

December 7, 1941  
6:20 p.m.

- Present:
- Mr. Gaston
  - Mr. Sullivan
  - Mr. White
  - Mr. Cochran
  - Mr. Cairns
  - Mr. Bernstein
  - Mr. Blough

HM Jr: I thought I would get all the Assistant General Counsels together with their war orders, etc. How many did I get?

White: Well, there are two more.

Blough: Tommy is outside, too.

HM Jr: I won't need Tommy. I don't think I will need Blough either but sit here any way.

Herbert, is that what I sign?

Gaston: Well, those are two things that Bernie has. They are Foreign Funds orders - one revoking licenses and the other closing the border for the Japanese. We will have a little later Customs orders under the Trading with the Enemy Act, forbidding trade by Japanese or communications by the Japanese except through the mails, and also forbidding the Japanese to go in or out of the country.

You have the word as to the Cabinet meeting, of course?

HM Jr: Yes.

(Reading from Public Circular No. 8, dated December 7, 1941, copy attached hereto): "All general licenses, specific licenses, and authorizations of whatsoever character, except General License No. 1, as amended, are hereby revoked in so far as they authorize, directly or indirectly, any transaction by, on behalf of, or for the benefit of, Japan, or any national thereof."

Why "Except General License No. 1, as amended"? What does that cover?

Bernstein: That permits payment into an American bank in a blocked account in the name of a Japanese. The account would be blocked.

HM Jr: Why - why should we say that? Do you mind if I disagree with you?

Bernstein: Well, we don't know what possible transactions we might upset if we don't do that.

HM Jr: But why - why should we do that? I can't - I just can't see it that way.

Bernstein: They can't get it. It goes into a blocked account in an American bank in the name of the Japanese. It would be frozen tight as a drum. There's no way they could get around it.

HM Jr: Is that the customary thing to do?

Bernstein: Mr. Secretary, there is no precedent for this.

HM Jr: Why make exceptions? Why not go the whole way? Why just one - why do we make any exceptions at all. You get it into their - I'm just going to argue with you.

Bernstein: Well, Mr. Secretary -

HM Jr: Now just wait a minute, Bernie. Once it's in there and for any reason you don't want the transaction consummated, you have to go to the courts.

Bernstein: Well, it's blocked at that point. The other thing would be considerably more. All Japanese property would be taken over.

HM Jr: You say there's no precedent. Why don't we revoke all licenses with no exceptions and then a fellow comes in tomorrow and say he wants to consummate a certain transaction. We will say, "Well, give us the information and we will issue a license." Do one at a time. Consider each individual transaction. What do you think of that?

Cochran: Wouldn't there be objection to a payment to an alien enemy even in a blocked account?

HM Jr: That - I don't see why - I think Bernie is absolutely wrong about this. Every transaction should be considered.

White: Bernie, can you think of any advantage of doing it this way?

Bernstein: The only other thing - if it is left in the hands of the debtors it may not go into a blocked account. It may become dissipated. Some Americans might use some device to try to get around our controls. I might say that I don't think it would be a great blunder no matter which way we did it. There's a good deal to say for the Secretary's argument. It might mean a little more confusion or a little more work for us but it is something that we can handle. From the psychological point of view, it may be better.

HM Jr: Sure, let's be American No. 1. The public will say "Why don't they quit this appeasement stuff?" if we leave that in. If you permit this thing, once it is in there, how do you get it out?

Bernstein: But I don't think there is anything wrong with it.

Gaston: It seems to me they are simply paying money into our hands. We have absolute control there. We have a padlock on it.

HM Jr: I don't see it.

Cochran: With the war on, I don't think we ought to make any such payment. It's much better to have it in American hands.

Cairns: Can you get the Americans to report their debts to Japan?

Sullivan: Is there any danger that the American national would be willing to settle for 50% on the dollar and pay the Japanese?

Bernstein: That's a possibility but we can catch that.

HM Jr: (Reading from Public Circular No. 8): "All general licenses are hereby revoked." Leave out "except General License No. 1, as amended". Then tomorrow you begin considering each individual case on its merit. I think that for the public reaction it is much better to leave that out.

Does anybody differ violently with me - or partly?

Schwarz: The psychology is much better if that part is out.

HM Jr: Yes, it would be very much more interesting to the public.

Bernstein: Well, just strike that out and then you can sign it.

HM Jr: I think the thing better be retyped.

Do I have to get anybody's approval on that?

Bernstein: You may want to clear that with State or the President.

(HM Jr placed call for Secretary Hull)

Bernstein: (Handing Secretary Order dated December 7, 1941, to Collectors of Customs) The effect of that will be to prevent any Japanese fellow from leaving the country. We did the same with the Germans and Italians, and we used our Freezing Control powers to do it.

HM Jr: (Reading from above Order): "You are hereby instructed to take the same steps with respect to any Japanese national departing from the United States as you were instructed in the telegrams of June 16, 1941, and June 20, 1941, to take with respect to German and Italian nationals departing from the United States."

HM Jr: Where are telegrams of June 16th and June 20th?

Bernstein: Here they are.

(Lt. Stephens entered the conference and handed ticker item to the Secretary which he read as follows):

"The U.S. Fleet steamed out of Pearl Harbor tonight. Departure of the Fleet coincided with reports that the attack on Pearl Harbor had been launched by Japanese aircraft carriers somewhere off Barber's Point. Barber's Point is west of Pearl Harbor, in the direction of Japan. Pearl Harbor is shielded from Barber's Point by a ridge of mountains to the Northeast over which planes could appear in a surprise attack. White House says Guam attacked."

HM Jr: I can't understand where the patrol was to let these fellows come in. When I was down there, there was a continuous patrol for about five or six hundred miles.

(Operator reported that Secretary Hull was not in).

HM Jr: Don't you think we ought to get Dean Acheson to clear this with Hull?

Bernstein: Yes, sir.

HM Jr: I will see if he is in.

Bernstein: The rest of the program - we are arranging to place Foreign Funds men and Comptroller of the Currency's men in Japanese banks and business houses tonight. They are going to prevent the Japanese from taking any of the books off the premises, etc. We may want to shut down the places and also place men in any other places which we suspect.

HM Jr: I wouldn't let the Japanese in.

White: Do you have any provision for that - any legal authority?

Bernstein: There is provision for that in Trading With the Enemy Act and also in our Freezing Control Act which includes powers to investigate.

HM Jr: You think you have the legal right to do it?

Bernstein: I do.

White: Don't you have to do something with the local authorities?

Bernstein: Our men will be in those places tomorrow morning and, of course, they will be in touch with the local police.

HM Jr: We have two reasons - one, we want to do it, and, two, we have the legal authority for it. They're both good reasons - unless Harry can think of a monetary reason why we shouldn't.

White: The other two are good enough.

(Operator reported that Dean Acheson was not in.)

Gaston: Breckenridge Long was over there. I talked to him a little while ago.

(At this point HM Jr called Secretary Hull's office and asked who was in charge over there and was informed that Sumner Welles was in charge. HM Jr then spoke to Mr. Welles on the phone - copy of their conversation follows.)

December 7, 1941  
6:30 p.m.

HMJr: Is Mr. Hull in?

Clerk: No, sir. He left about three quarters of an hour ago.

HMJr: Well, who's in charge over there?

C: I don't know whether Mr. Welles is here or not.

HMJr: Could you.....

C: Just a moment, please, I'll see.

HMJr: Hello.

C: Mr. Welles is still here, Mr. Secretary, and I'll transfer you to his office.

HMJr: Please. Hello.

C: Just a moment please, Mr. Secretary.

Operator: Operator.

C: Please transfer this call to 424, Mr. Welles' office.

Operator: Thank you.

Secy. to  
Mr. Welles: Mr. Welles' office.

HMJr: Mr. Morgenthau calling Mr. Welles.

S: Is the Secretary on the wire?

HMJr: This is the Secretary.

S: Just one moment, Mr. Secretary.

Sumner  
Welles: Hello.

HMJr: Sumner.

W: Yes, Henry.

HMJr: I'd like to do two things if the State Department will give me their approval. I'm sure they will, but I want to clear it.

W: Right.

HMJr: Number one: we want to issue the following circular, "All general licenses, specific licenses, and authorizations of whatsoever character, are hereby revoked insofar as they authorize directly or indirectly any transaction by or behalf of or the benefit of Japan or any national thereof."

W: Yes, of course.

HMJr: See?

W: Yes.

HMJr: And if and when these people - American citizens who have transactions, we'll make them come in and we'll pass on each transaction.

W: Yeah.

HMJr: All right?

W: You bet.

HMJr: That's number one. Number two, we want to send out the following instructions to all collectors of customs. "You are hereby instructed to take the same steps with respect to any Japanese national departing from the United States as you were instructed in a telegram of June 16, 1941, and June 20 to take with respect to German and Italian nationals departing from United States."

W: Absolutely.

HMJr: Well, we'll.....

W: Completely in accord.

HMJr: Well, we'll do both of those.

W: All right, Henry.

HMJr: Anything else?

W: Nothing that I can think of at the moment.

HMJr: Well, if I - you'll be there if I want.....

W: I'll be here all night.

HMJr: All right, Sumner.

W: All right, Henry.

HMJr: Thank you.

W: Good-bye.

TREASURY DEPARTMENT  
Office of the Secretary  
December 7, 1941

PUBLIC CIRCULAR NO. 8  
UNDER EXECUTIVE ORDER NO. 8589, APRIL  
10, 1940, AS AMENDED, AND REGULATIONS  
ISSUED PURSUANT THERETO, RELATING TO  
TRANSACTIONS IN FOREIGN EXCHANGE, ETC.\*

All general licenses, specific licenses, and  
authorizations of whatsoever character, ~~except General  
License No. 1, as amended,~~ are hereby revoked in so far as  
they authorize, directly or indirectly, any transaction by,  
on behalf of, or for the benefit of, Japan, or any national  
thereof.

*H. Morgenthau, Jr.*

Secretary of the Treasury.

\*This public circular affects Parts 130 and 131 and will be  
included in appendices to those parts.  
Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat.  
179; Ex. Order 8589, April 10, 1940, as amended by Ex. Order  
8785; June 14, 1941, and Ex. Order 8832, July 26, 1941;  
Regulations, April 10, 1940, as amended June 14, 1941, and  
July 26, 1941.

# Fleet Steams out.

HONOLULU--THE U. S. FLEET STEAMED OUT OF PEARL HARBOR TONIGHT.  
12/7--W0615P

ADD. FLEET, HONOLULU  
DEPARTURE OF THE FLEET COINCIDED WITH REPORTS THAT THE ATTACK ON PEARL HARBOR HAD BEEN LAUNCHED BY JAPANESE AIRCRAFT CARRIERS "SOMEWHERE OFF BARBER'S POINT."

BARBER'S POINT IS WEST OF PEARL HARBOR, IN THE DIRECTION OF JAPAN. PEARL HARBOR IS SHIELDED FROM BARBER'S POINT BY A RIDGE OF MOUNTAINS TO THE NORTHEAST OVER WHICH PLANES COULD APPEAR IN A SURPRISE ATTACK.  
12/7--W0621P

FLASH

WHITE HOUSE SAY GUAM ATTACKED

12/7--W0624P

December 7, 1941  
6:35 p.m.

Present: Mr. Gaston  
Chief Wilson

Gaston: I talked to the Chief and he told me he had already given orders to double the guard over at the White House. I had already talked to him and asked him that.

(Chief Wilson entered the conference.)

HM Jr: Now, first, what have you done at the White House?

Wilson: We have put extra men over there now and I have arranged to double the guard permanently. I have also arranged to have some men come down from New York tonight to be here tomorrow. I presume the President will go to Congress at one tomorrow. We ought to have extra men on duty in order to take care of his movements.

HM Jr: Do you think we ought to have soldiers around the White House?

Wilson: Well, I think that should have a little consideration. Maybe we ought to wait until war is declared.

Gaston: The war is on - Japan declared war on the U.S.

Wilson: Well, personally we have got 80 first class men over there and we have 20 high class agents who are up on their toes, and I think they can handle the situation in pretty good shape.

HM Jr: How many men are in the White House at one time?

Wilson: Approximately 25 uniformed officers and approximately 10 to 12 agents.

HM Jr: Well, what happened during the World War?

Wilson: They had a detail of Army soldiers.

HM Jr: That's what I would like. I would like to ask the President's permission tonight.

Wilson: All right.

HM Jr: Because how - look how they have taken us by surprise today. No telling what they will do next.

Wilson: Certainly they took us by surprise today.

HM Jr: How do you know what trick they might pull from within?

Gaston: Better to have too much than to have not enough.

Wilson: Yes, it's better to have too much than not enough. It might be better to play safe and have a military detail like they had the last time.

Gaston: Well, we undoubtedly have a much better Secret Service now.

Wilson: There's absolutely no comparison. Thanks to the Secretary for getting after me three or four years ago, we have a first class outfit. It really is due to the Secretary's keeping after me on it. All our men are really good now. There's no comparison at all.

HM Jr: But those men should be with the President when he moves. I think regular soldiers could do the White House ground stuff. When I came back, they had soldiers outside the War Department. What would you want - a couple of companies or just one company?

Wilson: There should be two companies because they divide their time, and they don't work on eight-hour shifts. They work on short details - military details. We should have a couple of companies.

HM Jr: How many are in a company?

Gaston: 250 in a company.

Wilson: Yes.

HM Jr: How many would there be on the grounds at one time?

Wilson: There would be approximately 75 to 100 men on each shift.

HM Jr: I think there should be 100 all the time with machine guns, etc.

Gaston: And protect all the gates - inside and outside.

HM Jr: I'll try to get the President now and ask his permission.

(HM Jr placed call for the President over the White House phone.)

Wilson: I just had three men from the White House down at the Chemical Warfare Plant getting special training. Just before that I had two other men down there taking a specialized course for two weeks.

We have a man on duty up at your house now and will have him on all night.

HM Jr: I appreciated your sending those men down.

Gaston: Had you heard about it before we got you on the phone?

HM Jr: I'll tell you how I heard it. When we came out of the restaurant - when we came out at three o'clock, Charles, the chauffeur, told us. He heard it on the radio.

(At this point, the President came on the wire and the following is their conversation:) *copy in President's Book*

The President: Hello, Henry. Cabinet at 8:30.

HM Jr: Yes, sir.

I have some orders which we are getting out. I cleared all of them with Welles.

The President: Fine.

HM Jr: We are freezing all Japanese funds.

The President: Yes.

HM Jr: We are not going to let any Japanese leave the country or to carry on any communications.

The President: I see.

HM Jr: Well, our responsibility is the border.

The President: Yes, yes. That's right.

HM Jr: And we're putting people into all the Japanese banks and business houses tonight and we're not going to let the Japanese get in there at all.

The President: That's good.

HM Jr: Now the other thing I would like - Chief Wilson and Gaston are here.

The President: Yes.

HM Jr: We would like permission to put a detail of soldiers on the White House grounds.

The President: Well, wait just a second. Steve Early said something about that. (Slight pause while President talks aside.)

The President: Well, the thing has been suggested by the War Department but I don't think - my idea is this. Suppose you get some additional White House guards?

HM Jr: We've done that. We've already doubled the guard force.

The President: You've doubled the guard. That's all you need. As long as you have one about every hundred feet around the fence, it's all right.

HM Jr: But you think that's enough?

The President: That's fine.

HM Jr: Well, the guards have already been doubled.

The President: What you could do is this: Block off both Executive Avenues. In other words, the one on the East and the one on the West. Put up barricades between the White House and the Treasury and also on the one between the White House and State Department.

HM Jr: We will do that tonight. All right, sir.

(End of conversation with the President.)

HM Jr: He said Steve Early had suggested it but he said we should close the traffic on both Executive Avenues.

Gaston: That won't mean the South End?

HM Jr: Well, we will have to let the cars get into the entrance.

Gaston: We'll barricade it with guards but let people get into the Treasury Department and State Department.

(HM Jr walked to window and showed Chief Wilson and Gaston where the barricades should be placed at each end.)

HM Jr: Place them in those two places. Start them right here (motioning out of the window). Just so the cars can swing around there right at the corner of the fence.

HM Jr: Do it right away.

Wilson: Yes, sir.

HM Jr: Now what about putting on those same instructions in the building? Thompson was supposed to have worked that out.

Wilson: He has a plan ready, and we will go ahead and put it into effect now.

HM Jr: Yes, put it into effect tomorrow morning.

Wilson: Yes, sir.

HM Jr: And, while we're on the subject - I think there is too much traffic through my private door. I may want to tone that down a bit and have it for myself. Do you think that would be terrible?

Wilson: There are quite a few officials using that door. I think it would be all right to limit it to yourself.

HM Jr: Well, I'll think about it. I may limit it to the Under Secretary, and maybe the Assistant Secretaries. There's too damn much traffic going through there. Everybody would have to clear down through the other way.

Wilson: That's reasonable.

HM Jr: And then with this car business and everything. Will you (Mrs. McHugh) get a list of the people who use my entrance now and also who use my elevator? I think that the man down at the door has it.

Wilson: In order to put this pass system into effect in this building, we will have to have photographs and some sort of partition down at the money room, so I don't know whether we can put it into working order by tomorrow morning.

HM Jr: I told Thompson three months ago to get that ready. He's certainly had enough time and it should be ready.

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Wilson: He has a plan on paper but it is not in working order.

Gaston: I think we might well start with a reception desk by the door and have everybody stopped when they come in to find out who they want to see, etc.

Wilson: Yes.

HM Jr: Where is Thompson?

Wilson: I will get in touch with him. We will get it going just as soon as we possibly can.

HM Jr: Herbert, as these orders come in, I will sign them.

Gaston: Yes, yes.

HM Jr: That's all I want for the minute, but, Herbert, the President is going to put all the Japanese in concentration camps. But at least get the other order and have it for me to take to the White House.

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December 7, 1941  
7:45 p.m.

Present: Mr. Bernstein  
Mr. Foley  
Mr. Gaston

HM Jr: (Looking at order to all Collectors of Customs Personnel) Does this apply to the Japanese alone?

Gaston: It says "or any ally". We don't specify any allies because we don't know yet.

HM Jr: Oh!

Gaston: As soon as anybody is declared to be an ally, possibly tomorrow, we can put in the name of the country - like Germany. But I talked to Breckenridge Long about it, and he said to just use the word "ally of Japan," since we were not at this moment able to give any ally of Japan.

HM Jr: Isn't Germany an ally?

Bernstein: Not yet officially.

Gaston: Not officially. Tomorrow maybe we can say that Germany is an ally of Japan.

HM Jr: It just means -

Bernstein: You are doing three things - supplement our existing trade control, make it illegal to take any people out of the country -

Gaston: And communications.

HM Jr: Have you cleared this with anybody in the State Department?

Gaston: Yes, with Breckenridge Long.

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HM Jr: This goes then. Have you a set for me to take to Cabinet?

Bernstein: I have them here.

HM Jr: Put them in an envelope and mark it for Cabinet.

Now where is Johnson?

Gaston: He is here - has been here all afternoon.

HM Jr: Well now, Herbert, will this thing flow? Do I have to worry about it?

Gaston: It will flow.

Bernstein: This is the announcement we had retyped (handing Secretary Public Circular No. 8, dated December 7, 1941, copy attached hereto).

HM Jr: What about getting into Japanese business houses?

Bernstein: I have that right here.

Here is a covering telegram to the Federal Reserve Banks.

HM Jr: What does that do?

Bernstein: That just transmits this public circular (Circular No. 8, dated December 7, 1941).

HM Jr: What about getting into the banks before the Japanese do?

Bernstein: Here it is.

HM Jr: Do they know this is coming?

Bernstein: Here is what I have done. We have told

every Federal Reserve Bank to be open and have its staff there. All the national bank examiners have been notified, and I talked to Elmer Ireby and I asked him to get in touch with his key offices and have his men get in touch with the Federal Reserve Banks. I told him I thought his men would be in better position than the Federal Reserve Banks to get cooperation from the local police, and he said that was so.

All the wires are tied up terrible. Delano hasn't been able to get Frisco for a couple of hours. Fortunately, we have eight good Treasury boys out there and we're very lucky.

HM Jr: Well, we can always send a message by Coast Guard.

(At this point HM Jr held a phone conversation with Chairman Eccles on financing.)

Bernstein: This is a press release which we will get out right now (see copy attached).

HM Jr: Just this one thing on preventing them from leaving the country? -

Bernstein: That's right.

HM Jr: I don't know - you know the President is going to put them in a concentration camp, he tells me.

Bernstein: My only point was to indicate the basis on which we are acting.

HM Jr: But that last part seems to weaken it. I would say "prevent Japanese nationals from leaving the country" period.

Bernstein: I don't want to appear technical.

HM Jr: Well then don't. Don't pull any of your God Damn technical stuff on me. Look here, Ed - "At the same time the Treasury issued instructions to all Customs

Collectors to prevent Japanese nationals from leaving the country. . . ." I would stop right there. You're not writing this thing - I am saying this thing.

Foley: Sure.

Bernstein: What's the matter?

Foley: We're at war and /

HM Jr: Herbert, you're a newspaper man - what do you think?

Gaston: I don't know what it is.

HM Jr: Look, Herbert, you are a newspaper man. Read this.

Gaston: Well, you don't want that because we have issued duplicate instructions - we have issued absolute instructions. -

Bernstein: We are not announcing the part on putting men into the Japanese banks and business houses because we might need a couple of hours to get together on that.

Foley: He wants to be sure everything is going along all right before he gives it out.

HM Jr: That's nothing. I don't care whether you announce it or not. But leave off that last part.

Gaston: We will have to add a sentence about trading and communications.

(Mr. Bernstein left the conference.)

Gaston: Did you get any information on the losses?

HM Jr: I was there when they phoned them in but I can't tell you. They were terrible.

Foley: They must have been much worse.

Gaston: There was one story out about two battle-ships being sunk.

HM Jr: Well, it's - I can't say but it's - it's just tough.

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## Customs

December 7, 1941

TO ALL COLLECTORS OF CUSTOMS AND CUSTOMS PERSONNEL

TAKE ALL NECESSARY STEPS TO ENFORCE IMMEDIATELY SECTION 3(a), (b), AND (c) OF THE TRADING WITH THE ENEMY ACT WHICH READS AS FOLLOWS:

QUOTE IT SHALL BE UNLAWFUL (a) FOR ANY PERSON IN THE UNITED STATES, EXCEPT WITH THE LICENSE OF THE PRESIDENT, GRANTED TO SUCH PERSON, OR TO THE ENEMY, OR ALLY OF ENEMY, AS PROVIDED IN THIS ACT, TO TRADE, OR ATTEMPT TO TRADE, EITHER DIRECTLY OR INDIRECTLY, WITH, TO, OR FROM, OR FOR, OR ON ACCOUNT OF, OR ON BEHALF OF, OR FOR THE BENEFIT OF, ANY OTHER PERSON, WITH KNOWLEDGE OR REASONABLE CAUSE TO BELIEVE THAT SUCH OTHER PERSON IS AN ENEMY OR ALLY OF ENEMY, OR IS CONDUCTING OR TAKING PART IN SUCH TRADE, DIRECTLY OR INDIRECTLY, FOR, OR ON ACCOUNT OF, OR ON BEHALF OF, OR FOR THE BENEFIT OF, AN ENEMY OR ALLY OF ENEMY.

(b) FOR ANY PERSON, EXCEPT WITH THE LICENSE OF THE PRESIDENT, TO TRANSPORT OR ATTEMPT TO TRANSPORT INTO OR FROM THE UNITED STATES, OR FOR ANY OWNER, MASTER, OR OTHER PERSON IN CHARGE OF A VESSEL OF AMERICAN REGISTRY TO TRANSPORT OR ATTEMPT TO TRANSPORT FROM ANY PLACE TO ANY OTHER PLACE, ANY SUBJECT OR CITIZEN OF AN ENEMY OR ALLY OF ENEMY NATION, WITH KNOWLEDGE OR REASONABLE CAUSE TO BELIEVE THAT THE PERSON TRANSPORTED OR ATTEMPTED TO BE TRANSPORTED IS SUCH SUBJECT OR CITIZEN. (c) FOR ANY PERSON (OTHER THAN A PERSON IN THE SERVICE

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OF THE UNITED STATES GOVERNMENT OR OF THE GOVERNMENT OF ANY NATION, EXCEPT THAT OF ANY ENEMY OR ALLY OF ENEMY NATION, AND OTHER THAN SUCH PERSONS OR CLASSES OF PERSONS AS MAY BE EXEMPTED HEREBY BY THE PRESIDENT OR BY SUCH PERSON AS HE MAY DIRECT), TO SEND, OR TAKE OUT OF, OR BRING INTO, OR ATTEMPT TO SEND, OR TAKE OUT OF, OR BRING INTO THE UNITED STATES, ANY LETTER OR OTHER WRITING OR TANGIBLE FORM OF COMMUNICATION, EXCEPT IN THE REGULAR COURSE OF THE MAIL: AND IT SHALL BE UNLAWFUL FOR ANY PERSON TO SEND, TAKE, OR TRANSMIT, OR ATTEMPT TO SEND, TAKE, OR TRANSMIT OUT OF THE UNITED STATES, ANY LETTER OR OTHER WRITING, BOOK, MAP, PLAN, OR OTHER PAPER, PICTURE, OR ANY TELEGRAM, CABLEGRAM, OR WIRELESS MESSAGE, OR OTHER FORM OF COMMUNICATION INTENDED FOR OR TO BE DELIVERED, DIRECTLY OR INDIRECTLY, TO AN ENEMY OR ALLY OF ENEMY: PROVIDED, HOWEVER, THAT ANY PERSON MAY SEND, TAKE, OR TRANSMIT OUT OF THE UNITED STATES ANYTHING HEREIN FORBIDDEN IF HE SHALL FIRST SUBMIT THE SAME TO THE PRESIDENT, OR TO SUCH OFFICER AS THE PRESIDENT MAY DIRECT, AND SHALL OBTAIN THE LICENSE OR CONSENT OF THE PRESIDENT, UNDER SUCH RULES AND REGULATIONS, AND WITH SUCH EXEMPTIONS, AS SHALL BE PRESCRIBED BY THE PRESIDENT UNQUOTE

THE WORDS "ENEMY" AND "ALLY OF ENEMY" UNDER SECTION TWO OF THE TRADING WITH THE ENEMY ACT INCLUDE -- (a) ANY INDIVIDUAL, PARTNERSHIP,

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OR OTHER BODY OF INDIVIDUALS, OF ANY NATIONALITY, RESIDENT WITHIN THE TERRITORY (INCLUDING THAT OCCUPIED BY THE MILITARY AND NAVAL FORCES) OF JAPAN, OR OF ANY NATION WHICH IS AN ALLY OF JAPAN, OR RESIDENT OUTSIDE THE UNITED STATES AND DOING BUSINESS WITHIN SUCH TERRITORY, AND ANY CORPORATION INCORPORATED WITHIN SUCH TERRITORY OR INCORPORATED WITHIN ANY COUNTRY OTHER THAN THE UNITED STATES AND DOING BUSINESS WITHIN SUCH TERRITORY (b) THE GOVERNMENT OF JAPAN OR OF ANY NATION WHICH IS AN ALLY OF JAPAN, OR ANY POLITICAL OR MUNICIPAL SUBDIVISION THEREOF, OR ANY OFFICER, OFFICIAL, AGENT, OR AGENCY THEREOF.

HENRY MORGENTHAU, JR  
SECRETARY OF THE TREASURY

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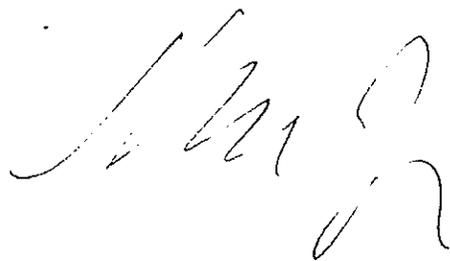
TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE  
December 7, 1941.

Press Service

Secretary Morgenthau tonight revoked all outstanding general and specific licenses authorizing any transactions by Japan and her nationals. The effect of this action by the Treasury Department is to place an immediate and complete stoppage on all financial and business dealings, as well as trade transactions, in which Japan or her nationals have any interest.

At the same time the Treasury issued instructions to all Customs Collectors to prevent Japanese nationals from leaving the country, ~~until the Treasury can be assured that there has been no violation of the freezing order.~~



COPY

## Foreign Exchange Control

DEC 7 - 1941

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS:

YOU ARE REQUESTED TO EFFECT THE IMMEDIATE INSTALLING OF TREASURY DEPARTMENT REPRESENTATIVES IN ALL BLOCKED JAPANESE BANKING AND BUSINESS ENTERPRISES. THESE REPRESENTATIVES MAY BE NATIONAL BANK EXAMINERS, CUSTOMS OFFICERS, TREASURY INVESTIGATORS, OR ANY OTHER AVAILABLE TREASURY PERSONNEL ALL OF WHOM ARE BEING INSTRUCTED TO GET IN TOUCH WITH YOU IMMEDIATELY AND BE AT YOUR DISPOSAL IN THIS CONNECTION. SUCH REPRESENTATIVES SHALL, PENDING FURTHER INSTRUCTIONS, PREVENT ANY ACCESS BY ANY PERSON TO THE PREMISES OF SUCH ENTERPRISES AND SHALL PARTICULARLY PREVENT ACCESS TO, ALTERATION, DESTRUCTION OR REMOVAL OF BOOKS, FILES, RECORDS OR OTHER PROPERTY OF SUCH ENTERPRISES. NO PERSON SHALL BE PERMITTED TO LEAVE SAID PREMISES UNLESS SAID REPRESENTATIVE GIVES HIS CONSENT UPON BEING SATISFIED THAT THE PURPOSE HEREOF IS NOT BEING VIOLATED. YOU ARE REQUESTED TO OBTAIN THE COOPERATION OF LOCAL POLICE IF NECESSARY. LIST OF APPLICATION NUMBERS INVOLVING SUCH BLOCKED CONCERNS FOLLOWS BY SEPARATE TELEGRAM.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

COPY

44

TREASURY DEPARTMENT  
Washington

Press Service

FOR IMMEDIATE RELEASE  
December 7, 1941

Secretary Morgenthau tonight revoked all outstanding general and specific licenses authorizing any transactions by Japan and her nationals. The effect of this action by the Treasury Department is to place an immediate and complete stoppage on all financial and business dealings, as well as trade transactions, in which Japan or her nationals have any interest.

At the same time the Treasury issued instructions to all Customs Collectors to prevent Japanese nationals from leaving the country.

H. M., Jr.

*Concluded from -*

ADD MORGENTHAU

SIMULTANEOUSLY, HE REVOKED ALL OUTSTANDING GENERAL AND SPECIFIC LICENSES AUTHORIZING WITHDRAWAL OF "FROZEN" FUNDS BY JAPANESE, AND OTHER FINANCIAL TRANSACTIONS IN THE U. S. BY JAPAN AND HER NATIONALS.

THE ORIGINAL FREEZING ORDER ISSUED BY THE PRESIDENT ON JULY 25, PLACED IN "TEMPORARY CUSTODY" APPROXIMATELY \$130,000,000 OF JAPANESE ASSETS.

12/7--W0755P

December 7, 1941

For the Secretary's Files:

The Secretary called me from the White House at 9:45 saying that the President had instructed him to call the Securities and Exchange Commission, directing them to do nothing toward closing of the Stock Exchange until they had consulted the Secretary of the Treasury.

On directions from the Secretary, I tried to get in touch with Mr. Eicher, Chairman of the Commission. Not being able to get him, I called Purcell and gave him the message, and told him it was the desire of the President not to close the Stock Exchange or the Commodity Exchanges, and that they should keep in touch with the Secretary before taking any action in this connection. He said he had been in touch with the people in New York and everyone agreed that the Stock Exchange should be kept open.

D. W. Bell

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December 7, 1941  
11:09 p.m.

Present: Mrs. Henry Morgenthau, Jr.  
Henry Morgenthau III  
Mr. Foley  
Mr. Bell  
Mr. White  
Mr. Cochran  
Mr. Sullivan  
Mr. Gaston  
Mr. Kuhn

HM Jr: It is just unexplainable. And they caught us just as unprepared as the others - just the same.

Foley: Must be worse than anybody realizes.

HM Jr: Much, much worse. I just can't say - much worse than anybody realizes.

Have you got something for me to sign?

Foley: Yes, these wires (see attached). I thought we ought to send telegrams to the Governors in the Possessions authorizing them to put people into all Japanese business enterprises and into all the Japanese banking and financial houses, and prevent anything being taken out, and they can get in touch with the local agencies for available personnel to carry out the instructions. I called Dean Acheson's office. He wasn't in but I talked to Donnie Hiss, and he thought we ought to do it. It is carrying out what we did with the Presidents of the various Feds. They are all about the same.

HM Jr: They're all about the same?

Foley: That's right.

HM Jr: All right. Then I'll sign them and will you (Foley) see that my office gets copies?

Foley: I'll give them copies of all of them.

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(Chief Wilson entered the conference)

HM Jr: Just a minute. I want to see the Chief alone for a minute.

(HM Jr and Chief Wilson left the room.)

(HM Jr returned in about five minutes.)

HM Jr: I just made an inspection - I was telling Chief Wilson - and in the whole rear of the White House only three men. I asked one man to take out his gun. He started tugging away (with motions) and after about two minutes got the gun out. And I told the President the guard was doubled. The whole back of the White House - only three men. Anybody could take a five ton truck with 20 men and they could take the White House without any trouble.

Bell: Have they got police around the White House? I saw three of them when I came in.

HM Jr: They're not stationed there. It is terrible.

All right. What else do I do tonight?

Bell: Nothing else - that's all.

Foley: Well, there is one thing we ought to do in the-morning. There is an old Executive Order issued by Wilson in 1917. This Executive Order was issued by President Wilson in 1917, and under that order there was vested under the Trading with the Enemy Act in the Treasury the Administration of Foreign Exchange Transactions, which is much more limited than what we are doing now because the powers we have under Freezing Control have been enlarged, and we have specific authorization since this time from the President in that field. The other was in relation to the bringing in and out of -

(Mrs. Morgenthau entered the conference.)

(Messrs. Gaston, Sullivan and Kuhn entered the conference.)

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Foley: There was vested in the Treasury under the Trading with the Enemy Act supervision of taking in and out of the United States tangible forms of communication, and we are authorized to establish a licensing system with respect to such communications.

I think we ought to get together with Justice. They admit that the powers are revived by the declaration of war against us. I think we ought to get together with Justice tomorrow. It was handled during the last war by Customs. It refers to tangible forms of communications except in the regular course of the mails. That would be somebody trying to carry letters or documents on their person or in their baggage. We ought to get together on the censorship end.

Gaston: Did you (Foley) know Huntington found that that old power under the Trading With the Enemy Act appears now to rest with the Secretary of the Treasury so that we need an Executive Order tomorrow placing that where it is decided it should be?

Foley: Huntington told me that. It is already here insofar as tangible forms are concerned.

Gaston: All other forms -

Foley: It only applies to the enemy.

Gaston: Communication with the enemy - that's right.

Foley: So we ought to get together with Justice.

HM Jr: Better do it tonight. He is over there - Biddle.

Foley: Biddle is - all right

Gaston: That involves creating a censorship.

White: You're getting together with Biddle - how would that solve it?

Gaston: That involves that whole problem which that Committee of the President's was supposed to be considering.

White: Isn't that something right here?

Gaston: That's a Committee set up - Frank Walker was the chairman.

HM Jr: Who represents me on it?

Foley: Herbert Gaston.

Gaston: I attended the only meeting which was ever held.

Foley: You and Huntington Cairns.

Gaston: Yes, we both went.

HM Jr: Well, Huntington is younger and so is Ed. You and I have to go to bed. Let the young fellows work all night. We're too old.

Gaston: Yes. Well, I doubt that they will get it together tonight.

HM Jr: They don't have to. But if you (Foley) and Francis get together -

Gaston: I think it is quite clear we don't want that censorship power.

Foley: No, I don't think the Treasury wants this censorship stuff.

Gaston: We can handle the baggage with the Customs inspection at the various ports to see if they are carrying tangible evidence - carrying any documents, etc. We're doing that now in the regular course - whether they are carrying on their person or in their baggage any pictures,

memoranda, and that sort of thing. That's all right but not the mails, not the radio, not the cable, not the telephone. We don't want those.

HM Jr: I certainly don't want mail censorship.

Gaston: No, no.

HM Jr: Okay. When are you (Foley) going to get together with him?

Foley: I will call him as soon as I get out. We'll work on it tonight. As soon as I get him, we will work on it with him.

Gaston: I got a cable from Daly in Shanghai saying he had destroyed all the confidential files and records.

HM Jr: They have taken those 200 poor Marines prisoners in China - in Japan.

Foley: I thought they had taken them out.

HM Jr: They took all but 200 out.

Belle: They took the gunboat, too, I hear.

Cochran: How about the Trading with the Enemy Act on property now in Japanese hands?

Foley: Well, that's Alien Property Custodian Property Statute. That wouldn't be much use because the alien property has been pretty well taken care of. The Germans have realized that there would be another Alien Property Custodian, so they have been for two years trying to keep the control of these companies by personal relations rather than by stock ownership or actual title. So the statute as well as our own statute will have to be amended, and I think we ought to ask Congress - just as soon as any emergency legislation is sought now - for power which would permit us to take over funds of companies that are frozen.

Bell: Do we need legislation on that?

Foley: Our present powers aren't broad enough or clear enough, and I think that there will be a great deal of this emergency legislation coming up, so we ought to get ours in at the head of the list.

Bell: Wouldn't Trading with the Enemy Act take care of it?

Foley: It isn't absolutely clear. And we didn't put it in when we expanded the statute the other time.

Bell: You probably wouldn't have gotten it through at that time.

HM Jr: We probably wouldn't have.

Foley: We are working on the statute and it will be ready tomorrow or Wednesday at the latest. There will be a flood of requests for legislation now that war has been declared, and we ought to get ours in while the men on the Hill are still recovering from the shock of this.

Gaston: Ed, isn't it pretty clear that this censorship thing - that this provision under which communications with the enemy can be supervised - isn't it clear that that would enable us to supervise all foreign communications? Wouldn't that cover all forms of communications abroad?

Foley: I haven't looked at it myself but that is what Huntington has told me. We will have to get busy with Post Office, Justice and the Federal Communications Commission.

Gaston: I doubt whether anyother statute is necessary.

Cochran: But this other statute you were talking about - isn't that all right?

Foley: That, Merle - that question has been kind of playing ring-around-the-rosy with Justice because nobody knows whether we are going to use these freezing powers, which

are quite adequate, or whether this old Alien Property Custodian statute is going to be revived and something done to get around the difficulty because of the title concept in that statute.

Cochran: I don't know whether it could be revived in conjunction with Foreign Funds Control.

Foley: We have much more actual control without having the title to property vested in some agent of the United States, and I should very much like to see the Foreign Funds Control implemented by such an amendment, and have us put people right in each one of these corporations - Japanese and German - and be in direct contact by having a civilian in each corporation who would exercise licensing control over all the financial transactions the corporations carry on.

Of course, we would have to have quite a staff, but I think it is much better to do it that way than to sell these corporations which takes months and sometimes years, and involves the nastiest kind of problems. This idea of putting people on the Board of Directors I think is an absurd way of trying to control the situation. I think it would be much, much better if we could put a man in General Aniline and Film, and he has to put his okay on each expenditure that the company wants to make. That is the kind of control this Government needs in these times to see that the funds and the personnel of these corporations, or their actual productive capacity, aren't used against our interests.

HM Jr: Herbert, have you seen that these men are going into these Japanese institutions - these Customs men I mean?

Gaston: Well, they are Foreign Funds men.

Foley: We are using Controller of the Currency people.

Gaston: They have talked to Delano and to Irey, but in every case guards will be supplied so that the Japs won't get in.

HM Jr: They won't get in? The President said his policy would be to put all the Japanese in concentration camps regardless of what they are. Then if they can prove they're all right, they can come out; otherwise not. But he is putting all Japanese who are not citizens into concentration camps tonight or tomorrow morning.

Gaston: You'll find that most of the people in charge are citizens of the United States - I mean in those institutions, etc.

White: It is impossible to do anything about that.

HM Jr: Well, I think everything is in pretty good shape. We have a tough time ahead of us, and those of us who don't have to work tonight - this is just the beginning of a very, very serious situation. I just can't overemphasize it. Of the news that is out - it is much, much worse, really.

Gaston: There was a story on the radio that there were two cattle ships sunk and one damaged, and three or more destroyers.

White: Has there been negligence or is it just the fortunes of war?

HM Jr: Harry, how the thing could happen - to me it is just unexplainable. They walked in just as easily as they did in Norway. And they didn't do it in the Philippines. Let Stimson take credit for that.

Gaston: I understand they have taken Wake and Guam.

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HM Jr: I think they have taken Guam but I don't know about Wake. But I just - the Navy is supposed to be on the alert, and how this thing could have happened - all the explanations I have heard just don't make sense, and Stimson says they don't make sense to him either.

They attacked the Philippines but the Army drove them off. They attacked Manila.

Gaston: They did attack Manila?

HM Jr: According to Stimson, they attacked Manila, and they drove them off.

How this thing - I think when they get full knowledge of it, it is going to be the most terrific shock this country has ever had.

Kuhn: Well, they are going to be allowed to get it, aren't they?

HM Jr: They won't get it tonight. The President didn't tell the full story to the leaders. They may not get it tonight but they will certainly have it by Tuesday or Wednesday.

Kuhn: They should have it. Don't you think so?

HM Jr: Don't worry, Ferdy. They'll get it.

Kuhn: Well I know how I feel about those things and I know that you feel the same way.

Gaston: Did he tell either the Cabinet or the leaders the full story?

HM Jr: He told the Cabinet but not the leaders. I was with Frank Knox when he got the report from Pearl Harbor, and that telephone conversation was taken down, and I read it, so I know the President read the same one at Cabinet.

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Gaston: The Chicago Tribune has an editorial saying everything that is past is past, and it is still our country, etc.

HM Jr: Yes. And don't worry about the shock, Ferdy.

Kuhn: Well, I feel strongly about it.

HM Jr: We have always been led to believe that the Navy was our first line of defense and Hawaii was impregnable. I mean that has been sold to us.

Well, I'm going to go to bed.

Mrs. Morgenthau: That's what I came down for - to bring you home.

HM Jr: We have hard days ahead of us. We better get as much sleep as we can.

Cochran: You don't want any more ticker stuff?

HM Jr: No, it isn't right any way.

Mrs. Morgenthau: LaGuardia and Eleanor are leaving for the Coast tomorrow.

HM Jr: What for?

Mrs. Morgenthau: To organize these defense things for civilians.

HM Jr: I gave Starling the most terrific dressing-down you ever heard of. I made an inspection of the back of the White House and I could only find three men after Wilson had said he had doubled the guard. And that's under you (Gaston).

Gaston: He said he had talked to Mike Reilly this afternoon.

HM Jr: I mean I personally made the inspection. The only thing Starling differed with me on was he said there were four men and I said there were three. I asked one of the men to take out his gun and it took him two minutes to get it out.

Gaston: I guess they just didn't move fast enough.

HM Jr: Herbert, somebody could put 20 men in a five-ton truck, crash in there and take over the White House. But Wilson is over there now. And that Starling - I think he just should be fired.

Now you (Bell) have tried to keep the Exchanges open?

Bell: I tried to call Eicher but he wasn't in, so I talked to Purcell. He promised to keep in touch with you and wouldn't take any action without first consulting you.

HM Jr: Fine. And Secretary Wickard said he would let the limits take the regular course.

Bell: They are on the job at the Federal Reserve Bank.

HM Jr: Did you read that phone conversation? I thought Eccles was very good.

Bell: Yes, he was, and Sproul is going to have a conference early in the morning with the banks and Rouse with the dealers. I think you have assurance from the bankers that you needn't worry about the bills tomorrow.

HM Jr: Oh, I don't think so.

Gaston: Have you got 250 tomorrow?

Bell: 150 tomorrow.

HM Jr: How about the Morgenthau luck?

Foley: You're lucky you got your financing out of the way last week. That was pretty close.

Bell: It's getting too close.

HM Jr: Well the President told me I better do it this week because it might be worse next week.

But Tom Connally kept saying, "But, Mr. President, how could this thing happen? How did this happen?"

Bell: I can't understand it.

HM Jr: I can't either. Knox feels something terrible.

White: It is his responsibility.

Mrs. Morgenthau: Was it a terrible shock to the President?

HM Jr: Must be - must be.

Bell: Merle mentioned when he flew back ten days ago what a wonderful target those ships would make at Pearl Harbor.

Cochran: Those ships were all tied up and they were a perfect target.

HM Jr: That's what Stimson kept saying. He kept mumbling that all the planes were in one place.

Cochran: Yes - in back of that little peninsula.

HM Jr: They haven't learned anything here. They have the whole Fleet in one place - the whole Fleet was in this little Pearl Harbor base. The whole Fleet was there.

Cochran: But away back in the very inside. The only place beyond that was the place they tied the clipper up.

HM Jr: That little place where they come in - they're still coming in in back.

Mrs. Morgenthau: We flew over that when we went over to Hawaii.

Henry III: Daddy and I flew over there in a Navy plane that time.

Bell: You would think they would have patrols on the outside.

HM Jr: When I was down there, they patrolled for 5 or 600 miles. I don't see how these people came up.

White: What Admiral was in charge.

Bell: Kimmel is Admiral of the Pacific Fleet.

HM Jr: Block. He is in charge at Pearl Harbor.

Gaston: The Navy has a curious decentralized system. Each district works differently. It depends on the man who runs it.

HM Jr: They never can explain this. They will never be able to explain it.

Foley: Another thing we ought to do in the morning is to take up with the State Department the addition of all Japanese firms to their South American blacklist.

HM Jr: Okay. Take it up with State.

Mrs. Morgenthau: Don't you think you better go home?

HM Jr: Yes. Well, good night, Gentlemen.

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2020120  
Salaries and Expenses  
Foreign Exchange Control 1942 - Allot 1-b

DECEMBER 7, 1941.

TUGWELL

SAN JUAN, PUERTO RICO

WE HAVE ISSUED THE FOLLOWING PUBLIC CIRCULAR:

(Here take in attached Public Circular No. 8)

WE ARE TAKING IMMEDIATE STEPS TO PLACE EXAMINERS OR OTHER SUPERVISORY PERSONNEL IN ALL JAPANESE BANKING AND BUSINESS ENTERPRISES WITHIN THE CONTINENTAL UNITED STATES. YOU ARE REQUESTED TO FOLLOW A SIMILAR PROCEDURE. THE FIRST DUTY OF SUCH EXAMINERS WILL BE TO PREVENT THE EXAMINATION, REMOVAL, DESTRUCTION, ETC., OF BOOKS, RECORDS, PROPERTY, ETC., AND WHENEVER NECESSARY TO PREVENT ALL ACCESS TO THE PREMISES. YOU SHOULD CALL UPON ALL AVAILABLE AGENCIES FOR PERSONNEL FOR THIS PURPOSE. YOU ARE AUTHORIZED TO ISSUE SUCH LICENSES TO NATIONALS OF JAPAN AS YOU DEEM ABSOLUTELY ESSENTIAL. ANY OTHER APPLICATIONS INVOLVING JAPAN OR NATIONALS THEREOF SHOULD BE REFERRED TO THE TREASURY DEPARTMENT FOR CONSIDERATION.

SECRETARY OF THE TREASURY.

(Initialed) H. M., Jr.

FH:LCA:fiw 12/7/41

December 8, 1941  
9:03 a.m.

HMJr: Hello.

Robert  
Rouse: Good morning, sir.

HMJr: Hello. Bell's in here with me. We can both  
listen.

R: Yes.

HMJr: He said you were going to tell him what you're  
going to tell the dealers.

R: Well, I just was telling him that first I had  
in mind that - there are three basic things -  
to first operate in the interest of the market  
as a whole and certainly not for personal profit  
or gain or loss; that in general that we feel  
as they have expressed themselves generally in  
conversations yesterday that - and last night -  
that the thing should be able to take care of  
itself; that there are two particular - two  
other things particularly - the general market  
with the interest in cotton traded and the when-  
issued securities; that we believe that the banks  
will take - insurance companies and the like -  
will take care of it.

HMJr: Yeah.

R: We don't anticipate a large volume of selling.

HMJr: Uh huh.

R: But in the event they don't, we believe that the  
resources of the Treasury and of the system are  
adequate to do it.

HMJr: Right.

R: And third, in respect to Treasury bills - there's  
a sale today of a hundred and fifty million.

HMJr: Yes.

R: And we also believe there that the market will

take care of itself. We don't anticipate any problem; but if it will help, we'd be interested in receiving offerings of the new bills tomorrow.

HMJr: Yeah.

R: Within the range of rates and bidding in recent weeks.

HMJr: That's all right.

R: And that really is all.

HMJr: Okay.

R: I don't see anything else to say. I think that we've gone a long way in the last two years with a general understanding of money funds circulating within our own economy, and I think that we've gone through crisis after crisis and a better understanding's been reached.

HMJr: Good.

R: So I'm not looking for a problem there. If it develops, we'll be ready to do business.

HMJr: Okay.

R: Suit you?

HMJr: Entirely.

R: Fine.

HMJr: Sounds good.

R: All right, sir. Allan's talking with some of the bankers and insurance companies, our general market committee.

HMJr: Okay.

R: Fine.

HMJr: Thank you.

December 8, 1941  
9:41 a.m.

HMJr: Hello.

Daniel  
Bell:

The Stock and SEC and Foley have been together  
on the Japanese bonds.

HMJr: Yeah.

B: And the Stock Exchange wants to suspend trading  
in the Japanese bonds, and SEC and Foley think  
that's right. I think it is, too. I think they  
ought to, however, issue a statement that -  
indicating very clearly that this is not the  
first step in closing the exchanges. I think  
they agree to that. Do you see any objection?

HMJr: Well, who'll issue the statement?

B: SEC.

HMJr: Yes. And if they want to say that - bring me in  
and say that they consulted with me and I concur,  
I'd be glad to have them do so.

B: All right, swell.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Monday, December 8, 1941.

Press Service  
No. 28-81

Secretary of the Treasury Morgenthau today announced the subscription figures and the bases of allotment for the offering of 2 percent Treasury Bonds of 1951-55 and of 2-1/2 percent Treasury Bonds of 1967-72.

For the 2 percent Treasury Bonds of 1951-55, reports received from the Federal Reserve Banks show that subscriptions total approximately \$4,695,000,000. Subscriptions in amounts up to and including \$5,000, where the subscribers specified that delivery be made in registered bonds 90 days after the issue date, were allotted in full. All other subscriptions were allotted 11 percent on a straight percentage basis, with adjustments, where necessary, to the \$100 denomination.

For the 2-1/2 percent Treasury Bonds of 1967-72, reports received from the Federal Reserve Banks show that subscriptions total approximately \$6,955,000,000. Subscriptions in amounts up to and including \$5,000, where the subscribers specified that delivery be made in registered bonds 90 days after the issue date, were allotted in full. All other subscriptions were allotted 15 percent on a straight percentage basis, with adjustments, where necessary, to the \$100 denomination.

Further details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

*attach Hull*  
*conv -*

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December 8, 1941

11 a. m.

Present:

Mr. Bell  
Mr. Foley  
Mr. Thompson  
Dr. White  
Mr. Cairns  
Mrs. Klotz

HM, Jr: what I wanted to tell you people is this. I have spoken to each of you individually, except Norman, and that is this, Norman: in order to have the least friction, as far as I am concerned, and to make life easier for me and at the same time if it is easier for me it's better for the Treasury. I want to give Harry White the status of an Assistant Secretary. I can't make him an Assistant Secretary. I want to give him the status just as though he were and he will be in charge of all foreign affairs for me. See?

Now; I have talked to each person, in turn, and it's agreeable to everybody but Merle Cochran and he has asked me to have him transferred back to the State Department, which I am going to do, because I cannot -- I mean, everybody else said "Fine! Glad to do it!", but Merle said he could not and wanted to be transferred, so I have a call in for Mr. Hull, and that's that.

(Mr. Cairns came in at this point.)

HM, Jr: You're (Mr. Cairns) representing Mr. Gaston here. I just said I have talked to each

-2-

person separately so everybody knows this. I am giving Harry White the status of Assistant Secretary of the Treasury in charge of foreign affairs that come to the Treasury. Everybody is entirely agreeable except Merle Cochran and he has asked to be transferred back to the State Department, which I am asking, and that means that the things that I have to pass on, that I have to know about, that have to do with foreign affairs, Harry has to know about.

Mr. Gaston said, "Does that mean, well, if I want to call up Breckenridge Long, I should first talk to Harry?" I said, "Yes." He said, "That's entirely agreeable."

Foley will continue as chairman of his committee, but if it is a foreign matter or something like that he wants me to know about, he will discuss it with Harry and Harry will come in to me with Foley. In other words, the way it is now, nobody knows everything that is going on except me and I don't always know.

Mr. Bell: That's true.

HM, Jr: I want it in one brain and I want it in Harry White's brain. He will tell Bell as much as Bell wants to know. If Bell wants to know it all, he will tell Bell everything, as much as Bell wants to know. That's up to Bell.

Mr. Bell: I would like to be informed. At times I am Acting Secretary and it's a little difficult to pick up loose ends.

HM, Jr: That's the purpose of this meeting. If you want to know all of it, I want to know all of it, it's his responsibility to service you as I expect him to service Mr. Hull. But the questions -- when it is some question of foreign matters, Harry will come in and see me and I will give him a decision and when the de-

-3-

cision is made he will tell you about it. If it in any way crosses anything that you have got, he will come in first and see you and ask your views. Is that all right?

Mr. Bell: He will not cross me, because I take it China will go over there.

HM, Jr: That's right.

Mr. Bell: So he will handle China and I will be in on the same side as you.

HM, Jr: That's right. But I told Harry that where there is a decision, anybody in the Treasury affected, he will first talk to them before he comes to see me so everybody will have a chance to talk to Harry before he comes to me so that on every question there can never be a time "Mr. Morgenthau, you decided on that. I did not have a chance." So Harry will see that person and talk to him and he says, "I don't agree with you, Harry". "Well, come on in. We will both see the Secretary."

Mr. Bell: Certainly.

HM, Jr: But there has to be one brain cell and not as it is now. Is that all right, Dan?

Mr. Bell: Fine! Swell with me!

Mr. Thompson: I assume he will continue to have the same title as Assistant to the Secretary.

HM, Jr: He hasn't got that.

Mr. Thompson: Oh, yes!

HM, Jr: I want something drawn up.

Let's just go a little slowly. Bell, have you any suggestions?

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Mr. Bell: I have a question. What are we going to do with the Stabilization Section?

Dr. White: I will have some suggestions to offer and discuss it with Dan before it comes to you.

HM, Jr: Will you? What else, Dan?

Mr. Bell: That's all, for the moment.

HM, Jr: (To Mr. Cairns) For Mr. Gaston?

Mr. Cairns: The only thing hot at the moment is the censorship problem and Hoover is to be the censor until a civilian can be appointed. Treasury will administer censorship of tangible communications otherwise than in the mails.

Dr. White: Huntington, I don't believe the Secretary wants to discuss this here.

HM, Jr: What I mean, is there anything Mr. Gaston has to do as between State and Treasury which I ought to know and, putting Harry in this position, he should know?

Mr. Cairns: The only thing is censorship. State is tremendously interested in it.

Dr. White: I will get in touch with him.

HM, Jr: Ed?

Mr. Foley: No. The only suggestion I have is that Harry sit in on Foreign Funds meetings whenever he can. I think it will help him.

Mr. Foley: Don't you now?

Mr. Foley: He does occasionally. He always has a couple of people in.

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HM, Jr: It's taking two good men, you (Foley) and Harry.

Mr. Bell: How many meetings a week?

Mr. Foley: A couple of times a week; sometimes once. We can work it out with Harry. I can send minutes of the meetings to Harry just as I do to you now. If there is anything Harry wants to raise, if he has not been in on the meeting, we can straighten it out, but our fellows and Harry's fellows very closely together and I daresay nothing has been done in Foreign Funds that I know of that Harry's people did not know about and did not approve. Is that right?

Dr. White: That's definitely true.

HM, Jr: Norman, do we need anything?

Mr. Thompson: I think we can prepare a little order putting it into effect.

Mr. Bell: I would make your order public.

HM, Jr: You would?

Mr. Bell: I think I would. I think it sets up a little section in the Treasury to handle this matter and gives Harry a better status publicly.

HM, Jr: Well, think that over, Harry.

Dr. White: I don't see that it is necessary. Let me think about it, but as far as functioning is concerned, Dan, you don't have any suggestions?

Mr. Bell: No. Not now. I will think it over. I think it is all right.

HM, Jr: I have had a preliminary talk with Dan. Dan and I have talked this over. I have talked to everybody else.

(At this point, HM, Jr spoke with Secretary Hull and copy of their telephone conversation follows this page.)

December 8, 1941  
11:08 a.m.

Operator: The Secretary is on the line.

HMJr: Hello.

Clerk: Mr. Secretary, Secretary Hull is coming right on.

Secretary  
Hull: Hello, Henry.

HMJr: Hello, Cordell.

H: Yes, sir.

HMJr: This is only a small matter, but nobody could handle it but you. I'm rearranging my organization here in the Treasury where we deal in foreign affairs and where we deal with you.

H: Yeah.

HMJr: And I wanted to center it in one person so that we wouldn't have two or three people calling up the State Department. It would be one person, you see?

H: Yes.

HMJr: And I - the person I'm designating is Harry White.

H: Yes. Well, he's a mighty suitable man.

HMJr: I wanted to know whether that would be agreeable to you.

H: Yes. He's a very high-class fellow.

HMJr: Well, now.....

H: Capable.

HMJr: .....everybody in the Treasury is pleased with it - Mr. Bell and Mr. Gaston and Mr. Foley. They're all pleased.

H: That's good.

HMJr: But Merle Cochran is not.

H: You say he's not pleased?

HMJr: No. He's asked me to ask you to have him transferred back to the State Department.

H: Oh, I didn't know that.

HMJr: Well, I just took this up this morning and talked to everybody individually to ask them.....

H: Yeah.

HMJr: .....and everybody was delighted and said it would be helpful; but Merle Cochran said that he.....

H: What - did he want to do that himself?

HMJr: Yes.

H: Yes. Well, he's - of course, he's a very capable fellow.

HMJr: A very capable fellow, but - and he's been extremely useful to me, but he didn't like the arrangement and he said he'd like to be transferred back.

H: Yeah. Well, I'll take it up with my folks then if you say so.

HMJr: I wish you would, please.

H: Yes. All right, Henry.

HMJr: Thank you very much.

H: All right.

December 8, 1941

My dear Mr. President:

After Cabinet last night, I made an inspection of the White House grounds accompanied by Edward Starling, and found that my orders had not been carried out. As a result of this inspection, I strongly recommend that Edward Starling have all responsibility for supervising the White House Secret Service detail and guards taken away from him, and similar responsibility as far as Hyde Park and Warm Springs are concerned. Chief Wilson concurs in this recommendation.

In view of my previous conversation with you, if you still wish Edward Starling to do the so-called "advance work" for you, of course, we will carry out your wishes in this matter.

I sincerely hope that you will accept my recommendation in regard to Edward Starling.

Yours sincerely,

*Henry Morgenthau, Jr.*

The President,

The White House.

December 8, 1941  
3:30 p.m.

## GROUP MEETING

Present: Mr. Bell  
Mr. Barnard  
Mr. Blough  
Mr. Cochran  
Mr. Foley  
Mr. Graves  
Mr. Haas  
Mr. Kuhn  
Mr. Morris  
Mr. Schwarz  
Mr. Sullivan  
Mr. Thompson  
Mr. White  
Mr. Henry Morgenthau, III

H.M.Jr: Where did you (Morris) come from?

Morris: I heard there was a little trouble around here.

H.M.Jr: Have you been around all day?

Morris: Yes. I didn't get to Atlanta at all, Mr. Secretary. I turned around at Lynchburg last night in the middle of the night.

H.M.Jr: How do you turn around in the middle of the night?

Bell: He called me last night from Lynchburg and I said I thought the situation in Atlanta could wait.

- 2 -

It was probably less important and it might be a good thing if he came back.

H.M. Jr: I see.

Norman, this is something from the President saying, "I am today directing J. Edgar Hoover to take charge of all censorship arrangements pending such further arrangements as I shall presently take."

Foley: That is right. They are preparing an Executive Order for a civilian administrator for censorship, and that probably won't be out until tomorrow, and in the meantime, Biddle said that Hoover had been asked to kind of pull everything together and it will be a civilian administrator. It won't be in the Army or Navy; and that is along the lines we were talking about last night. We will do tangible stuff, and they will do the intangible stuff. I got him last night about one o'clock.

H.M. Jr: Who?

Foley: Biddle.

H.M. Jr: Dan?

Bell: The market is going up a little. At the close it went off to one thirty-seconds premium for the two and a half's and six thirty-seconds for the two's. Back now to six and eleven thirty-seconds. Seemed to go off right after the President's speech.

H.M. Jr: Well I suppose--

Bell: The seriousness of it probably shocked them a little. We have bids of three hundred seven million dollars on the bills in New York, ranging all the way - enough bids to take the

- 3 -

bills from prices ranging from point thirty-six down; and the rest of the country, of course, we have not heard from.

Bob Rouse thinks if it all went to New York, you would get a rate of somewhere from thirty to thirty-two.

H.M.Jr: Up a little bit.

Bell: Yes, but the rest of the country may bring it down below the thirty's.

H.M.Jr: I think the stock market is off four points.

Bell: Yes.

H.M.Jr: That also happened mainly after the President's speech.

Bell: Yes, some of it two points after that.

That is all I have.

Thompson: I have nothing.

H.M.Jr: Norman, again I congratulate you on the over-night arrangements for entrance to the Treasury. I asked one question. I understand you have people escort people to the office where they are going?

Thompson: That is right.

H.M.Jr: Who escorts them out?

Thompson: If it is a short call, the person escorting will remain and take them out. They also have a card they have to sign.

H.M.Jr: But supposing that fellow stayed and the escort left, the fellow could wander all over the Treasury?

Thompson: No, the escort stays with him, and if he is going to be long, they phone down to take him out.

H.M.Jr: I gather it is working all right.

Thompson: Yes, that is the arrangement. The escort will stay with him or, if he plans to stay a long time, that office will phone down when he is ready to leave and the guard will escort him out.

H.M.Jr: That is good work.  
Have you (Klotz) tried to get in the Treasury?

Klotz: I came in and out the front way and nobody stopped me.

H.M.Jr: The Fifteenth Street door?

Klotz: Yes.

Bell: They must know her.

Foley: I think so, because they rotate on the Secretary's door.

White: Are you going to arrange that our cars go through there?

Thompson: They have removed the blockade. You can go around the street.

Foley: Could it be fixed that cars equipped with a T.D. sign could go through without any trouble?

Thompson: There is no trouble. They have taken the blockade off. Oh, you mean into the Secretary's entrance. Yes. I will speak to Wilson about that. He told me it had been taken care of.

Foley: I think a little insignia on the front of the car will take care of that.

Thompson: I will take care of it.

H.M.Jr: All that was necessary was to get out and remove the barrier and come through.

Foley: I told the cop he was making it awfully difficult to win the war, keeping people out of the offices.

Sullivan: Not in those exact words. You are oversimplifying it.

H.M.Jr: I am glad the cops are so good.

Are you through, Dan?

Bell: Yes.

H.M.Jr: Norman?

Thompson: That is all.

White: We got a cable from Brazil in which they are worried that declarations of war will be preceded tomorrow with withdrawal of funds. They have a holiday today, so we don't know what is happening today, and they are afraid it will result in weakness of the dollar rather than depreciation of the milreis.

We had a meeting in which possibilities of helping them through freezing was canvassed, and Foley will report on that, but since that was turned down, we are going to prepare a cable.

H.M.Jr: Who turned it down?

White: Foreign Funds, but the State Department really.

We thought we would freeze all the rest of the world and give general licenses, et cetera, but the State Department said they are now engaged in getting the cooperation of the Latin American Republics, so we are going to answer that cable in a way to indicate that we don't see that there is any matter for concern as to the weakness of the dollar.

In other words, it will be a monetary answer, with nothing to do with freezing. As soon as it is prepared, it will be routed through. I think you ought to see the answer to that.

H.M.Jr: All right.

White: We will write it sometime today.

H.M.Jr: Have it in English.

White: It will be in English.

H.M.Jr: Not Portugese.

White: We could put it in Portugese.

H.M.Jr: Chick?

Schwarz: I have nothing.

You will be asked for comment on the Government bond market and also any new tax program. That is the main thing.

H.M.Jr: Foley has not had time to turn around at

- 7 -

night yet to produce a new tax bill - I mean Sullivan.

Sullivan: Got one in there for you at any time.

Schwarz: They may ask for a change in the name of the defense bonds. I mentioned it to Harold. We can go slow on that. Somebody asked if they would be called "war bonds."

Bell: "War savings."

Barnard: "Victory."

H.M.Jr: George?

Haas: You wanted to see this each Monday. It is up.

H.M.Jr: It is up?

Haas: Yes, five days.

H.M.Jr: All right. What else, George?

Haas: I have nothing else.

H.M.Jr: Harold?

Graves: Mr. Haw. has closed the Bureau of Engraving and Printing to all visitors, and I asked the people in the mint to wire out to our mint institutions to apply the same rule.

H.M. Jr: O.K.

Graves: Visitors have been admitted to all these places. We just cut that off because it is sight-seeing.

I have nothing further.

H.M. Jr: Roy?

Blough: You wish a continued flow of those corporation charts or not?

H.M. Jr: I think I would accumulate them and then when we sit down we can discuss them. Are you through with the steel group?

Blough: I think we have all the important steels.

H.M. Jr: Well, I think we will sit down.

Blough: We are working on a memo on steel.

H.M. Jr: Good. I think if you will get them all together you can give me your ideas on them.

Blough: All right. That is all.

H.M. Jr: Barnard?

Barnard: I have nothing.

Morris: Nothing.

Sullivan: I did not see the statement Mr. Doughton made, but Chick tells me he made a statement that he was ready to sit down with the Treasury any time and discuss a new revenue bill.

H.M. Jr: I think in place of going to Arizona, this is as good a way to have a good time.

Sullivan: You will get more exercise this way.

I think you had intended that Carl Shoup was to actually carry the ball on the continuing gap stuff, and Roy had a letter from him Saturday, I think, that indicated that he did not think he would be able to do that.

H.M.Jr: Maybe you turned around at night too?

Sullivan: Well, Roy and I will talk it over and Mr. Blough will have some conversation with him and the three of us will talk it over and give you a letter to sign. That is all.

H.M.Jr: All of you who weren't here last night missed something. You should have seen Foley's sweater. The moment it walked in, things began to lighten up. You don't use any headlights at night, do you?

Sullivan: All ready for the blackout!

Foley: It is a warm sweater.

The State Department sent a comprehensive cable to all its missions in South America about the steps we have taken and about getting in touch with the local governments down there. Do you want me to read it to the group?

H.M.Jr: Please.

Foley: It is interesting, but a little long.

H.M.Jr: Who drafted that?

Foley: Well, all the steps except the last one in regard to export control are those we took last night; and while they did not show us this before they sent it out, it is merely a compilation of the information and the steps

- 10 -

contained in the documents we sent out last night, copies of which I sent to Dean Acheson this morning. Donny Hiss brought this over to the Foreign Funds meeting at a quarter of three. Dean wasn't able to come. They are contemplating a meeting - I think this is very confidential - of all the Latin and South American representatives here this week to get parallel controls from those local governments and also declarations of war from each one, and Donny said he thought they had a declaration of war from every one, with the possible exception of Argentina, which may be our Ireland.

- H.M.Jr: Not being Irish, I can't appreciate that.
- White: There is another bit to that story. There was one paragraph drafted by the State Department and then Bernie and his boys, in looking it over, expanded it to its present form and then it went to the State Department and they followed it.
- H.M.Jr: Two things I would like to suggest being done. I think Canada ought to get one --
- White: They turned that down. If you want to re-open that, re-examine it --
- H.M.Jr: ...for their information. I would simply send one to Canada and one to England for their information.
- Foley: All diplomatic consular establishments in the American republics got it.
- H.M.Jr: That does not include Canada.
- White: That definitely excludes it.
- Foley: I will ask them to send copies - excuse me - I mean Harry will.

H.M. Jr: Anyway, Harry, I think it certainly should go to Casaday for his information at once, and I strongly urge it go to Canada.

White: Except it is a State Department document.

H.M. Jr: Well, call up Dean Acheson and tell him that is what I said; and at the capital I brought it up with Hull and told him I hoped he would let Dean Acheson handle everything viz-a-viz the Treasury and he said he did not see why not, and would take it up; and until I hear from him I think you should call him up and say I think it should go to Canada and Chungking, Chungking definitely.

Morris: What about Australia and Africa, just as a matter of courtesy?

H.M. Jr: Let's say the British Empire and Chungking, the United Kingdom and Chungking.

Morris: That is what I was thinking of, the whole British Empire.

(The Secretary had a telephone conversation with General Watson.)

H.M. Jr: I tried to get a tank at each end of the street and move over into the White House grounds gradually, because I was unable to get the President to let us put troops in. I got modern machine guns, ostensibly to guard the Treasury and State Department, and then we will gradually move in, but that is the first step.

You don't have to use much imagination. The President's bodyguard reminded me what they did to Dollfuss in 1934, just sent thirty or forty Germans across the border and he was a marked man. They went over the border and nobody got them.

Foley:

We got wonderful assistance from the Federal Reserve Banks, putting people in these various places. One of the things I want to mention, in my talk with Biddle last night, he said, "Ed, I am sitting here with John Shea discussing some sort of a court order we could get to go into Japanese establishments to keep them from taking their papers out and burning them."

I said, "We don't need any court order. We have people in every Japanese enterprise." He said, "You have?" I said, "We have a fellow in every Japanese institution and every Japanese enterprise in the United States." He was quite surprised. Shea ran out to call me up to see what we had done. I said we had covered everything except the consular offices and he said he thought they would try to do something about the consular offices.

H.M.Jr:

In a day or two I think you (Bell) might prepare some letters for me thanking the Federal Reserve Bank.

Foley:

Frank Wright in San Francisco was particularly helpful. He said, "What are you going to do if you encounter opposition?" I said, "Our people have been instructed to get help from all Federal agencies, and if they don't get it, they go to the local police and they will give it."

COPY

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December 8, 1941

CIRCULAR

TO ALL DIPLOMATIC AND CONSULAR ESTABLISHMENTS IN THE AMERICAN  
REPUBLICS.

TRIPLE PRIORITY.

Department's circular telegram to All Missions in the American  
Republics, December 7, 1941, 7 p.m.

Reference is made to circular telegram of December 7, 7 p.m., in  
which you were requested to get in touch immediately with the appro-  
priate authorities of the government to which you are accredited in  
connection with Japanese economic activities in the Western Hemisphere.  
You are requested immediately to call the attention of the appropriate  
authorities in the government to which you are accredited to the  
measures which have been taken by this Government affecting Japanese  
economic activities in this country. These measures prohibit all  
financial, business and trade transactions in which Japan or her  
nationals have any interest.

In conformity with inter-American declarations of solidarity in  
the event that the peace, security, or territorial integrity of any  
American Republic is threatened, particularly of Resolution XV adopted  
by the Second Meeting of Ministers of Foreign Affairs of the American  
Republics, you are requested to state that it is presumed that the  
Government to which you are accredited will be disposed to adopt im-  
mediately, necessary financial and economic measures to curb Japanese  
economic activities in the Western Hemisphere.

You should point out that because financial transactions such as the withdrawal of funds from banks, et cetera, can be effectuated at a moment's notice, it is absolutely essential that the steps taken in this direction be taken without delay.

For your information and for the guidance of the appropriate local authorities there follows a more detailed statement of the measures taken by this Government affecting Japanese economic activities in this country.

(1) All licenses issued under the United States Freezing Control relating to transactions by or on behalf or for the benefit of Japan or any national thereof have been revoked. The effect of this action is to place an immediate and complete stoppage upon all financial and business dealings, as well as trade transactions, in which Japan or her nationals have any interest. Among other things, except as may be authorized in appropriate cases in the future:

(a) No withdrawals whatsoever are allowed from any account in any banking institution if Japan or any national of Japan has any interest in such account.

(b) No withdrawals whatsoever are allowed from any safe deposit box by Japan or any national of Japan, and access is not allowed to any safe deposit box in the contents of which Japan or any national thereof has any interest.

(c) No remittances in any amounts whatsoever may be made to Japan or any national of Japan, wheresoever located.

(d) No trade transaction with any part of the world in which Japan or any national of Japan has any interest may be effected.

(e) No Japanese national may engage in any business activities in the United States.

(2) Government representatives have been placed in all Japanese banking and business enterprises and they have been instructed for the time being to prevent any access by any person to the premises of such enterprises and to prevent any person from having access to or altering, destroying, or removing any books, files, records or other property of such enterprises.

(3) Under Export Control Act, all outstanding export licenses for all commodities destined to Japan its possessions, Manchukuo, occupied China, French Indo China and Thailand have been revoked. All export licenses for all goods for all destinations to consignees of Japanese nationality have been revoked and goods already at sea in that category are to be put in the custody of United States missions at destinations.

Although it must be left to the discretion of each chief of the mission for the presentation of the Department's views, it is hoped the controls of the type outlined will be readily adopted by all the governments. The defense of the United States and of each of the other American Republics it is felt will be in danger if the adoption of these measures fail or is delayed.

December 8, 1941  
3:55 p.m.

Operator: - Do you want General Watson?  
HMJr: Yes, I do.  
Operator: All right. He's right here.  
HMJr: Hello.  
General Watson: Hello.  
HMJr: Henry talking.  
W: Yes, Grandpa, I got to him finally.  
HMJr: Yeah.  
W: And he said to tell you that he is opposed to the tanks - doesn't want any tanks under any circumstances. But he says you can put machine guns.  
HMJr: Well, now, who'll man those?  
W: Well, the Army can. You'd better let me ask them about it.  
HMJr: At each end of Executive Avenue?  
W: Yeah. He said he doesn't mind that. In fact, that's more effective than the other.  
HMJr: I think that would be fine. How fast do you fellows work in the Army?  
W: Well, maybe we can get some of those new ones.  
HMJr: I mean, do you think you can have them in there by tonight?  
W: Where would they want them? I told him frankly I thought it was a method to protect him rather than the other.  
HMJr: Yeah. Well, of course, the place - but he

won't let us put them on the.....

W:

No.

HMJr:

.....White House grounds.

W:

No, no.

HMJr:

Well, we'll move over there grad - I'd just have them at each end of both Executive Avenues.

W:

There'd be four, then, the two ends.

HMJr:

Yes, but why not have two at each end, making it eight?

W:

Well, let's don't overdo it.

HMJr:

What?

W:

Let's don't overdo it. We can get four big ones.

HMJr:

Four what? What do you call big ones?

W:

Well, they've got some new ones, you know.

HMJr:

Fifty calibre?

W:

Yeah.

HMJr:

What?

W:

Yeah. I don't know whether they've got any of those or not. I'll have to speak to General Marshall.

HMJr:

Will you, and then twenty-four hour duty.

W:

Yeah.

HMJr:

All right. Well, that's a start.

W:

All right. Now, he might have a squad at each end.

HMJr: Yeah.

W: All right.

HMJr: Shall I leave it with you?

W: Well, it's going to be awful conspicuous out there, isn't it?

HMJr: Well, I think it should be.

W: Uh huh. All right.

HMJr: No, I needn't tell you, Pa, we're dealing with fellows that have got diabolical.....

W: Yeah, I know.

HMJr: .....imagination.

W: Yeah. Well, the point is, we better put them - who would be the man for them to consult with?

HMJr: Chief Wilson.

W: All right. Suppose I tell him that.

HMJr: Yeah.

W: Who's going to be in charge here?

HMJr: I just sent a recommendation over to the President - Reilly.

W: Mike?

HMJr: Yeah. Is that all right with you?

W: Yeah, it's all right with me. I like old Starling, you know, as a matter of fact.

HMJr: Yeah, but he didn't carry out my orders.

W: Yeah, well all right. But you're the boss.

HMJr: He didn't carry out my orders.

W: Yeah, all right. You know, I never interfere with anybody's business.

HMJr:

Yeah. Well, in these times, you've got to carry out your orders.

W:

That's right. All right.

HMJr:

Yeah.

W:

But I'll get the Army now and have them get in touch with Wilson.

HMJr:

Right.

W:

All right.

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM Treasury Department

BUREAU Expenses of Loans

CHG. APPROPRIATION Defense Savings Staff

U. S. GOVERNMENT PRINTING OFFICE 10-1723

Please send the following  
NIGHT LETTER to the names  
on the attached list:

Washington, D. C., December 8, 1941

The Declaration of War places a new and increased responsibility on Defense Savings Committees.

You should at once advise all local committees to redouble their activities and conduct a sales campaign which by its response will demonstrate to our enemies that America to a man is behind our greatest national test.

It is suggested that payroll allotment participation be increased, that each locality push the bank draft plans, stamp banks, school programs, and other plans to secure increased consistent purchasing.

Also local committees should form groups to solicit limit purchasing of all series of bonds for 1941. Increased cooperation in merchandising of all financial groups should be asked.

Our committees have performed a splendid task in organization and promotion work to date. Now that war is on us, let every man, woman, and child be given the opportunity and urged to purchase bonds on a regular plan. I know you and your committees will perform great service.

HENRY MORGENTHAU, JR.,  
Secretary of the Treasury.

sent to all State Chairmen and State Administrators.

TREASURY DEPARTMENT

129

INTER OFFICE COMMUNICATION

DATE December 8, 1941.

TO Secretary Morgenthau

FROM E. H. Foley, Jr.

By 4:45 p.m., December 8, telegrams had been received from eight Federal Reserve Banks. They indicated that approximately 228 Japanese concerns had been placed in the custody of Treasury representatives and that 331 Treasury representatives, local police, etc. were engaged in supervisory work.

	<u>Concerns Supervised</u>	<u>Personnel Used</u>
Dallas	9	16
Richmond	0	0
Philadelphia	Several	Several
Kansas City	Kansas City 1	1
	Omaha 1	1
Chicago	6	16
San Francisco	San Francisco 49	67
	Seattle 38	52
	Los Angeles 41	35
	Portland 2	2
New York	76	140
Minneapolis	4	4
	<u>228</u>	<u>331</u>

8-14. 7h.

## TREASURY DEPARTMENT

134

## INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE December 8, 1941

TO Secretary Morgenthau  
FROM Mr. Haas  
Subject: The Business Situation,  
Week ending December 6, 1941.

Summary

(1) The existence of a state of war with Japan will likely lead to a renewed buying movement in the commodity markets and in the markets for various consumer goods. Developments last week, in fact, had indicated that a renewed price rise was getting under way, strongly influenced by the growing realization that no effective price control legislation was in prospect in the near future. The effect of the war on commodity prices will be tempered, of course, by whatever emergency action is taken to control price advances, and by the tenor of news from the war fronts.

(2) Basic commodity prices rose last week, with the BLS index of 16 industrial materials reaching a new high for the war period. The all-commodity index in the last week in November rose very slightly to equal the 11-year peak reached earlier in the month.

(3) Evidence of renewed buying in the retail markets is seen in an upturn in the department store sales index for November (seasonally-adjusted) to 115, as compared with 105 in October.

(4) The increased buying reflects a rising trend in consumer incomes. Thus factory payrolls in October again rose to a new record level. However, factory employment declined a trifle, largely as a result of a sharp seasonal decline in the canning and preserving industries, although employment dislocations due to materials shortages was a contributing factor.

(5) Weekly business indexes in the last week of November rose sharply, due chiefly to a substantial gain in freight carloadings. The New York Times index of business activity rose 3.6 points to 133.4, while Barron's index advanced 3.8 points to 141.7.

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To MR. COCHRAN

Date 12/8/41 Time 3:00

Mr. LIVESEY

of \_\_\_\_\_

Phone \_\_\_\_\_

Telephoned  Please call him

Called to see you  Will call again

Wants to see you  Rush

Message

American Consul General at Shanghai was closed  
at 1:00 P.M. today and sealed by Japanese  
authorities. Employees not arrested.

ka

(COPY:FD)

KD

PLAIN

166

Shanghai

Dated December 8, 1941

Rec'd. 11:44 a.m.

Secretary of State,  
Washington.

December eighth.

I have received a formal communication dated today from the Japanese Consul General reading as follows:

"I have the honor to inform you that I have been instructed by His Imperial Japanese Majesty's Government to request you that the functions of the American Consulate General at Shanghai will be henceforth suspended and that the office of the American Consulate General be closed as from today. All the officers of the American Consulate General will be treated in accordance with international law and on the principle of reciprocity". Consulate General was closed up at one p. m. and sealed by the Japanese authorities. Chilean colleague willing to look after American interests but desires formal authorization all officers. Judge of the United States Court for China and the District Attorney required to live in Metrople Hotel.

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-2- December eighth, from Shanghai.

Metrople Hotel. The Japanese Consulate General states this is a temporary measure for protection of officers. Other members of staff permitted to continue to reside at their homes. Mr. Lockhart safe and well and will remain in hospital. Other members of staff safe and well.

STANTON.

HPD

TREASURY DEPARTMENT

192

INTER OFFICE COMMUNICATION

DATE December 8, 1941

TO Secretary Morgenthau  
 FROM Mr. Kamarck  
 Subject: Japanese Military Forces

Our Military Intelligence is of the opinion that the major objective of the Japanese in the attacks upon the United States, Malaya, and the Australian islands is to aid Germany. The Japanese have decided that their fate is bound up with a German victory and that they must do everything in their power to help. Unquestionably, the Germans wanted Japan to attack Siberia. However, the Japanese must have concluded that such an attack at the present time would be too dangerous for them, in view of the large Soviet Far Eastern forces with their previous record of beating off the Japanese border violations.

The Japanese, it is believed, hope that they can withstand the United States until Germany is victorious. The Japanese raids had for their purpose to cripple our fleet, if possible. In any case, the raids were to persuade us to divert our naval forces from the Atlantic, to keep more of our arms production in the United States, and to interfere with our aid to the Allies.

Our Military Intelligence estimates that the British are in strong enough force around Singapore to be able to withstand the Japanese.

Japanese Navy

According to the latest tabulation (October 10, 1941) of the U.S. Navy Department, the comparative total strength of the Japanese and American Navies, on the outbreak of the war, was as follows:

	<u>Japan</u>	<u>U. S.</u>
Battleships	10	17
Aircraft carriers	8	6
Cruisers	46	37
Destroyers	125	171
Submarines	71	112

Japanese Army

According to the latest information, the Japanese Army on the eve of the attack was disposed approximately as follows:

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North against Russia

Manchuria	26 divisions, 7 tank regiments
Sakhalin	2 divisions
Korea	<u>1 division</u>
Total	29 divisions, 7 tank regiments

(750,000 men, 1,400 tanks)

Center against China

North China	9 divisions, 12 mixed brigades, 2 tank regiments
Central China	6 divisions, 7 mixed brigades, 1 tank regiment
Swatow	<u>1 mixed brigade</u>
Total	15 divisions, 20 mixed brigades, 3 tank regiments

(650,000 men, 600 tanks)

South against Malaya and Singapore

Indo-China	4 divisions, 1 tank regiment
Reserves, Canton	3 divisions, 1 tank regiment
Reserves, Hainan	<u>1 division</u>
Total	8 divisions, 2 tank regiments

(200,000 men, 400 tanks)

General Reserve

Japan	7 divisions, 1 tank regiment
Formosa	<u>3 divisions</u>
Total	10 divisions, 1 tank regiment

(250,000 men, 200 tanks)

<u>Grand Total, All Forces</u>	62 divisions, 20 mixed brigades, 13 tank regiments
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(1,850,000 men, around 2,600 tanks)

(Source: British Military Intelligence, U.K. Embassy Report)

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(According to these figures, Russia and China together are directly immobilizing 75 percent of the Japanese Army. The Japanese force immediately available for striking south amounts to only a little more than 10 percent of the whole army. If the whole General Reserve is also committed to the southward move, the total force will amount to 450,000 men, with 600 tanks, or about 25 percent of the total army.)

Japanese Air Force

The Japanese air forces constitute integral parts of the army and navy. There is little reliable information on Japanese air power. Our Military Intelligence sums up its conclusions on the Japanese air forces as being "small and very poor". According to the best available estimates, Japan has a first-line air strength of 1,800 planes, while its total air strength is around 3,700 planes.

The composition of the Air Force is believed to be as follows:

<u>Army Air Force</u>	<u>Planes</u>	
35 Fighter squadrons	350	
15 Bomber squadrons	150	
36 Observation squadrons	<u>300</u>	
Total First-Line Planes		800
Second-line planes		<u>900</u>
Total Army Air Force		1,700
 <u>Naval Air Force</u>		
Flying boats	600	
Carrier-based planes	<u>400</u>	
Total First-Line planes		1,000
Second-Line planes		<u>1,000</u>
Total Naval Air Force		<u>2,000</u>
Grand Total		3,700

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The British estimated that the Japanese had 250 army airplanes in Indo-China on December 2. These consisted of 88 fighters (at least one squadron and probably two of the latest type, or 10-20 planes), 83 heavy bombers, 70 light bombers, and 9 reconnaissance planes.

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SITUATION REPORTI. Far Eastern Theater.

On the morning of December 7, Japanese bombers attacked the island of Oahu, centering their efforts on Pearl Harbor, and Hickam, Wheeler and Ewa Fields. Damage was extensive. Guam was also attacked, and Wake Island was captured by the Japanese. On the 8th in the Philippines, Davao was attacked by air; also Camp John Hay and Camp Ord. Midway was bombed, and Guam was again attacked.

Meanwhile the Japanese bombed Singapore, and attempted landings on the Malayan coast in the vicinity of Kota Bharu. Hongkong was also bombed.

The Japanese have started an invasion of Thailand, and indications are that the Thais will capitulate.

II. Eastern Theater.

Ground: The German drives to the east, north and south of Moscow are still under way. The drive east of Dmitrov is believed to be stopped. East of Tula, the Germans are still making progress in the direction of the Ryazsk - Moscow railway.

Strong Russian pressure continues against the Muis river line north of Taganrog.

III. Western Theater.

Air: The R.A.F. made a heavy raid last night on the railway town of Aachen in western Germany, and the occupied ports of Ostend, Calais, Boulogne, Dunkirk and Brest.

IV. Middle Eastern Theater.

Ground: Lybia. There has been considerable action in the area between El Adem and Bir el Gobi. British mobile columns are engaged in mopping up and harassing operations between Tobruk and the frontier.

Air: The fierce battle raging south of Tobruk was preceded by heavy R.A.F. activity against Axis ground forces.

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