dump their loads and run rather than doing what they had heretofore done, using very heavily armored and gunned English planes and going in at low levels and trying to fight their way through.

The President had not heard about it, but he told the Cabinet and Mr. Stimson said he had gotten a cable on it just before he came over. He told me later that at this height there is nothing the Germans have that can reach the Boeings.

Sir Henry Self was my informant, and he tells me that there are ten of these finished, waiting at Seattle for some reason or other. These are part of the twenty which I originally got for the English in exchange for motors that our Army needed. It seems inexcusable that half of them should be still lying in Seattle instead of being in England; but at least it is encouraging to find out that we have sent them something which is better than what the Germans have got.
April 25, 1941.
12:13 P.M.

Following phoned by Coast Guard:

From: Commander New York District
Action: Commandant, U. S. Coast Guard
Confidential — For Admiral Wæsche

PONCHARTRAIN and SARANAC returned Navy Yard, New York 0930
(9:30 A.M.). Trial run very successful. British crews caught on
quickly, stood watches, handled machinery and guns satisfactorily.
Lieutenant Commander Crogan reports Captain Palliser Malaya concurs.
TAHOE and MENAPA expect depart 1400 (2:00 P.M.) today for trials
followed later by CHELAN. Plan final transfer four vessels, possibly
five, to British 1030 (10:30 A.M.) April 30:

(Signed) Captain Dempwolf.
April 24, 1941

Dear Admiral Braeseke,

In reply to your verbal request the transfer of the Coast Guard Cutter is proceeding kept under activity, subject to the success of sea trials that is in progress. I anticipate being ready to take over the first four next Wednesday 30th April.

Yours faithfully,

[Signature]

Captain RN
HOTEL PENNSYLVANIA
NEW YORK

Dear Admiral Waeshe:

In reply to your verbal question the transfer of the Coast Guard cutters is proceeding most satisfactorily, and subject to the success of sea trials now in progress, I anticipate being ready to take over the first four next Wednesday, 30th April.

Yours faithfully

A.F.E. Palliser

Captain R.N.

Cabinet

24th April '41. 0917
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, (Paris) Vichy

DATE: April 21, 1941, 4 p.m.

NO. : 467

FOR THE TREASURY FROM MATTHEWS.

Last evening I saw Couve de Murville. He was down for a day from Wiesbaden and Paris. He told me that the Germans have a total of approximately sixty billion francs in unexpended balances with the Bank of France at present, and there is no indication that they have any important plans for using any considerable amount of the balances. He did not seem to think it likely that the French could get any reduction in the daily tribute of four hundred million francs which they must give to the Germans.

Couve said that the note circulation of the Bank of France is approximately 225 billion francs at present.

Couve maintains that much of the gold belonging to the Belgians is still in Africa, and implied that not much of the gold is being transported to France by airplane, but that other means of transportation are being used. There is a bare possibility that the United States could cut off the transfer of the gold from Africa to France if the United States required a pledge that no gold would be moved out of
of Africa by any means, in return for supplying the small quantities of gasoline which Dakar requested for commercial planes of Air France.

My informant maintains that the French refused to deliver the Polish gold. As for the gold belonging to France, he maintains that Germany has never made a formal demand for its transfer. He stated that the authorities of the Reichsbank have not made unreasonable demands of the Bank of France. Also, when the German military wanted to have Janssen of the Bank of Belgium removed from office, the Reichsbank people had spoken in his defense.

According to my informant, ample hidden dollar assets are held in the United States by the Reichsbank, mostly through Spanish and Swiss channels, which assets are sufficient for the present needs of Germany. I was again asked by him why the United States does not block the balances of Germany and Italy in the United States. The French find it very difficult to understand why this has not been done.

Better organization to work for German account is slowly developing for French industry in the occupied zone, and a more adequate supply of raw materials for the purpose is being furnished, according to my informant. This confirms impressions I have received from other sources, among them Auboin of the BIS, who passed through Vichy a few
few days ago. The average rate of French production is 30 to 35 percent of normal, Couve estimates, as compared with the figure two months ago of 15 to 20 percent.

Practically all economic and financial negotiations have been transferred from Wiesbaden to Paris because of suspicion on the part of the German delegates at Wiesbaden to single out their opposite numbers in Paris. Therefore de Murville spends more of his time at Paris now than he does at Wiesbaden.

He told me, incidentally, that the Germans are obviously becoming much more suspicious of French negotiations with our country, and the fact that the Germans look on the United States "as an enemy" is not concealed.

LEAHY
April 28, 1941

Lunch with the President.

Asked him about the broadcast. His only comment was that it was done by a young professional script writer and was too long. Only comment he had to make. Said to take it up with Steve Early.

I said to the President, "I am sorry I could not be with you Thursday, but I was up on the Hill testifying." And he said, "Yes, how did it go?" I said, "I think it went all right. How did you think it went?" He said, "Very well." I said, "Did you read my statement?" He said, "Yes." So I said, "When are you going to make a public statement backing me up on the taxes?" He said, "Well, I will tell you what I will do." He said, "If you will give me a letter written to Bob Doughton, I will send it to him telling him I hope that they will pass the Bill and outlining what the Bill stands for and what the Administration stands for." And I said, "Can I add something about saving money?" He said, "Absolutely!" He said, "I want you to put in the letter, though, that we are cutting down on Public Works and building up a reserve of projects for when the war is over."

I showed the President George Haas' statistics and the President said, "That's all right, but is this the complete tank with ammunition and guns ready to go into action?" He said, "If it isn't, it's no good." I said, "If that's what you are asking for, I don't think we have any tanks ready, but I will find out."

I then took up the question of Mrs. White going on this trip and the President approved it.

I also let him read the Prime Minister of Canada's letter and his comment was, "Well, you know, Henry, you and I do this kind of thing every day and they don't seem important to us, but to the Prime Minister of Canada this was
very important and that's why I was so indifferent to it," he said, "and perfectly willing to let the Prime Minister decide as to the publicity and all."

00o--00o--00o
April 28, 1941

My dear Mr. President:

At lunch today you asked me to write you a memorandum of the conversation that we had.

I asked you what you thought of the idea of having the Queen of England or Lady Reading make a broadcast to the American people for food for the undernourished women and children of England.

You made a counter-suggestion; namely, that the broadcast be made in the United States by Mrs. Franklin D. Roosevelt making an appeal for food for the women and children of England; Mr. Hull making a ten-minute talk on democracy in general and the saving of English democracy particularly, and Mr. Knudsen talking ten minutes on the need of food for the munitions workers of England.

My own thought is that it is too much to expect the English people to fight on empty stomachs, and that condition is not very far off. It is my belief that we must transfer a great number of our ships at once to the English flag for the transportation of food, and a broadcast of the kind that you and I discussed would help mold public opinion.

Yours sincerely,

[Signature]

The President,
The White House.
May 6, 1941

Original given to the President at the 11:30 meeting in the library of the White House.
To Secretary,

There will be a 11:30 meeting in the library of the White House proper, this morning.

Secretary Hull

" Morgenthau

" Stimson

" Knox

General Marshall

" Arnold

Admiral Stark

From: Lieut. Stephens
Memorandum for the President

What Raw Materials will Germany Gain from the Balkans and what may she Gain from a Conquest of the Mediterranean?

1. Petroleum -- The Mediterranean Basin would adequately supply Germany's needs.

Germany's (and occupied territories) annual wartime requirements: from 100 to 125 million barrels, of which only 30 to 40 million barrels (including synthetic) are produced in Germany and Poland.

Rumania produces about 45 million barrels, but not all of it can yet be transferred out of Rumania because of lack of transport facilities.

Iran and Iraq produce over 100 million barrels a year. Over one-half of their output could be transported to Genoa and Marseilles by the Italian tanker fleet if the British fleet were forced out of the Mediterranean.

2. Cotton -- Egypt alone would supply all the raw cotton Germany needs.

Germany, in 1936, imported 660 million pounds of cotton. Egypt, in the same year, exported over 770 million pounds of cotton.

(Germany would also get substantial amounts of wool from the Mediterranean countries but not enough to meet her requirements.)

3. Fats and Oils -- Conquest of the Balkan and Mediterranean areas will substantially improve Germany's position on these materials but whether it will completely satisfy their vital requirements cannot be determined on the basis of the information which we now have available.

Germany has already been obtaining the bulk of the Balkan exportable surplus of oils and fats. By plundering the inventories and livestock reserves, she can add small quantities to her supply during the coming months.
The Mediterranean Basin does not have an exportable surplus of fats, and though its olive oil output is large, we do not believe it is large enough to satisfy Germany's requirements of edible oils.

Should Germany slaughter a large portion of the existing livestock in this area, she would acquire a large supply of industrial fats for the production of nitro-glycerin, other munitions, and soaps. (North Africa and the Near East have over 15 million head of cattle and 60 million sheep.)

4. Ferro-Alloys -- The Mediterranean Basin would help Germany's situation, but would not supply all her deficiencies.

Germany has already been getting Turkey's chromium output, which amounts to over 200,000 tons annually and is more than Germany needs.

She could make up one-half her manganese deficiency from Turkey and North Africa -- and would gain more than she needs if she conquered as far south as the Gold Coast.

Germany could get some tin in Nigeria if she gets that far -- perhaps 11,000 tons.

Neither the Balkans nor the Mediterranean areas have significant quantities of tungsten, molybdenum, or nickel.

5. Copper -- The Mediterranean Basin would help, but not nearly solve Germany's copper problem.

In 1936 Germany imported over 270,000 tons of copper and 650,000 tons of copper ore.

Yugoslavia produces 40,000 tons of copper, but has already been exporting a substantial portion of her supply to Germany. The remainder will now become available.

Cyprus produces about 30,000 tons of copper (in ore form).

6. Citrus fruits, grapes, dates, tobacco, and wine are produced in large quantities in the Mediterranean Basin and would be very useful to Germany.
May 17, 1941

When I saw the President at six o'clock this evening, he said, "I am waiting to be pushed into this situation." He had previously said that he thought something might happen at any time, and I gathered that he wanted to be pushed into the war rather than lead us into it. This is no doubt what he meant.
May 22, 1941
4:30 p.m.

War Cabinet Meeting with the President

Present: Secretary Hull
         Secretary Stimson
         Secretary Knox
         Secretary Morgenthau
         General Marshall
         Admiral Stark
         Head of the Naval War College
         Several Army and Navy Officers
         Harry Hopkins

The President first asked the group's advice as to whether he should announce next Tuesday in his radio talk that he has been bringing a considerable proportion of the Pacific Fleet around to the Atlantic. Both Stimson and Knox firmly advised against it. The President said that now that Knox had such good cooperation from the papers perhaps the press wouldn't print it. Knox suggested that the best way would be to pass it around by word of mouth. Both Stimson and Knox were very emphatic that the President should not announce it, and I don't think that he will.

The President then asked what plans the Army and Navy had for taking over the Azores. The Army and Navy said they had a plan but they felt that it wouldn't be a question of taking over. They might actually have to fight for it because they believed that the Portuguese would fight for any base, even against troops from the United States. The Army and Navy officials, en masse, thought that it was very important that we take not only all of the Azores, but also the Cape Verde Islands, and it would take 25,000 troops at each, or a total of 50,000, and they should be prepared to fight both when landing and after they had landed.

The President asked how long it would take to get ready, and Admiral Stark said, "Three months," and the President said, "We've got to be ready in one month." I gather that Stark has only about four vessels. He needs 57, and he's been having considerable trouble in getting these because Admiral Jerry Land of the Maritime Commission won't move unless he gets something in writing from the President. The President told Hopkins to get Land and Stark together after the meeting, and bring him something in the morning. Knox said under his breath - he was sitting next to me - "The only way you can get Land to do anything is to hit him over the head with an axe."
I was present when both Stark and Marshall said that this was a very difficult job and it must be done well. It must be successful in order to impress anybody. Marshall said the troops were ready, but the whole thing came down to the question of transports. I gathered that they would take the First Division of the Marines and the First Division of the Army.

As the discussion went along, and Stark kept telling how hard the plan was, although Knox did say he would see that they were ready, the President sort of weakened and became indecisive. The President's attitude toward Stark certainly must have been enraging because every time the President asked him anything, he did it with a sort of a mocking or sneering laugh, and nobody seemed to laugh with the President. All the rest of us were very, very serious. I was disappointed that the President let himself be argued out of the thing.

The question came up about our relations with South America, because it seems we didn't take three or four of the best ships which are on the run to South America. One of the Army or Navy officials said, "Well, the best thing we could do for South America would be to make a successful landing somewhere, and that is far more important than the four ships that went down to South America." Through all of this discussion Cordell Hull took practically no part and neither did I.

The President's idea is that there's a very good likelihood that Germany will move into Spain and Portugal at any moment, and when they do, then he wants to take over these islands and wants to be ready. I think he's perfectly right. After listening to the discussion yesterday, if I were in his place, I would have just issued an order and told the men to get ready. I was impressed with the tremendous undertaking and that we're not ready, and it would be next to impossible to get ready in a month because the ships to carry the troops have not been prepared for the job. The meeting lasted about an hour and a half.

They also mentioned that the English have about 22,000 troops in Iceland now, which they're going to take over if we get into the war. There's considerable criticism of the way the English run the airplanes over from Takoradi. There are about 150 planes waiting at Takoradi.
June 4, 1941

At lunch with the President today he said that Chief Justice Hughes had resigned a year earlier than he expected him to. The President then said he thought there was no reason why in his third term he had to pay particular attention to politics and that, therefore, he was giving careful consideration to the appointment of Harlan Stone for Chief Justice, and that he was by far the best man for the position. I said that Mrs. Morgenthau and I thought very highly of Justice Stone and Mrs. Stone, and I hoped that he would make that appointment. I said that it certainly would sway such people as Burt Wheeler who had fought the President so hard in the Court fight, and that suggestion seemed to please the President. I sincerely hope that he will appoint Stone.

This gave me an opening to ask him what he thought of putting Hull on the Court and making Stimson Secretary of State. The President said both suggestions were not good. To my surprise, he said Stimson did not prepare his cases well, that he came in to see the President often unprepared, and that while Hull was slow he prepared his facts very carefully. The President said that he was not at all sure that Stimson was right in the Manchuria incident and that Hull's tactics might have been better at that time. The President's comments certainly surprised me.

We then left that subject, and I went on and gave the President my suggestion that the airplanes at the Bermuda base should be under the control of the Navy. The President thought well of this, but then went on to tell me about his idea. It seems that last fall at Philadelphia he saw a secret device at the Navy Yard where they have a turntable, and put a plane on it and with some kind of a gun, similar to the one they have on a catapult, they shoot the plane off into the wind. He thought that this might be used at Bermuda.
I tried to get the President interested in more long distance Navy flying boats. I think I made an impression on him on my whole program for Bermuda, which I dictated to Mrs. Klotz when I came back.

I left with the President the most recent copy of the orders that have been placed for two and four engine Army and Navy bombers; also the estimate of what the Army and Navy are going to spend in Bermuda. The President said he thought the Army ought to go ahead and finish the air base at Bermuda because they might need it as a stepping stone for troop carrying planes. I thought this could be done with large flying boats, but I don't think I made any impression on him.

I don't think the President is giving any original thought to this idea, and is just thinking along the lines of what has been successful for the Germans. My whole thought is that we could do it with flying boats without any air base, and not build an airfield that the Germans might some day use. I am positive that we could do the whole thing with flying boats, and keep the whole thing co-ordinated under the Commander-in-Chief of the Atlantic Fleet.

The President is giving a lot of thought to the organization of the Expeditionary Force to the Azores, Iceland, and Cape Verde Islands. He is now thinking of four Expeditionary Forces of 25,000 each, one of which is to be in reserve. All of them are to be ready within three or four months, and the first of them is to be ready in one month, starting ten days ago.

The President's whole interest today is in the Atlantic Fleet and getting first to these various outlying islands. He never mentioned any domestic matters to me.

The President said he had been trying to think of what Mussolini and Hitler talked about, and he said if he had to make a guess he would say they discussed the various moves they might make. His guess is that they have decided not to attack England this summer, and to go ahead in a desultory way in Syria because this is the bad season in which to try to advance in the region of the Suez Canal. Therefore, he
thinks they will take Spain and Portugal and cross over into Africa this summer. I told him my guess was that they would try to take England this summer as they realize it would be this summer or never.

I found the President very well. He tells me his red corpuscles are practically back to normal. His mind seems clear, and I would say that he seems less harassed and worried than I have seen him in a long time.

*******
<table>
<thead>
<tr>
<th>Purpose</th>
<th>Appropriation</th>
<th>Contract</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For assembly, organization and transportation of field parties; housing and utilities for advance parties; expenses of survey parties in the field; mapping, boring, materials and investigation; preparation of plans and specifications.</td>
<td>$100,000</td>
<td>$100,000</td>
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<tr>
<td>For assembly, organization and transportation of field parties; housing and utilities for advance parties; expenses of survey parties in the field; mapping, boring, materials and investigation; preparation of plans and specifications; construction operations with priority to air fields.</td>
<td>$2,500,000</td>
<td>$2,500,000</td>
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<tr>
<td>Surveys, boring, and miscellaneous investigations and all incidental work in connection therewith on naval and air bases.</td>
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<td>For assembly, organization and transportation of field parties; housing and utilities for advance parties; expenses of survey parties in the field; mapping, boring, materials and investigation; preparation of plans and specifications.</td>
<td>$296,500</td>
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<tr>
<td>For assembly, organization and transportation of field parties; housing and utilities for advance parties; expenses of survey parties in the field; mapping, boring, materials and investigation; preparation of plans and specifications; construction operations with priority to air fields.</td>
<td>$775,000</td>
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<td>For construction of air field, housing, facilities and utilities, storage, harbor defense, aircraft warning and radio facilities.</td>
<td>$13,301,000</td>
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<table>
<thead>
<tr>
<th>Purpose</th>
<th>Appropriation</th>
<th>Contract</th>
<th>Total</th>
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<tbody>
<tr>
<td>Aviation shore facilities - Partial cost of items approved for payment in accordance with contracts approved for supply of aircraft, facilities, equipment, property, etc., in accordance with the vice president's order of 26 January 1941.</td>
<td>$9,150,000</td>
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<td>Architectural services - Robert and Company.</td>
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<td>Collateral expense items (machine tools and equipment).</td>
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<tr>
<td>Total Navy allotments and funds earmarked</td>
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Source: Bureau of Accounts, Treasury Department.

1/ Does not include such items as pay of Army, Army transportation, travel of Army, etc., which cannot be segregated.

2/ Initial allotment made February 26, 1941.

3/ Earmarked but not allotted.

June 2, 1941.
# Unfilled Orders* and Estimated Deliveries, by Months

<table>
<thead>
<tr>
<th>Company, class of purchaser and model</th>
<th>Unfilled orders* May 24, 1941</th>
<th>Estimated deliveries</th>
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<tr>
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<td>May 29-31</td>
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<tr>
<td>Total U. S. Navy</td>
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<td>Total U. S. Army and Navy</td>
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<tr>
<td>Total British Empire</td>
<td>140</td>
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<tr>
<td>Total South America</td>
<td>140</td>
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<tr>
<td>Total Other Foreign</td>
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<td>Total Unclassified</td>
<td>1,176</td>
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</table>

**ROEING AIRCRAFT CO.**

| U. S. Army L-109 Flying Fortress | 512 | 5   | 12   | 25   | 30   | 40   | 50   | 50   | 50   | 55   | 55   | 55   |
| L-20 Bomber                       | 3   | 5   | 12   | 25   | 30   | 40   | 50   | 50   | 50   | 51   | 51   | 51   |
| Total Boeing                       | 515 | 5   | 12   | 25   | 30   | 40   | 50   | 50   | 50   | 51   | 51   | 51   |

**CONSOLIDATED AIRCRAFT CORP.**

| U. S. Army B-24A Bomber            | 9   | 9   | 1    | 3    | 5    | 10   | 15   | 18   | 29   | 36   | 36   | 36   |
| B-24C Bomber                      | 1   | 1   | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   | 21   | 21   |
| B-29D Bomber                      | 4   | 4   | 2    | 2    | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   |
| B-30A Bomber                      | 1   | 1   | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   | 21   | 21   |
| Total U. S. Army                  | 455 | 9   | 4    | 5    | 7    | 10   | 15   | 18   | 29   | 36   | 36   | 36   |
| U. S. Navy F-40-2 Flying Boat     | 4   | 5   | 2    | 2    | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   |
| F-40-3 Flying Boat                | 200 | 1   | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   | 21   | 21   |
| Total U. S. Navy                  | 204 | 2   | 2    | 3    | 6    | 9    | 12   | 15   | 18   | 21   | 21   | 21   |
| British Empire                    | 140 | 2   | 11   | 12   | 21   | 23   | 23   | 23   | 18   | 7    | 7    | 7    |
| B-30 Heavy Bomber                | 799 | 13  | 17   | 17   | 21   | 30   | 33   | 36   | 36   | 37   | 39   | 43   |
| Total Consolidated                | 799 | 13  | 17   | 17   | 21   | 30   | 33   | 36   | 36   | 37   | 39   | 43   |

**DOUGLAS AIRCRAFT CO.**

| U. S. Army N-19 Bomber            | 1   | 1   | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
|                                    | 1   | 1   |

**GLEN H. MARTIN CO.**

| U. S. Navy XP-88 Bomber            | 1   | 1   | 1    | 1    |
|                                    | 1   | 1   |

**GRAND TOTAL**

**1,116** | 13 | 18 | 17 | 27 | 42 | 58 | 66 | 76 | 87 | 89 | 93 | 96 | 98 | 103 | 109 | 103 | 58 | 57 | 54 | 21 | 21 | 21 | 21 | 10

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

*Excluding spare parts. Source: Reports from Individual Companies. Date: June 3, 1941.
### D-Engine Bombers

#### Unfilled Orders* May 24, 1941, and Estimated Deliveries, by Months

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<tr>
<th>Company, Class of purchaser and model</th>
<th>Unfilled orders* May 24, 1941</th>
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<td>Total U. S. Army</td>
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<td>Total U. S. Commercial</td>
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<th>Company</th>
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<td>U. S. Army</td>
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<tr>
<td>4-200 Bomber</td>
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<td>U. S. Navy</td>
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<td>British Empire</td>
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<td>DB-75 Bomber</td>
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<td>U. S. Navy</td>
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(Continued on next page)

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

*Excluding spare parts. Source: Reports from Individual Companies. Date: June 3, 1941.
<table>
<thead>
<tr>
<th>Company, class of purchaser and model</th>
<th>Unfilled orders* May 24, 1941</th>
<th>1941</th>
<th>Estimated deliveries</th>
<th>1942</th>
<th>1943</th>
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<tr>
<td>U. S. Army A-20, A-20A Attack bomber</td>
<td>86</td>
<td>9</td>
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<tr>
<td>A-20B Attack bomber</td>
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<td>A-20C Attack bomber</td>
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<tr>
<td>British Empire DB-7B(A-20, A-20A) Bomber</td>
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<td>LOCKHEED AIRCRAFT CORP.</td>
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<td>British Empire 41k Bomber</td>
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<td>GLENN L. MARTIN CO.</td>
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<td>U. S. Army E-28 Bomber</td>
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<td>U. S. Navy F7M-5 Bomber</td>
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<td>British Empire M-187 (L-49) Bomber</td>
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<td>NORTH AMERICAN AVIATION, INC.</td>
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<td>U. S. Army E-28 Bomber</td>
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<td>Total North American</td>
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<td>VEGA AIRPLANE CO.</td>
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<td>British Empire J7 Bomber</td>
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<td>GRAND TOTAL</td>
<td>7,013</td>
<td>55</td>
<td>300</td>
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*Excluding spare parts

Source: Reports from individual companies.

Date: June 3, 1941.
June 12, 1941

HM Jr called the President this morning at a quarter to twelve:

HM Jr: Hello. This is Henry speaking.

The President: Hello, Henry. Who do you think I am in bed with?

HM Jr: I don't know.

The President: Well, I am in bed with a sore throat.

HM Jr: Oh, I am sorry. May I congratulate you on the way you handled the strikes.

The President: I think it is all right.

HM Jr: I think it is better than all right.

The President then told the Secretary that the Robin Moor was sunk by a German submarine, and that there was plenty of chance on the part of the submarine to identify the ship. The President and HM Jr discussed this back and forth for a few minutes.

HM Jr: What I wanted to ask you is this: Through Grace Tully, I sent you a question about Lloyd Garrison, and Landis, and I understand you do not want Garrison. Is Landis all right? I spoke to Frankfurter about Landis and he is not so hot for him, and I wondered if that would influence you. He said that his public relations were not so good. That was his only criticism.

The President agreed that Landis' public relations were not so good.

HM Jr: Do you know of a better man?
The President said that he did not.

HM Jr: I have not talked to Landis, but I thought that it is an important move, and I wanted to tell you about Frankfurter’s criticism. Do you think that is serious enough?

The President said he did not think so.

HM Jr: I will then get in touch with Landis.

I hope your throat will clear up.

The President: I will most likely give my cold to Guffey.

HM Jr: I suggest that you bite him instead of kissing him.

In commenting on Landis, the President said he brought in a Scotch verdict on the Bridges matter.
I spoke to the President at 6:20. He said he would be back in Washington Saturday as he thought things might be "popping" by Monday - whatever that means.

I then gave him my information about the Japanese. He said that it was very interesting and that it was the first tip-off that anybody had given him. He asked me whether I had told it to Sumner, and I said that I had given it to Acheson at four o'clock. He said, "Fine." He seemed very much interested. I asked him whether I should let him know if I got anything more, and he said, "Yes, I would like to have it."
THE WHITE HOUSE
WASHINGTON

July 9, 1941.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY

I cannot see Pleven. The matter has been taken up before.

F. D. R.
July 8, 1941

My dear Mr. President:

Mr. Rene Pleven, representing General de Gaulle, is here in Washington. He dined with me last night. He has the best knowledge of French Equatorial Africa of anybody I have ever met. He gained this knowledge first-hand as General de Gaulle's representative in Africa and it was he and two other French officers who took over French Equatorial Africa.

He has some very practical ideas on how Dakar could be taken and I assure you that if you would see him and give him half an hour, you would find your time very well spent.

I know Mr. Pleven intimately from the time when he was second in command of the French Purchasing Mission here in Washington. He is a man of excellent character and real ability.

Yours sincerely,

The President,
The White House.
July 10, 1941

Telephone conversation between the President and Mr. Morgenthau at 2:15 p.m.:

President: Hello, Heinie.

HM, Jr.: Hello. Did you get the cable I sent over to you from Chiang Kai-shek? Isn't it highly interesting?

President: In this statement there are three different conflicting things.

HM, Jr.: How do you want to answer Chiang Kai-Shek? Do you want to see Soong or do you want me to see him?

President: I have three avenues of communication: (1) Soong, (2) Lauch Currie and (3) the State Department. I think you had better talk to Lauch Currie and see how it should be done. I never answer directly.

HM, Jr.: I will have Lauch Currie come over.

President: I see you are doing a financing.

HM, Jr.: What do you mean?

President: I was told to hold up my news because you are going to do a financing.

HM, Jr.: Well, they did a beautiful job because our financing was today and the news broke yesterday afternoon and today, so you are a big help!

President: When I took Iceland the market went up two points. There are a lot of places I can take. I can take the Azores for you. Just let me know and I will take them for you.

000-000
Cabinet July 11, 1941

Pres. says "take the damm things", referring to foreign ships that have been sabotaged. See that Garrow and Foley + LeBlanc do it today.

Jesse Jones says he is buying strategic materials from Mexico.
July 18, 1941
4:00 pm
(After Cabinet)

Present:
Mr. Bell
Mr. Foley
Mr. Cochran
Mr. Gaston
Miss Kistler

HM, Jr: No. 1. Mayor La Guardia cleared that thing so if you would give it to Chic ....

Mr. Bell: Fine! Did you give him the letter?

HM, Jr: Yes, I gave him the letter and a copy of the release. He said O.K. He was delighted.

Mr. Bell: And you signed the letter?

HM, Jr: To him? Yes.

Now, if you people will listen closely, please. This is in strict confidence. I would like you (Miss Kistler) to tell Mr. White.

They brought up the question about Japan and Sumner Welles said he thought in 2 or 3 days, most likely by the 20th, the Japanese were going to move on Indo-China. When it came to my turn, I said to the President, "I would like to ask you a question which you may or may not want to answer. What are you going to do on the economic front against Japan if she makes this move?"

Well, to my surprise, the President gave us quite a lecture why we should not make any move because if we
did, if we stopped all oil, it would simply drive
the Japanese down to the Dutch East Indies, and it
would mean war in the Pacific.

As I remember it, Welles then spoke up and said
that they were prepared, though, to freeze Japanese
assets, so I said, "If you are willing to freeze Japanese
assets, why not Chinese assets because it was of very
little significance to freeze the Japanese, but by
freezing the Chinese we get the money in Shanghai."
And the President said that's all right with him; Welles
said that's all right with him, and the President said
"as long as we point out we are doing the Chinese end
at the request of General Chiang Kai-shek."

Ickes then said it was very embarrassing to him
that beginning with this Sunday he would have to begin
to put in rationing of gasoline in the East -- embarras-
sing that all this oil was going to Japan and we really
needed the gasoline here, so couldn't he, Ickes, say
that inasmuch as they were getting considerable more
gasoline now than they were a year ago that they pro-
rate it and only give them an amount equal to what they
had been getting over a given period? And the Presi-
dent agreed to that.

So I said, "Well, in the name of conservation,
couldn't you drop gasoline from 87 octane to 67?" and
the President said, "Why don't you do it?" and I said,
"Because the State Department won't let me." So Welles
said that was all right with him. So the under stand-
ing was that if -- oh, yes! and that we ought to get the
English to make certain moves at the same time, which I
can't remember now.

But the understanding is that if Japan moves in
the next couple of days on Indo-China, (1) we are to
freeze Japanese and Chinese assets; (2) we are to put
them on the basis that they can only take the amount of oil and gasoline out of the country equal to a fixed period, which Ickes will fix, and (3) they can't take any gasoline out of the country above 67 octane.

The part that pleases me is if I had not raised the question, none of this would have happened because nobody else raised it.

And that's that!

Mr. Foley: Well, we had better have the papers ready.

HM Jr: That was the purport of this meeting.

Mr. Foley: If this happens before you get back ....

HM Jr: It won't, but I want to be phoned. The number is Beacon 211.

o0o-o0o

After the group left, the Secretary asked Miss Chauncey to find out from Mr. Foley if Siam and Indo-China are already frozen. If not, they should be when these other things happen.
July 18, 1941

When the President read the attached note, which I slipped to him at Cabinet, he wanted to tease me because I had spelled the word "new" with a "k". When I begged him not to, he added his little note to mine, spelling "knew" without the k.
Cabinet July 18, 1941

THE WHITE HOUSE
WASHINGTON

I hope you will like the new radio you will find next to your bed.

Very exciting—I saw you'd do it.
August 4, 1941

At lunch with the President on Friday, August 1, I spoke to him about the Russian situation and said that Oumansky had been in with these two Russian generals to see me and said that he was absolutely getting the run-around and not getting anywhere. It was very discouraging.

The President at first questioned it and I said no, that it was a fact, and did he want me to bring it up at Cabinet, and he said no, that he would.

I then asked him whether he wanted me to bring up the question at Cabinet in regard to the fact that the Congress was about to pass legislation which would make it impossible to sell Government-held cotton and wheat. He said no, he no, he would do it.

In order to get him started talking, I told him about the bet that Frank Knox and I had made the night before whereby Frank Knox bet me ten dollars that on or before the first of September Petrograd, Moscow, Kiev and Odessa would all fall.

That got the President started on the Russian campaign. He said that he understood that an airplane engine in a German plane could only run a hundred and twenty hours before it wore out due to inferior lubricating oil and that all the German tanks used the airplane engine. He had talked this thing over with Marshall. He understood that if a tank ran two hundred hours it might last them not more than forty days at the utmost and the tank would be worn out, or at least the engine would be; that even if they had twenty-five percent reserves, that they would be using them up fairly rapidly. The President said if his arguments were correct, then the German Panzer units would shortly begin to wear themselves out.

On another occasion he told me that the Russian news wasn’t going well. The President gets all of his information from the Army through a Colonel Gunther, who is in
charge of the Russian desk in M.I.D. and he is very anti-Russian and anything that the President gets is always on the bad side.

I then asked the President how would he lick Hitler, so he said, "Well, the way to lick Hitler is the way I have been telling the English, but they won't listen to me." He said, "I know south Germany, because I have bicycled over every foot of it when I was a child and there is a town every ten miles. I have suggested to the English again and again if they sent a hundred planes over Germany for military objectives that ten of them should bomb some of these smaller towns that have never been bombed before." He said, "There must be some kind of a factory in every town." He said, "That is the only way to break the German morale.

(At least you have got to hand it to the British that they stick by their ethical methods of warfare.)

There is no question in my mind that the President has turned the road to better health. He is in much better spirits. He is much more forceful and Admiral McIntyre told me while I was waiting to see the President that the President had a lot of worries besides his health and that evidently most of them have cleared up.

At Cabinet the President opened the meeting and talked for forty-five minutes along the following lines: "The Russians have been given the run-around." And he insists that the stuff must be under way. He said, "I am sick and tired of hearing that they are going to get this and they are going to get that," and he said, "Whatever we are going to give them, it has to be over there by the first of October, and the only answer I want to hear is that it is under way."

He directed most of his fire at Stimson, who looked thoroughly miserable. Never have I heard the President more emphatic and insistent. He said, "Get the planes right off with a bang next week."

He also said, "I want to send them some token planes,
four-engine bombers." He said, "We ought to send them five and the English ought to send them five. I want to send them some Garand rifles. I want to do all of this at once in order to help their morale."

And then he said, "I am going to --" he then turned to me, after he had sort of run out of steam, and I said, "The trouble, Mr. President, is that with Harry Hopkins away Oscar Cox tells me that he just hasn't got enough authority to get anywhere or any place and that he does get the run-around all the time." So the President said, "Well, I am going to put one of the best administrators in charge, Wayne Coy, and his job will be to see that the Russians get what they need."

Cox told me that Coy got a telephone call to that effect.

I hope as a result of the President's forty-five minute lecture that the Russians do get promptly some of the material that they need.

Out of a clear sky, the President indicated that the Treasury should run the Alien Property Custodianship for the time being. He said, "Is that all right, Biddle?" Biddle said, "Yes, I have talked about it with Foley and I have thought it over," and he said, "I guess I have about come to the conclusion it is all right." So the President said, "Well, let's leave it with the Treasury for the time being."

(Evidently he didn't like the pressure which was being put on him to put Leo Crowley in as Alien Property Custodian.)

I then brought up the question of selling our cotton now that we had a good market and the President certainly went to town on this subject and told them how when I was in Farm Credit I had sold all the wheat and said if I could do it, why couldn't they do it now. He said, "We must sell." To my surprise, Wickard agreed emphatically. The President said Wickard and I should get together.

I gave the President the memorandum that I had furnished me by Harry White at my request on this matter and
the President read it to himself. I also let Wickard read it. From then on, I got a steady stream of notes from Wickard. He said he would call me up, so I will wait until I hear from him.
Mr. M.

My point is to leave this bill on freezing cotton and wheat in its most outrageous form so that the President will get his veto sustained by a large vote at least some of the farm organizations are
action in their
uproot because
of certain features
which I want to
leave in the Bell
as they can't object
to a nude. I want
to cut this a deal
over. Don't commit
yourself. Do you
agree? Clancy
I will call you about it next week so that you may have an opportunity to discuss it with D Bell.
Henny M.

I met W. Bell about an idea I had to meet with you and others in your office concerning democracy and good. Did I mention it to you?
Claude
For your information

The regular weekly meeting of the Price Administration Committee was held in Mr. Henderson's office this morning at 11 o'clock. The matters of general interest which were the subject of discussion follow:

1. Silk. Representatives of OPACS are discussing the raw silk situation with representatives of the industry. Their primary purpose is to develop the facts with regard to the existing supply of raw silk in this country and the extent to which dislocation of industry and displacement of labor will result from a cessation of the importation of raw silk from Japan. It is too early to know with certainty what the facts are in this regard, but I am advised by OPACS' representatives that the dislocation and displacement of labor will not be anything like as great as interested groups would have us believe. There are several factors which should tend to minimize the dislocation. The mills will be able to some extent to change over to a use of substitutes such as rayon, nylon or cotton. Many of the mills have apparently been experimenting in this regard for sometime as the view has been prevalent in the industry for several years that these synthetic fibres will ultimately almost completely displace raw silk in this country. Admittedly, in the present state of the art, no substitute is available which will be entirely satisfactory from the point of view of the consumer or entirely usable by the mills. However, in this respect a complete cessation of the importation of raw silk merely accelerates a change-over process which has been going on for some years (now about 90 per cent of all raw silk goes into women's hosiery). Another possibility
Secretary Morgenthau,

2.

to minimize the repercussions of cutting off the supply of raw silk is the importation of a type of machine which will process rayons and cotton to a much finer state than can be done by machines presently available in this country. Donald Nelson stated that there are quantities of machines of this type available in Great Britain which are not now being used at all. Another factor which, of course, must not be forgotten, is the possibility of transfer of skilled workers from the silk mills to other types of work. This is difficult to evaluate at this time but it is the fact that bottlenecks in skilled workers are appearing in any number of industries at the present time. The picture I get from OPACS is that with intelligent cooperation the silk industry should be able to meet the problem created by the complete cutting off of silk supplies without any very great hardship either to labor employed in the industry or to its capital. I expect to keep current on the discussions between OPACS and the representatives of the silk industry and to make periodic reports thereon to you, and also to Mr. Foley and to Dr. White.

2. Automobiles. Mr. Henderson announced that he had a meeting yesterday with Mr. Knudsen and Mr. Hillman in connection with the problem of cutting down the manufacture of passenger cars and light trucks for the purpose of conserving scarce materials and for a better utilization of skilled workers for defense. OPACS and OPM have been working very much at cross purposes in this regard, but Mr. Henderson indicated that he thought that as a result of the meeting yesterday the two organizations would be able to come to an agreement between themselves and with the industry as to the number of passenger cars and light trucks that may be produced during the coming year. He stated, however, that the general question as to which organization has the ultimate authority and responsibility in allocating civilian supply remains undetermined, and he was unable to make any definite assertion as to when or how that question will be settled.
It seems to me that the issue is much deeper than merely a struggle between the two organizations for power, inasmuch as on practically all questions the approach of the two agencies is entirely different. As in the case of silk, interested parties tend to over-emphasize the effect on labor and capital of a reduction in civilian production or an allocation to them of smaller supplies of raw materials. For example, both Messrs. Knudsen and Hillman seem to believe that any reduction in production of passenger cars and light trucks will automatically result in an equivalent amount of displacement of labor and of loss to capital. On the other hand, OPACS is inclined to go a little deeper and to analyze the situation de novo. As a result of their analysis of the automobile industry OPACS representatives believe that a 50 per cent reduction in the production of passenger cars and light trucks (or even the complete elimination of their production during the next year) can be had without the dire results forecast by OPM. In support of this position they can point to the fact that the industry now has over 32 billion in defense orders, that the needed production of heavy trucks during the next year will be more than 50 per cent in excess of that produced during the past year (they are already experiencing difficulties in getting steel and other materials needed for truck production) and that defense orders still awaiting allocation which must be shouldered by the automobile industry will give them a scale of operations in terms of dollar volume, an excess of anything ever experienced by the industry. Of course this takes little or no account of distributors and dealers, but most of the OPM argument seems addressed to manufacturers and factory workers.

3. Cotton. The rising price of cotton was the subject of a substantial amount of discussion, largely between Secretary Wickard and Mr. Henderson and members of his staff who have been dealing with the cotton textile people. OPACS staff members pointed out that they are
being caught in a "squeeze" between the cotton textile manufacturers and the cotton people. The recent revision of the price schedule for cotton textiles was made in the light of the then existing price of cotton, although with some loss. The price of cotton has been steadily advancing over since and is now above parity. The existing level of textile prices can be maintained only if cotton prices do not advance substantially above parity, and in view of the fact that cotton prices are already above parity and are showing no signs of stopping it will be necessary to revise cotton textile prices upwards again unless something is done about cotton prices.

At a meeting of the Committee held several weeks ago Secretary Wickard stated that he and Mr. Henderson had reached a general understanding that Agriculture would sell Government owned cotton when, as and if the price reached parity. The purpose of this, of course, would be to keep cotton prices from going substantially above parity. Despite the fact that cotton prices have gone above parity Agriculture has not yet sold any, and Secretary Wickard was somewhat hard-put to explain why none has been sold. His apparent reason is fear of what the cotton bloc in Congress will do to him if he sells any. He stated that he didn't know what they would do, but that they might restrict further his right to sell cotton. His reasoning did not seem to me particularly persuasive, at least in so far as the results of his inactivity are concerned, inasmuch as the Senate tasked a rider on to an Agriculture bill yesterday the effect of which is completely to freeze all Government stocks of cotton. The bill is now in conference and may quite possibly go to the President in that form. Secretary Wickard indicated that he was undecided as to whether to go to the Senators responsible for the amendment and suggest a compromise or whether it would be better to let the bill take its course without any comment from him with the thought that the President might veto the bill if it becomes law.
I ventured the suggestion that there is another alternative which does not seem to have been considered by him or anyone else opposed to the bill. That is that if the bill is a bad bill, and everyone but the cotton bloc seemed convinced of that, it might be a good time for the Secretary of Agriculture and others in the Administration to speak up and create a little articulate opposition to the bill without waiting for it to be sent to the President for his approval or veto. I am not sure Secretary Wickard thought very highly of my suggestion, although he stated that he has indicated to Senator Barkley that he is not in favor of the bill. It was my point and I believe it to be a valid one, that it might be helpful for the Secretary of Agriculture to take the lead in opposing legislation of this character rather than to sit silently by and expect the President to veto a bill as to which neither he nor any members of his Administration have given any affirmative indication of opposition. As is often the case, the subject was left hanging in the air and Mr. Henderson is to discuss it further with Secretary Wickard with a view to taking it up with the President.

4. Price Legislation. The message on the long-awaited price legislation is to be sent to the Congress today by the President and bills are to be introduced in the Senate and the House today or tomorrow. Mr. Henderson reported that general agreement has been reached with the legislative leaders and with the legislative counsel of both Houses as to the form and content of the bill, and that there is general agreement between his office and the legislative leaders as to the necessity for it. The bill is to be introduced in the Senate by Senator Glass and in the House by Congressman Steagall.

The meeting adjourned at 12:45.

(Signed) Joseph J. O'Connell, Jr.

CC TO: Mr. Bell
        Mr. Foley
        Mr. Mayl  Dr. Haas
        Dr. White  Mr. Bernstein
        Mr. Sullivan  Mr. Pehle
Treasury Department
Division of Monetary Research

Date: 8/1/41

To: Secretary Morgenthau

If you are going to raise the matter of cotton at the meeting you might like to read Section 3 of O'Connell's report of the meeting at OPACS.

It is appended.

MR. WHITE
Branch 2058 - Room 214½
MEMORANDUM FOR THE PRESIDENT

1. Last Tuesday the Senate passed a bill prohibiting all sales of Government-held stocks of cotton (amounting to 7 million bales), the prohibition to continue until Congress should otherwise provide. The bill is now in conference. The Conference have not met as yet and probably won't until the middle of next week.

2. Cotton prices have risen in the spot market from 9 1/2 cents per pound on August 1, 1939 to 15.79 cents per pound last night. (The parity price of cotton on the farm is 16.49 cents per pound.) Had it not been for the President's statement this week with respect to price control, the price of cotton would probably now be above parity.

3. If legislation is enacted freezing the Government supplies of cotton from the market, and if no price ceiling on cotton is set, we have the basis for spectacular speculative price boom in cotton. The unfavorable crop situation and the possibility of restriction on silk imports favor such a boom. (We have the smallest acreage since 1895, and possibility of unusually heavy boll weevil damage threatens a smaller yield per acreage than was formerly anticipated.)

4. In view of the danger of price inflation and in view of the importance which cotton plays in the price structure, it would seem that the time is inappropriate to enact legislation of the character passed by the Senate.

I understand the Secretary of Agriculture has indicated his informal opposition to the bill to Senator Barkley. I am wondering whether the time is not opportune for a more vigorous presentation to Congress of the danger to the price structure involved in the passage of the bill.

Even if Government cotton is not placed on the market the mere defeat of the bill freezing the cotton will of itself constitute a desirable force tending to restrain speculative rises in the price of cotton.

All writing on back of this page written by Wickard.
There are in my estimation several reasons why this is not of such a type that I wish to have a veto on this legislation. I want to see this thing get clean.
September 2, 1941

At 11:50 a.m. today Grace Tully spoke to the Secretary over the White House phone, and the following is HM Jr's end of the conversation:

"Hello. How are you? I thought I would see you.

"Well, that's something. Grace, have you got a minute?

"Herbert Gaston was Acting Secretary of the Treasury while I was gone, and I think the first time there was a Cabinet meeting he was told not to come, and the second time he didn't get any notice. Now he just walked in with his resignation as Assistant Secretary of the Treasury because he said he thought he was an embarrassment to me.

"Well, that I don't know but somebody called him from the White House, and he said the President must dislike him or distrust him. He is very insistent. He wants to resign.

"Well, somebody did it and he is just - he is all ...

"Yes, he wants to resign because ....

"Would you do it because I know the President is very fond of him, and he was with me at Albany and he used to do a lot of speeches for the President? He's a lovely person and he has been terribly loyal to the President.

"Well, I knew if I called General Watson nothing would happen and he is ....

"Would you? I know the President is fond of him.

"All right. He will take care of it then.

(HM Jr said that Grace Tully was going to try to get the President to call Mr. Gaston.)
September 5, 1941

Saw the President at 9:30 this morning. When I first came into the office, he said, "What do you think about the destroyer being torpedoed?" I asked him where it was and whether it was alone. He said that it was alone and that it was about 180 miles southwest of Iceland, and they attacked it three times. He told me they were going to try to identify it, and I said, "Why identify it? It can only be German or Italian."

Then the President asked me what I thought about the thing Baruch did after he left the White House yesterday?" He said, "Henry, when he is with me he is all sugar and honey and everything is lovely." He said, "Henry, I never said one of the things he said to the press - not a thing." So I said, "Did you see what he said to Krock?" The President said he hadn't. "Well," I said, "What he didn't say to the press he told to Krock." The President said, "Well, I think Baruch is getting a little senile."

Then as he was going over my speech and he came to the prices which were paid for sugar and pork, etc., in 1917, the President said, "What did Baruch do about that?" He said, "He was in charge of that. Why didn't he stop that? Everything he did in 1917 and 1920 was supposed to have been perfect, but he didn't stop that."

When the President came to the part of the speech about letting wheat come in from Canada, he said, "I see you have this wheat thing in," so he remembered that I talked to him about it Monday night. Then he said, "Oh boy! That's going to start something." I asked him if it was all right and he said, "Sure, it's all right." Then I said, "Now wait a minute. You signed a proclamation on the 31st of May only letting in 750,000,000 bushels, and you would have to reverse yourself." He said, "That's all right." He asked me if I thought Claude Wickard would be all right on it, and I said that I guessed so. I asked him if he had spoken to Wickard about it and he said, "No." I said that I hadn't either. (I had Huntington Cairns in here this morning, and I found that he wasn't entirely sure of himself as to what the President could do under the Proclamation. He is going to look into it for me this morning.)
I called the President's particular attention to the last paragraph of my speech which says: "I can give you only this pledge - that this Administration will do everything humanly possible to prevent inflation. But in this fight, the Administration must have the firm support and the clear understanding of 130,000,000 Americans behind it. If we have that support and that understanding, I know we shall not fail." The President said, "That's all right," so it is all right for me to go up there and speak for the Administration.

I asked the President if he wanted me to check this with anybody else, and he said, "It's not necessary."

The President liked the speech, and in the middle of it he said, "I haven't heard anything about financing for a long time." I told him that I had been working with the Federal Reserve Board on it, and they want to raise excess reserves. I told him that everything is running along smoothly now between the Treasury and the Federal Reserve. Then I said, "Before I make up my mind, I will talk to you." I told him that if we are ever going to increase excess reserves, we ought to do it now.

The President also asked me how the tax anticipation certificates were going, and when I told him he seemed pleased.

The President gave me September 27th as a tentative date for the Annual Clam Bake on our farm.

The destroyer being torpedoed and Baruch's talking yesterday seemed to be the things which were disturbing the President the most. I found him very friendly.
September 24, 1941
(Dictated September 25, 1941 at 9 am)

The President called me at 10 minutes of 9 last night. Very affable; voice dripping with honey.

Wanted to talk about the Russian situation. Could we buy gold from them - $10,000,000 - $15,000,000? I said yes. I told him the Russians had paid over $5,000,000 on the $10,000,000 advanced to them. That surprised him.

I understood him to say that Jones had loaned $25,000,000, but he would try to squeeze out another $25,000,000 and I told him I thought Jones had only given them $10,000,000.

I asked him who I should see and he said to send for the Charge de'Affaires of the Russian Embassy.

He said that Harriman, when he sees Stalin alone, will ask him how much gold he had.

The President wanted to know how the gold arrived and where it came from that we received, and I told him it arrived at San Francisco and I did not know where it came from.

Of course, this conversation was the result of my letter I wrote him two days ago.

I asked him if he had seen my statement on taxes and he said, in an emphatic voice and a pleasant voice, "Yes. How is 6% Morgue?" I said, "Do you like it?" He said, "Of course I do." He said, "I thought of it two or three months ago." So I said, "Well, you can get behind it now. He seemed very much pleased that I had come out for this.

It has been a long time since the President called me and evidently he must want something done for Russia very badly, and I am glad I wrote my letter because it got the desired results.
I then told him about Bewley's visit to me and how Bewley had been told by Jones what he should and should not do in connection with Russia. The President said, "That's ridiculous! Jones could not have told him any such thing." So I said, "Well, I have found Bewley very reliable over a number of years. He has given me a written memorandum on it. Would you like me to send it to you?" The President said, "I would like very much to see it." I said, "I will send it to you and you can advise me what to do about it."
October 3, 1941

I brought up at Cabinet the shortage of food in England and caused quite a discussion, quoting Coe as my authority.

The President referred my memorandum on Italian jewels to Cordell Hull as to whether we can examine the diplomatic pouch. The President suggested that we X-Ray all pouches. The matter is now in the hands of Cordell Hull.
THE WHITE HOUSE
WASHINGTON

October 2, 1941.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

I notice in a published item that jewels soon are to be sent by the Italian Government to Lisbon and by clipper pouch for further dispatch to the United States, in order to finance Italian agents in the Americas. It seems to me that jewels would fall into the category of frozen funds and are, therefore, not deliverable by diplomatic pouch. Also, even though the property of the Italian Government, they should, I think, pay duty.

Please do whatever is necessary in this regard.

F. D. R.
October 3, 1941

MEMORANDUM FOR THE PRESIDENT:

You are entirely correct in saying that freezing control regulates the importation of jewels from Italy whether owned by the Italian Government or by its nationals. I have given instructions to do everything possible to detect the entry of the jewels and bring them under our controls.

Once the jewels have been brought under our freezing controls, a license would be required for their sale. Were we to permit the sale of the jewels, the proceeds, of course, would be blocked.

You are also correct in saying that the Italian Government has to pay a duty on the jewels. This duty amounts to 10 per cent of the value.

If the jewels come through the diplomatic pouch, it is up to the State Department to decide whether it will forbid the use of the diplomatic pouch for this purpose or require the Italian Government to place the jewels in a blocked account.

I suggest that you ask Secretary Hull to pass on the question involving the use of the diplomatic pouch.
At ten minutes past ten this evening I called up the President and told him what I was doing about the Russians, and how we offered them $50,000,000 to be paid back by gold delivered over a period of six months. The President said, "Fine."

I told the President that the trouble seemed to be that the Russians had been told there was only $11,000,000 worth of goods around, and my guess was that they were wondering why they should hurry about furnishing a lot of cash if they could get it all for nothing in a couple of weeks through Lend-Lease. If we had $50,000,000 worth of goods laying around, the way Hopkins said we had, why didn't we tell them? The President said, "You're right." Then he asked me whether I had told this to Hopkins, and I told him that I hadn't. Then he said, "Well, I guess that Harry is asleep. Be sure to tell him about it in the morning."

I then talked to the President about our financing, and said that the argument was between the 2-3/8s and the 2-1/2s. He said that he personally preferred the 2-3/8s.

Then he asked me about my accident and he said, "Did you do any damage to the trees?" I said, "I don't know." He said, "Well, remember that I am a forester and I am very fond of trees, and I hope that you didn't hurt them." He seemed mildly interested in my accident, but he evidently knew about it and read about it. He also said, "I heard that you read a novel through it all."

He sounded very cheerful and very friendly, and I got him immediately when I picked up the telephone.
October 23, 1941

Called on the President this morning at 9:30. I told him that I would like to talk to him as a neighbor and a friend, and that I had come to talk about Henry Morgenthau, Jr., Secretary of the Treasury. He was amused at my introduction. He said, "Go ahead." Through the whole interview, the President was relaxed and at no time did he resent anything I said. He was most receptive.

I said, "You know, Mr. President, in 1933, when the wheat situation kept getting worse, you asked me to take hold, and I did. You threw me into the Treasury in November, 1933, when things were at the worst, and I took care of that. I took care of the French when they first came here to buy planes, and then I looked after the English." He said, "Yes, you have done all of that. In fact, I just don't see how you get all the money that you do. You seem to pick it out of the air."

I then said, "I am very much worried that when you get down to considering your Victory Program that the so-called Detroit crowd, who are in charge of production for you, will not be able to take care of the situation. If that time should come, I want you to have it in the back of your mind that I believe I could do this job for you."

The President said, "Well, somebody has to be over the whole group," and I said, "Yes, I agree with you, and as Secretary of the Treasury you could make me chairman because I outrank all of the four present members."

The President said, "I haven't yet looked into the Victory Program. I don't know just what I want. You and I will have to sit down together and go over the whole matter." Later on he said, "Of course, we would have to have Harry because he looks after distribution under Lend-Lease."

I told him that I was only interested in production, not in distribution.
The President then said, "Well now we ought to get together two, three or four times on that. I think Nelson is a good man, don't you?" I said, "Yes, I do." He said that he didn't want Stimson. Then he asked me what I thought of Floyd Odlum and I told him that I thought it would be a mistake. The President said, "Well, he is not a member of the Detroit crowd." Then he said, "Somebody will have to be in charge who knows all the facts. Whom would you suggest?" I said, "Stacy May."

The President repeated again, "Well, we will have to get together a number of times." I said, "Is it agreeable to you that I come back and discuss it with you again on the same basis as today," and he said, "Yes."

I was amazed at the reception the President gave me. Of course, knowing the President as well as I do, there may never be another meeting, but I am going to get my facts. I have arranged for Stacy May to come to the house tonight, and I have told him that I want to approach this matter of just where the automobile manufacturers have fallen down. I also asked him to refresh himself on the Morris plan and the Reuter plan.

I have told Harry White that at the meeting on Friday on production, he should not suggest or let anybody else suggest that I am the man to do this job. He asked me whether he could talk to Stacy May and try to pep him up on this. I told him he could and he could drop the hint to Stacy May that I am the man to do this job.

Certainly the President has not thought this thing through, and if he has any conception of the magnitude of the problem, he showed no inclination of it. He told me that he had not yet seen the Victory Plan.
Both before and after I saw the President this morning, Hopkins showed me a draft of a memorandum that he had written for the President to send to Stalin. This was to be the agreement under Lend-Lease. The memorandum stated that the Russians were to pay us a monthly amount of gold and pay us 1-7/8% interest on the Lend-Lease material which we advanced to Russia, and also to pay us back in raw materials. In other words, we would either get paid back in gold or raw materials, and charge them 1-7/8% interest.

Hopkins asked me whether I could stay behind and see the President and discuss this with him, but evidently he decided it was a bad time to talk to the President, so he asked me to stay behind with him, which I did.

I told him that I didn’t like the memorandum and he asked me what my objections were. I said, "This is not the way to do the thing. I think it is a mistake at this time to bother Stalin with any financial arrangements and take his mind off the war. It would make him think we are nothing but a bunch of Yankee traitors trying to squeeze the last drop out of him." I said, "Do you feel or does the President feel that because the English paid down so much cash that we have to get so much gold from the Russians?" Hopkins said, "No."

I told Hopkins that I would simply send word to Stalin that we are going to let him have so much material; that the matter has been turned over to the State Department to draft some kind of an arrangement (which means it will take them a couple of years); that the material will come to him, and he should not worry. Hopkins said, "I absolutely agree with you. I am going to put on my hat and go over to see Hull and try to sell him the idea. Then Hull, you and I should see the President." In other words, I got Hopkins to completely reverse himself. What will happen, I don’t know.
While we were waiting to see the President, I had Stacy May go over some of the things with Hopkins. Hopkins pointed out that the President had not yet decided on any program.

We were with the President a little over half an hour - it may have been three quarters of an hour. Just as soon as we started to talk about an over-all program, the President backed away from it and said, "That isn't the way to do it." He said, "How can anybody tell how big the program should be?" May presented some of the airplane figures, some of the automobile figures, some of the tank figures, and some of the raw material figures.

The President said - and this is very enlightening - "I don't want a program made from the top down." I asked him, "If you do not have an over-all program, how do you know what you could do?" He said, "I want to start from the bottom, and say I want twice as much of this and twice as much of that, and then get as much as I can."

Of course, I think this is entirely wrong, and that this is the whole trouble with the thing. If he asks for twice as many tanks, this dislocates some other program, and so first one program goes ahead and another one lags behind, and as a result the whole armament program is slowed down. I have heard him talk about the thing like this before. Last night sitting next to General Marshall at dinner he reminded me of this same fact. He said, "First the President wants 500 bombers a month and that dislocates the program. Then he says he wants so many tanks and that dislocates the program. The President will never sit down and talk about a complete program and have the whole thing move forward at the same time."
Then the President said, "Well, what I am interested in now is how many tanks and planes I am going to get in the immediate future." I had Stacy May show him how in the 4-engine bomber program the predictions for production were adjusted on the downward side three different times. If I had done this before he would have thrown me out and told me to go and do my homework, but everything we showed the President today - no matter how much the figures were a criticism of his program - he took everything well and showed no resentment.

Hopkins whispered to me, "This is fine." Then he told me that every time I come into the picture something happens. He said, "You are a fresh face and that is what the President needs at this time."

When the thing seemed to be all at loose ends, I said, "After all, Mr. President, what you have in mind are really two things - one is an immediate program and the other one is the long term program. Isn't that right?" He said, "Yes." So I said, "Well, I don't think you can solve either until you change your method of procurement." I said, "Of course, you realize that O.P.M. has no authority to either buy or to follow up any purchases and see that the manufacturer produces." He gave me no argument on that. I then said, "There is always this conflict between O.P.M., the Army and the Navy." The President said, "Well, give me some good examples," and I said, "We will do that."

I simply felt that in a rather disorganized way we did bring to the attention of the President the various things which he should know about. How much he got out of it I don't know. He seemed particularly interested in the fact that the automobile industry was only working 25 per cent on national defense.

The President then went into a long winded story about how Mr. Lumb of the woodworking concern in Poughkeepsie came to him and said that they didn't have any business, and how he organized all the woodworking concerns in the Hudson Valley. He said, "That's the kind of thing we have to do." Hopkins told me later that it was Floyd Odlum who put it across.
The President seems to have Floyd Odlum very much in mind and I gather that he is Hopkins man. The President asked Stacy May what he thought about Floyd Odlum. He said, "Well, the trouble with him is that he is moving in two directions. He doesn't want any industry to be hurt because of this shutdown on their civilian activities, and on the other hand he is trying to get industries to take on defense work. He doesn't seem to have made up his mind in which direction he is going."

Stacy May handled himself very well.

Afterwards we adjourned to Hopkins room, and I said, "Of course, what we need is a Ministry of Supply." Hopkins said, "I disagree with you. I think we ought to place more responsibility on the Army and Navy." After May left I said to Hopkins in a very specific manner, "Harry, you are absolutely wrong. Has Bob Patterson been able to get the Generals to do what he wants in procurement?" He said, "No." Then he added, "Patterson constantly complains about getting a run-around." I said, "How in God's name do you expect Patterson to be good enough to get the Generals to handle this stuff promptly if you give him the entire responsibility, if he hasn't been able to do it under present conditions?"

The thing that bothers me is that if we get into a war and any group of soldiers runs out of ammunition, whose fault is it today? I said, "It is nobody but the President's fault." Hopkins said, "You are right." I said, "I want to get him out of that position so that he has somebody who is willing to take the sole responsibility, and he will make good or fail on the job, but at least there would be somebody besides the President who had the responsibility of seeing that the munitions are produced in quantity and in time." I said, "Until you give somebody that responsibility, the President has got to take the blame and nobody else." I think I opened Hopkins' eyes.
Hopkins said that of course we would have to protect Stacy May because if it got out it would hurt him terribly. I stayed behind and told the President not to tell anybody that Stacy May was over there. He said he wouldn't.

The interesting thing that happened to show that we did have some effect on the President was that Steve Early called up about what to tell the press on John L. Lewis. The President said, "Tell them I am interested in production." Early said, "You mean production of coal?" and the President said, "No, in production, and put some emphasis on 'more production'."

Knowing the President, I am sure he didn't miss a trick, and certainly he gave evidence of a keen interest and no resentment. He didn't say, "Oh, I have seen this," or, "I know that," which he so often does. On that basis, I am encouraged, and just as soon as Stacy May will come through with some examples of conflict between the Army, Navy and O.P.M., I will ask for another chance to see the President.

There evidently is some new plan of ordnance coming over from Army for 2 or 2½ billion dollars, and Hopkins asked me whether I would like to discuss it before it goes to the President. I said that I would, but I am willing to bet five to one that I never hear another thing about that particular thing.

I also am afraid that now that I have given Stacy May the contact with the President and Hopkins, he may try to work directly with Hopkins.

Stacy May is also to write up this conference and send it over.
The Secretary took the original copies of these to the conference with the President November 6, 1941, at 9:30 a.m. The originals were left with the President.