PSF Treasury Dept. 1940

PSF
Treas.

CK

PLAIN

London

Dated January 13, 1940

Rec'd 12:17 p.m.

Secretary of State

Washington

115, January 13, 4 p.m.

Board of Trade announces effective January 12 it is prepared to issue import licenses for limited quantities of hops, hop oil and extracts and similar preparations made from hops. Imports of these products have been prohibited since September 5.

JOHNSON

RR

PSF Treasury 3/4/40

My dear Mr President:

Purely on a fiscal basis Mr. Eccles would favor doing a refunding for both notes and bonds. However, with use of part of stabilization fund in mind Eccles prefers only refunding the bond issue equal to $353.

As your Sec. of Treas I am recommending that we go ahead with the refunding of the $738. notes. I can not take the responsibility of having such a large

about of government securities
hanging over the Treas.
at this time.
I would appreciate
your OK. on this
program before
four o'clock, at which
time I have a press
conference.

Henry Morgenthau Jr.

PSF
Treas

Treasury

Memorandum for the President from Dan Bell-April 2, 1940.

Re:attached information complying with President's request of information on the effect the increase in tax returns for March would have upon the revenue estimates contained in 1941 Budget.(See two statements attached for figures) Attached is memo to Director of the Budget from the President asking him to study the figures and speak to him about them.

See:Budget folder-Drawer 2-1940

BI=
memo

Memo to Jim Rowe from the President---May 23, 1940
Asks him to get word to Capt. Collins re Navy patent clause which several people have said ought to be put into ~~new~~ any purchases of new blind landing devices for Army, Navy or C.A.A. Presodent just passing on this information.

See Administrative Asst's folder-Rowe-(May 23, 1940 memo)

San Francisco Overland Limited

BETWEEN

CHICAGO · OMAHA · SAN FRANCISCO

file confidential

Memo.

for Sec Early

6/8/40

ROAD OF *The Streamliners* AND *The Challenger*

BF 103-A

Form 1569

Treasury Department
SECRET SERVICE DIVISION
OFFICE OF CHIEF

Re: Unexplained ringing of the telephones in the President's room, Secretary Morgenthau's room, and in the office of the Usher, White House, after midnight May 23, 1940.

Report dated June 3, 1940, from Agents John J. Fitzgerald and Leonard P. Hutchinson, Washington, D. C.

Report dated May 31, 1940, from Louis A. Harris, Chief Technician, Alcohol TaxUnit.

Washington, D. C.,
June 4, 1940

Respectfully referred to Supervising Agent Starling, The White House, with instructions to hand the original reports to Secretary Early for his information.

Frank J. Wilson
Chief, Secret Service

Enclosures.

TREASURY DEPARTMENT

UNITED STATES SECRET SERVICE

BALTIMORE, MD.

OFFICE OF SUPERVISING AGENT
DISTRICT No. 5
PO Box 1622,
STATES OF MARYLAND, VIRGINIA, WEST VIRGINIA, NORTH CAROLINA, AND DISTRICT OF COLUMBIA

Washington, D. C., June 3, 1940.

Secret Service Division
Treasury Department
RECEIVED
JUN 4 1940
CHIEF'S OFFICE

Initial and Final Report

Unexplained Ringing of the President's 'Phone, Secretary Morgenthau's 'Phone and Usher's 'Phone after midnight on May 23, 1940.

Mr. Frank J. Wilson,
Chief, U. S. Secret Service,
Treasury Department,
Washington, D. C.

Sir:

This report relates to an investigation conducted by Agents Fitzgerald and Hutchinson concerning the reported ringing of Secretary Morgenthau's home 'phone connected to the White House switchboard at 2:00 A.M. on May 23, 1940; the ringing of the President's bedroom 'phone at 2:28 A.M. on the same day, as well as that of the telephone in the Usher's office at the White House at 4:30 A.M. on May 23, 1940, when the White House switchboard operator alleges he did not cause these telephones to ring. This investigation originated at your direction.

On May 23, 1940, we were furnished with a copy of the memorandum prepared by Miss Louise Hachmeister, Chief Telephone Operator, White House Executive Offices swithhboard. This memorandum is as follows:

"The White House - Washington - Memo, Miss Hachmeister: May 23, 1940

2:00 a.m. Secretary Morgenthau said his telephone rang; at 2:28 a.m., the President, from his bedroom, said his telephone had been ringing. Each time this happened Abbott and myself were in the Telegraph office. Called the wire chief, who was unable to suggest what might have caused it.
(Hurley)

4:30 a.m. Usher's office reported their 'phone rang.
(Hurley)

8:00 a.m. Gave McFadden (of telephone company) the above facts. Said he would check.
(Hurley)

------oOo-----

8:05 a.m. McFadden and Black (telephone men) at White House checking. at 8:30 am Mr. Thomas (chief electrician at White House) joined them to go over wires at house.

9:10 a.m. I reported the incident to Miss LeHand, who talked with President, then with Mr. Early, who instructed me to give it to Col. Starling and J. Edgar Hoover. Mr. Hoover is out of town; his secretary Mr. Schildecker, took report and will give it to Mr. Hoover when he talks with him by long distance 'phone.

9:50 a.m. Col. Starling read the above report.

L. Hachmeister,
Chief Operator."

We were informed by you that Mr. Stephen A. Early, Secretary to the President, had requested an investigation be made by this Service and the Federal Bureau of Investigation, and that you advised we were to cooperate with the Federal Bureau of Investigation in every way possible.

Miss Hachmeister was interviewed and she furnished us with the original memorandum prepared by Robert E. Hurley, night telephone and telegraph operator, whose regular hours of duty at the Executive Offices swithcboard and telegraph room are from 12:00 midnight to 8:00 A.M. Miss Hachmeister's memorandum is quoted above and is an exact copy of operator Hurley's memorandum with respect to the ringing of the telephone bells. The original and copy of these memoranda are attached to this report and made a part thereof.

Miss Hachmeister and Miss Mary Lamback, day telephone operators, were questioned as to whether they ever had any difficulty in the past with this switchboard as to the ringing of telephone bells located in the various executive offices and rooms of the White House when they had no connection made to such telephones or had rang no such bells. Miss Hachmeister checked her records and advised that they show that on April 20, 1940, at 1:15 A.M. continuous ringing was reported on extension 172, White House, which is the telephone of the Hon. Paul E. McNutt, Administrator, Federal Security Agency, and which telephone is located in the

at about hour intervals after midnight.

42.

Miss Hachmeister also said that on December 8, 1939, at 12:50 A.M. continuous ringing was reported on Extension 163 on the White House switchboard, which is the telephone of Hon. Harry H. Woodring, Secretary of War, located in the Shoreham Hotel.

It was also learned from Miss Hachmeister and Miss Lamback that from time to time the President and others have picked up the telephones in their offices and inquired if the operator had rang them, when the operator had made no such connections to their telephones and had not rang them.

Both of these operators were questioned as to whether any person had obtained from them the key to the frame (terminal)room during the time they were on duty on May 22, 1940, and they replied that they had not given this key to anyone. Another day telephone operator, Miss Grace Earle, was not present at the time of this interview, therefore Miss Hachmeister telephoned to her and inquired if anyone had obtained this key from her on May 22, 1940, and she replied that they had not.

The frame (terminal)room is the next room adjacent to the telephone and telegraph room where the wires from the switchboard are supported on frames, each pair of wires being numbered. From this point, these wires are encased in lead conduits which go into the ground and under the ground to their various destinations.

The frame room is the most vulnerable point in the White House telephone circuit for effective tampering with a view to the interception of conversation.

Miss Hachmeister further said that to her knowledge the only persons who had obtained the key to the frame room since May 22, 1940, were Mr. Charles N. Black and Mr. Willett E. McFadden of the Chesapeake & Potomac Telephone Co., repairmen for State, Treasury and White House buildings, who called on the morning of May 23, 1940, at about 8:00 A.M. in response to the complaint reported by operator Hurley. These men conducted an investigation of the circuit but could find no reason for the reported ringing.

At 11:30 P.M. on May 23, 1940, we met Special Agents Robert E. Newby and C. F. Lanman of the Federal Bureau of Investigation at the White House Executive Offices, and with them questioned White House Officer J. L. Neese. Neese stated that he was on duty at the Usher's office of the White House between the hours of 4:00 and 5:00 A.M. He said that at about 4:30 A.M. in the lobby outside of the Usher's office he thought that he heard the telephone in the Usher's office ring, and that he entered this office where he asked Secret Service Agent Vernon D. Spicer if he had heard the telephone ring. He said that Agent Spicer replied that he had not heard the telephone ringing and that he (Neese) picked up the telephone to the switchboard and asked the operator (Hurley) if he had called. He said that the operator replied that he had not called but told him that several other persons had called him regarding their telephones ringing and that something must be wrong with the 'phone system.

White House Officer Arthur R. Coleman, who was also on duty at the White House at this time, was then jointly questioned and he stated that about 4:30 A.M. he had occasion to enter the Usher's office where he observed and heard Officer Neese engaged in a telephone conversation. He said that the trend of remarks indicated that Officer Neese was speaking to the telephone operator and that Neese believed that the telephone rang. Coleman was questioned as to whether or not he had heard any telephone ring before he entered the Usher's office and he said that he had not.

Agent Spicer, who was on duty in the Usher's office at 4:30 A.M., was questioned as to whether he had heard the 'phone ring and he said that he had not.

Agent Charles Fredericks, who stated that he was on duty at the post near the elevator at 4:30 A.M., which post is within three yards of the Usher's office, was questioned as to whether or not he had heard a 'phone ring at approximately that time, and he said that he had not. He was questioned as to whether he would have heard the bell ring if it had, and he said that he would have heard it. Agent Fredericks stated that at 2:28 A.M. on May 23, 1940, he was on duty on the floor of the President's bedroom, the post of duty being situated between the President's bedroom and the study, and he stated that he had not heard the telephone ring in the President's bedroom at that time. Fredericks was asked if he had ever heard the telephone bell ring in the President's bedroom after the "good-night" signal, and if he believed that it was possible to hear this bell with the bedroom door closed. He stated that the only time that he had heard the telephone ring in the President's bedroom, with the door closed, was on the occasion of war being declared, and someone had called the President after he had retired.

Operator Hurley was then jointly questioned and he reiterated the information set forth in his memorandum to Miss Hackmeister, as previously related herein. He was questioned as to the possibility of his having accidentally plugged a cable cord into Secretary Morgenthau's and the President's switchboard receptacles, known as jacks. He said that in the case of the President's telephone it would have been next to impossible to have made this mistake, as the night operators safeguard themselves against this possible error by putting plugs into the President's and Mrs. Roosevelt's 'phone jacks or receptacles, after they are informed that the President has retired.

Hurley was questioned as to whether or not he had any cable cords connected in the board at the time that Secretary Morgenthau said his telephone bell rang at 2:00 A.M. and at the time that the President said his telephone bell rang at 2:28 A.M. Hurley said that he had a connection up on each occasion, one being from the White House Garage to a dial trunk line running outside, and the other from the White House Police switchboard to a dial trunk line running outside, but he was unable to state which connection was up at 2:00 A.M. and which one was up at 2:28 A.M.

It is interesting to note at this point that the Police switchboard is connected to the White House switchboard by two lines, one marked "Guard 1" and the other marked "Guard 2." The position marked "Guard 2" on the White House switchboard is directly above the position for the President's bedroom, and the position marked "Guard 1" is the first position to the left above the position for the President's bedroom. Further, the position for Secretary Morgenthau's telephone is one position above and one position to the right from the Garage position. The close relationship of these positions was the reason for questioning operator Hurley as to the possibility of error which he maintains did not occur, as the President's 'phone was plugged and he could not make a connection without first removing the plug. However, this condition does not prevail in the case of Secretary Morgenthau's 'phone, as his 'phone jack is not plugged at night.

Walter J. Abbott, telephone and telegraph operator, White House Executive Offices, was not questioned at this time as it was his night off, but he was later questioned in the presence of the Federal Bureau of Investigation special agents alone, and later in the presence of operator Hurley. Both Abbott and Hurley stated that at the time of Secretary Morgenthau's call and at the time of the President's call they were both seated in the telegraph room, which is the same room as that containing the switchboard but partitioned off with double doors opening into the telegraph room, and which doors are left open at night in order that the operators may see the switchboard.

In view of the possibility that either or both of the calls were connected on the switchboard at 2:00 A.M. and 2:28 A.M. may have crossed with Secretary Morgenthau's telephone and the President's telephone, an investigation was made to determine if the persons talking at these times experienced any difficulty.

It was determined that White House Officer Ira Law was attending the White House Police switchboard in the basement, and that he made a call at approximately 2:00 A.M. on May 23, 1940. He stated that he experienced no delay in the connection of this call, nor any difficulty whatsoever.

Investigation was made at the White House Garage where it was determined that the night men on duty just before midnight of May 22, 1940, and on the morning of May 23, 1940, were Milton Russell, guard, Jack White, night chauffeur, Thomas Barker and Paul McEwen, colored car washers, and a colored fireman who has no knowledge of the use of a dial telephone. All others were questioned and stated that they did not use the telephone during the hours from 9:30 P.M., May 22, 1940, to 7:30 A.M. on May 23, 1940. Guard Russell is stationed in the office where the telephones are located, and he states positively that no telephone calls were made during the period from midnight, when he reports for duty, to 7:30 A.M. on May 23, 1940. The chauffeurs' records, showing time of arrival and departure with automobiles, were checked and the last chauffeur reported in at 9:20 P.M. on May 22, 1940.

White House Officer Walter Grimes, who was on duty at the basement entrance of the White House Executive Offices at 10:00 P.M., May 22, 1940, and who saw operator Walter J. Abbott enter the White House for duty that night, was questioned as to Abbott's condition as to sobriety at that time. He stated that he saw Mr. Abbott come in and had occasion to bid the time of day with him. He stated that Abbott appeared to be perfectly sober and, further, that he had never seen him otherwise. He said that while he was on the Metropolitan Police force he patroled a post of duty within which Abbott lived, and that he had occasion to see him many times during the day and night as he has known him for 17 years. He said that he had never seen Abbott under the influence of liquor, and that he believes him to be a temperate man. Officer Grimes stated that on May 22, 1940, Abbott entered the Executive Offices alone

and that no visitor called at his post to see Abbott up until 11:25 P.M. at which time he (Grimes) was relieved.

White House Officer Ira Law, who was on duty at the basement entrance to the Executive Offices on the night of May 22, 1940, and the morning of May 23, 1940, between the hours of 11:25 P.M. and 7:25 A.M., was interviewed. He stated that it is his custom to keep the entrance door to the basement of the White House Executive Offices unlocked until all of the cleaners have entered, and that shortly before midnight all of the cleaners had entered and he locked the door. He stated that about 12:00 o'clock midnight someone knocked at the door and he unlocked the door, allowing Hurley to enter after which he relocked the door. He stated that operator Hurley appeared to be absolutely sober and that he had never seen him appear otherwise. He also stated that Hurley entered alone and that thereafter that night no visitors called to see him. He stated that unauthorized persons could not gain access to the White House telephone frame room through his post during the period in question.

White House Officer Frank K. McLaughlin, who was on duty at the White House Executive Office entrance to the floor on which the President's office is located, between the hours of 11:25 P.M., May 22, 1940, and 7:25 A.M., on May 23, 1940, was questioned as to what the practice was on that door. He stated that after he came on duty it is his practice to lock the door and to immediately relock it if any authorized person was admitted. He stated that on the night in question no unauthorized person entered this door during the hours which he was on duty, and that no visitors were admitted to see operators Hurley and Abbott.

Operator Russell A. McMullen, also a telephone and telegraph operator on the switchboard in the White House Executive Offices, who reports for duty at 3:30 P.M. and works until midnight, thus on May 22, 1940, having worked two hours with operator Abbott, was questioned as to whether or not he had furnished the frame room key to anyone on the date in question and he said that he had not. Both operators Abbott and Hurley were similarly questioned and they both also denyhaving furnished this key to anyone during the stated period, or having had any authorized or unauthorized visitors that night in the telephone and telegraph office.

Operators Hurley and Abbott, and John L. Cook, another telephone and telegraph operator at the White House Executive Offices, were questioned as to whether or not they had ever had a similar experience in connection with the reported ringing of telephone bells when no connection had been made, and they all stated that they have had from time to time different

Secretaries, whose telephones are connected to the White House switchboard, pick up their telephones after midnight and ask if the operators had been ringing them, when, in fact, they had made no such connection. They stated that this had happened with Secretaries of the Cabinet as well as the President's Secretaries, Stephen A. Early and Marvin H. McIntyre.

Intensive and exhaustive examination was made by Mr. Rodger Gallagher, Superintendent of Maintenance, Edward B. Lightfoot, Foreman, Coleman E. Hannon, Installation Foreman, Charles E. Black and Willett E. McFadden, Repairmen, all of the Chesapeake & Potomac Telephone Co., of the White House switchboard to determine if any shortage existed which would cause the President's bedroom telephone bell or Secretary Morgenthau's telephone bell to ring or tingle. Efforts were also made to ring the President's telephone bell by reproducing the connections described by operator Hurley as being on the board at the time the President said his telephone bell rang. No mechanical or electrical defects could be detected in the switchboard, and we were unable to produce even a tingle on the President's 'phone except by deliberately ringing it. However, Coleman E. Hannon stated that since the present White House switchboard was installed (in 1935) there has been a tingle-back after connections have been made and then disconnected, which he considers due to condenser build-up and discharge. Hannon further said that he believed it was impossible for this condition to cause any telephone bell to ring unless an actual connection had been made. However, as above related, it will be recalled that the operators denied that any such connection had been made to the President's or Secretary Morgenthau's telephones.

The President's telephone bell was examined to determine if the bell hammer was loose which, if in that condition, could cause the bell to tingle by condenser discharge, but it was found to be tight. The only way in which this bell could be made to ring was by direct connection.

Louis A. Harris, Chief Technician, and Roy E. Kelly, Special Investigator, both telephone technicians, Alcohol Tax Unit, Bureau of Internal Revenue, who, on your instructions caused a number of improved changes to be made as the result of their inspections of Secretary Morgenthau's telephone line from the White House swithcboard to his home, were consulted. In these changes, several multiples previously on the Secretary's line were eliminated so that it is now in a state of being a single pair of wires from the White House switchboard to the main office of the Chesapeake & Potomac Telephone Co., thence to the North exchange of this company, where it simply rests upon a frame and from where it leads to the Secretary's home. This wire has no reappearances and is underground until it reaches a pole a short distance from his home, and

then, encased in lead, goes underground to a junction box in the Secretary's home. Mr. Harris and Mr. Kelly, on your orders, have for sometime past at regular periods, been checking the wires that run from the White House switchboard into the frame room of the White House Executive Offices and Secretary Morganthau's wire for the possibility of any tampering and previous to their assignment with us they had found no evidence of any such tampering.

All of the operations above enumerated were duplicated by Special Agent John M. Jones, telephone technician, Federal Bureau of Investigation, who was summoned by the Federal Bureau of Investigation from New York for the purpose of making these tests.

A most detailed examination was conducted by Chief Technician Harris and Special Agent Jones in the presence of Special Agents C. F. Lanman and Robert E. Newby of the Federal Bureau of Investigation and the undersigned agents. This investigation consisted of examination of the White House switchboard in every conceivable manner, examination of the White House frame room, and examination of the conduits carrying the President's telephone wire from the White House Executive Offices to the White House proper. We deem it unwise in the best interests in the protection of the President to mention pair numbers, cable numbers or to mention where they appear in this report. It is sufficient to say that the wires to the President's bedroom from the White House Executive Offices to the White House proper are underground and do not pass out of the White House grounds. Where these wires do appear underground in lead conduits, they are in manholes which are under the supervision of White House Officers who change their post hourly making unobserved access to them impractical if not impossible. It would take an expert equipped with the knowledge of the White House circuit many hours to find the particular pair of wires that he was looking for in any of these manholes. It would be impossible for him to do this without making his presence known by disrupting the telephone service or making many inquiries on the wires he tested in his search for the pair he wanted.

There are only two vulnerable places in this circuit; one, the frame room of the White House Executive Offices, and, two, a terminal box on the third floor of the Executive Mansion. The key to the frame room heretofore has been under the control of the White House telephone swithhboard operators. In accord with your orders to further safeguard this room, Col. E. W. Starling has had the lock on the terminal room changed and the key is in the custody of the White House Police. Instructions are that anyone obtaining this key must register, stating the time the key was acquired and, further, he must be accompanied by a White House Officer who remains with him until the key is returned, and the time that the key is returned is recorded.

Extra precaution is now being taken to protect the second vulnerable place, the terminal box on the third floor of the Executive Mansion, and Col. Starling is now arranging to provide means whereby this terminal box may be kept locked and the key placed under proper supervision.

Irrespective of previous examinations of Secretary Morgenthau's telephone wire by Messrs. Harris and Kelly, a joint investigation was conducted by telephone technician Jones of the Federal Bureau of Investigation and Harris of the Treasury Department, under the supervision of Special Agents of the Federal Bureau of Investigation, Newby and Lanman, and the undersigned agents. This investigation and examination consisted of, in addition to the White House switchboard and frame room examination, an examination of Secretary Morgenthau's pair of wires as they appear on frame racks in the main office of the Chesapeake & Potomac Telephone Co. where it receives its step-up current;every inch of several hundred feet of this wire was traced and examined inch by inch for any possible bridge (or tap) that might have been placed there by a dishonest employe of the telephone company and none was found. Mr. John White, General Manager, Chesapeake & Potomac Telephone Co., was highly co-operative and assisted us in this examination.

Arrangements were then made for the same kind of an examination to be made at the North exchange of the Chesapeake & Potomac Telephone Co., 14th and R Streets, N.W., Washington, D. C., which is the next place where Secretary Morgenthau's wires appear. Every inch of these wires appearing at the North exchange were examined and no evidence found of any bridge (or tap) having been made.

These wires were next checked at the pole near Secretary Morgenthau's home where they appear in lead conduit and iron pipe and return underground to a terminal box in Secretary Morgenthau's home. This terminal box was examined and no evidence of any tap was found. Particular examination was made for any so-called "invisible wire" tap (a pair of wires practically invisible to the naked eye that are covered with dust), and none was found.

The only places that Secretary Morgenthau's wire is vulnerable, if they can be called vulnerable, are in the terminal box located in the basement of his residence, or at the two Chesapeake and Potomac Telephone exchanges mentioned above and, of course, the White House frame room.

In order to further exhaust every possibility which might cause the President's and Secretary Morgenthau's telephones to ring or tingle, in company with the above named Federal Bureau of Investigation Special Agents efforts were made to locate any recording seismograph that would have been sensitive to local earth disturbances, but no such instrument

port was received from their magnetic observatory, located at Brandywine, Md., to the effect that there had been no such disturbance recorded there during the period stated.

A request was made to determine whether the rings on the telephones of the President's bedroom and Secretary Morgenthau's telephone were distinct rings or a bell tap. We were informed in the case of the President that the ring was short but a distinct ring, and in the case of Secretary Morgenthau that it was a tingle, possibly a bell tap. A tingle could be very easily caused by a connection being inadvertently made in Secretary Morgenthau's 'phone jack on the switchboard without the operator actually pressing the ringing key and after discovering his mistake withdrawing the cable cord. This operation being that the circuit would be completed momentarily and after being broken allow the condenser in the bell box to discharge and tingle the bell, particularly when the proper spring tension is not on the bell hammer. Messrs. Harris and Jones examined the bell box of this telephone and if it was a condenser discharge tingle that caused the bell to ring it should not be repeated.

It is the opinion of all Chesapeake & Potomac Telephone technicians that the only thing that could cause the President's bedroom telephone to ring distinctly, which he says was a distinct ring, is an accidental ringing error by the operator, or a cross of those wires with the generator. It is their further opinion that almost anything could cause Secretary Morgenthau's 'phone to ring. If it was a tingle, even the jarring of the earth by a heavy truck, or static or a heavy electrical disturbance, could be the cause.

It was learned that a 22,000 lb. truck was driven off of an 8" curb within a few blocks of Secretary Morgenthau's residence at about 2:00 A.M. on May 23, 1940.

However, in the case of the President's bedroom telephone, it being a distinct ring, there is nothing which the technicians can offer as the cause, other than as above stated. Their examination discloses no mechanical or electrical defects in the system whatsoever that would cause a distinct ring without an actual connection by the operator.

An examination was conducted to determine whether or not telephone bells ringing in police booths on the south side of the White House could

be heard in the President's bedroom, and they could not be heard. A police telephone located immediately in front of the Executive Offices, which has the loudest bell of any of those tested, could be heard as far as the White House proper. The President's bedroom was not available at the time of this test, but it is our opinion that with a west wind blowing, or on a calm night, this bell could be heard in the early morning hours in the President's bedroom and possibly be mistaken for the telephone bell in his own room.

From our investigation it is our definite opinion that no attempt was made to tamper with either the President's telephone wires or those of Secretary Morgenthau and, further, that such tampering was not the cause of the distinct ring and tingle reported.

It might be said here that anyone who wished to intercept the President's incoming or outgoing calls from the wires of the Chesapeake & Potomac Telephone Company, outside the White House grounds, would have to bridge across all of the 16 trunk lines connected from the White House switchboard to the Central Office, as it could not be known at any time on which of these trunk lines conversations might be had.

There is attached hereto a report dated May 31, 1940, addressed to you, signed Louis A. Harris, Chief Technician, Alcohol Tax Unit, regarding his inspection of the President's and Secretary Morgenthau's telephones.

Very truly yours,

John J. Fitzgerald

John J. Fitzgerald, Agent.

Leonard P. Hutchinson

Leonard P. Hutchinson, Agent.

H:F:G

TREASURY DEPARTMENT

WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

AT:E:LAH

Secret Service Division
Treasury Department
RECEIVED

JUN 4 1940

CHIEF'S OFFICE

May 31, 1940

Mr. Frank J. Wilson
Chief, U. S. Secret Service
Treasury Department
Washington, D. C.

Sir:

In accordance with your instructions, a thorough investigation was made to determine what caused White House telephone extensions Nos. 47 and 161 to ring at 2:00 and 2:28 a.m. on the morning of May 23, 1940. Every possibility which might have caused these phones to ring because of a mechanical imperfection or disarrangement of the wiring was exhausted. It is my opinion that these phones did not ring due to a mechanical imperfection or disarrangement of wiring.

Both of these telephones can be rung from the telephone switchboard by plugging in to the jacks of these telephones and applying ringing current by means of the ringing key, which is the usual procedure in connecting calls to all extensions of the switchboard. This could be done inadvertently by the operator of the board in making connections to other extensions.

The only other place where both of these telephones could be made to ring is from the terminal room (frame room) of the White House. This latter could only be done deliberately by using a piece of wire and connecting this wire to the ringing current circuit and touching the terminals of extensions Nos. 47 and 161. It would not be possible for a person to so ring these phones inadvertently while working on or tampering with the equipment.

There are several ways in which a telephone on an automatic circuit can be rung in an unusual manner. As these telephones are on a manual circuit the only way they can be rung is by a discharge of the condenser in the telephone

instrument bell box. If the spring in the telephone bell box is weak the discharge of the condenser will cause a slight "ting" of the bell, which would in no way resemble a normal ring. To cause the discharge of the bell box condenser requires some mechanical disturbance in the circuit. No possible reason for a disturbance in these telephone circuits was discovered, and no reasonable theory could be found to make either of these phones produce even a tiny "tinkle" at the time specified. Attempts were made to produce a condition that would make a condenser discharge that would cause even a tiny tinkle, but no such attempts were successful.

The theory that these telephones rang because of an attempt to install means of intercepting telephone conversations originating in the White House seems hardly plausible, for the following reasons:

Anyone with sufficient knowledge of telephone circuits to attempt to make an installation whereby conversations by the President might be intercepted would under no circumstances ring these telephones at such an hour of the day.

Both of these telephone lines were examined minutely for evidence of an attempt to install means for intercepting such conversations, and no evidence was found. If such attempt were made I believe evidence would be available.

It would be impossible for anyone without a thorough knowledge of telephone circuits to intercept, by any means, conversations originating in the White House.

In accordance with your instructions of January 5, 1939, a constant watch is being kept on these telephones, and on all White House telephones, to prevent wire tapping. At that time I supervised extensive changes in the telephone exchange feeder cables to the White House, which makes it impossible for anyone to intercept conversations carried on from any telephone in the White House without first obtaining entry to the telephone terminal room of that building. In the event that anyone, by gaining entrance to the terminal room, did tap, or attempted to tap, any of these lines, this fact would be disclosed by an inspection, which is made at least once each week, as you directed.

The only other way possible that anyone could intercept conversations from the White House is by connivance to obtain the assistance of a telephone employee in the telephone company's central exchange. Even then it would be necessary to tap all of the sixteen feeder trunks of the White House switchboard. The tapping of any one of these trunks would be of little consequence, because there is no way to determine which trunk may be used on any call from the White House. In other words, the incoming and outgoing calls may be carried over any one of the sixteen available trunks. The cable in which these trunk lines are encased runs directly from the White House terminal room to the central telephone office building, and does not now appear at any other place. It is my opinion that since the cables have been changed, and a constant watch kept on these lines, that it is not possible for anyone to establish a listening post whereby conversations of the President from the White House could be intercepted.

It is pointed out, however, that the telephone operators can listen to any conversations passing through the switchboard on which they have supervision; that telephone men can listen in on any telephone line passing through the telephone exchange; and this may be done from a number of points inside the telephone exchange. However, it is not possible for such employees to listen on any particular line without attracting the attention of their co-workers or superiors. These possibilities may be discounted by the fact that telephone employees do not have time to listen to individual conversations.

Extension No. 161 of the White House switchboard terminates in the home of the Secretary of the Treasury, Mr. Morgenthau. The cable carrying this telephone line was changed about two years ago to eliminate the possibility of anyone intercepting conversations on this line. The telephone wires of this extension run from the White House terminal room through a feeder cable directly to the central exchange, at which point the voltage of the line is boosted (as is necessary in long distance, or long line transmissions). From this point it runs through a tie cable to the North telephone exchange.

It is there cross connected to a cable in which it runs directly to the basement of Mr. Morgenthau's residence. This pair of wires does not appear at any other place. The White House terminal room, central telephone exchange building, North exchange building, and Mr. Morgenthau's basement are the only places at which this telephone line could be tapped. This line is inspected at least once each week to guard against telephone tapping.

In addition to the regular weekly inspection, Technician Roy E. Kelly and I individually inspected the lines, especially for evidence of wire tapping, subsequent to the extraordinary ringing of these phones on May 23. On Monday and Tuesday, May 27 and 28, 1940, Mr. Jones, a telephone expert of the Federal Bureau of Investigation, and I made an additional thorough inspection of every phase of mechanical telephony connected with these two lines. This included an inch by inch inspection of all wiring of these circuits. No reason for the ringing of these telephones at 2:00 and 2:38 a.m. on May 23, 1940, was discovered, and no evidence of telephone tapping, or attempted telephone tapping, was discovered.

Respectfully,

Louis A. Harris
Chief Technician

PSF Treasury

File Personal

THE SECRETARY OF THE TREASURY
WASHINGTON

July 1, 1940

MEMORANDUM FOR THE PRESIDENT

1. Dr. T. V. Soong, President of the Bank of China, was being seriously considered a few months ago as the man to replace Dr. Kung as Finance Minister of China. But I believe the Generalissimo had some doubt as to whether he would carry out his wishes as faithfully as would Kung and therefore hesitated at the last minute to make the shift despite the widespread dissatisfaction with Kung's reported financial laxity.

It is not certain whether T. V. Soong is completely in sympathy with continued resistance to Japan. In any case, Soong is hardly to be regarded with the same confidence as K. P. Chen who has just returned to China.

2. I presume Dr. Soong is going to ask for financial aid to China, probably in the form of a loan by our Stabilization Fund, for the purpose of stabilizing Chinese currency. T. V. Soong and Mr. Arthur Young (one of the financial advisors -- an American -- to the National Government) have been, for more than a year, eager to obtain such a loan. (The yuan was 16 cents in the beginning of the summer of 1939; during the next few months it dropped to 8 cents, declined gradually to 6 cents, and in May of this year dropped to 4½ cents when the support of the Anglo-Chinese Stabilization Fund was removed. Since then the yuan has strengthened and is now around 6½ cents.) The financial community in China feels that such a loan is essential to prevent collapse of the Chinese currency and with it the prestige of the Nationalist Government, and also to make possible continued resistance by the guerillas who are supported with National Government currency.

3. We in the Treasury have studied the matter very carefully and much as we wish to help China we believe that a stabilization loan to China is beyond the legitimate scope of our Stabilization Fund operations.

~~STRICTLY CONFIDENTIAL~~

(a) It is our feeling that both the benefits to the National Government from such a loan and the danger of imminent collapse of the Chinese yuan are exaggerated by proponents of a stabilization fund loan.

(b) Efforts to stabilize the yuan cannot be successful unless we are willing to lose large sums. It is impossible to stabilize the yuan without loss of large sums because the National Government of China does not have anything approaching adequate control over foreign exchange operations. It must be borne in mind that both foreign and Chinese banks in international areas, and in the areas under de facto Japanese control engage in yuan operations which are not under control of the Nationalist Government. Attempts to stabilize the yuan under such conditions serve only to finance imports non-essential to the conduct of the war, and to facilitate illegitimate flight of capital, and to provide foreign exchange for the Japanese. The risk of loss in supporting the yuan is so great, and the advantages to the National Government so small, that we would not be warranted in taking it with funds now in the Stabilization Fund. If the United States is ready to lose $25 or $100 million in the course of a year or two, the yuan exchange can be maintained at something like current levels. We feel, however, that if the United States is willing to extend that much aid, it can be extended for more effective purposes than an attempted stabilization of the currency.

We cannot, under existing law, extend more credit to China through the Export-Import Bank. In any case, extension of further loans for the purpose of enabling China to buy foreign merchandise is not warranted because China still has available more funds than she can utilize for this purpose during the next four to six months. The Universal Trading Corporation has so far placed less than $4 million of orders against the $20 million credit extended to China this Spring. In view of the difficulties placed in the path of transporting goods into areas under the control of the Chinese National Government, the importation of more than a few million a month into China is impossible. Goods are now piled up in Haiphong, Indo China, and the Japanese are preventing virtually any movement of goods from Indo-China to China. It is expected that the Japanese may confiscate goods now piled up in Haiphong awaiting shipment to China.

~~STRICTLY CONFIDENTIAL~~

The Japanese are also putting pressure on the British to close the Burma route. But even if the Burma route remains open, the Chinese cannot get more than a few million dollars worth of goods over it per month.

H. Morgenthau Jr.

~~STRICTLY CONFIDENT~~!

BF Treasury

file Treasury

THE WHITE HOUSE

WASHINGTON

July 12, 1940.

Submitting report as outlined.

Final report will be submitted to me when the case is closed.

Chief Special Agent Busby of the Pennsylvania Railroad will confer with me Monday or Tuesday.

E. W. Starling,
Supervising Agent.

REFER TO FILE No.

TREASURY DEPARTMENT

WASHINGTON, D. C.

July 12, 1940.

OFFICE OF THE CHIEF
U. S. SECRET SERVICE
The White House

Mr. E. W. Starling,
Supervising Agent,
U. S. Secret Service,
The White House,
Washington, D. C.

Sir:

The following is a report covering tampering with the rail of a north-bound Pennsylvania Railway track at a point south of Stanton, Delaware, where the Pennsylvania and Baltimore & Ohio Railroad stations are approximately one and one-half miles apart. Stanton is located about half way between Wilmington and Newark, Delaware. This report was given you verbally by Mr. E. E. Ernst, Chief of Passenger Transportation, Philadelphia, Pa., when he called on you this afternoon at your request in company with Pennsylvania's Washington General Passenger Agent Mr. C. G. Pennington:

"Last Sunday night, July 7th, you people moved south over the Baltimore & Ohio from Hyde Park. At about 6:10 AM Standard Time, Monday, July 8th, our track walker discovered that the track had been tampered with on the north-bound track south of Stanton, which is probably eight or ten miles south of Wilmington. We have three tracks in there which run north and south and the track tampered with was the north-bound track--the east rail of the north-bound track--that would be the rail to the right going north. This rail had all the outside spikes taken out its entire length, thirty-nine feet, and a considerable number taken out of the inside and one splice bar entirely removed at the north end of that rail and three bolts out of a six-bolt splice bar at the south end. We had a north-bound passenger train, No. 118, which was flagged and moved around that track. However, we know definitely that two north-bound passenger trains and one north-bound freight train had operated over that track without any derailment or trouble after this had occurred. Our local Maryland Division people, General Superintendent, as well as our police officials and the Delaware State Police were there and of course the track was not restored until they could look it over or do whatever they do in a case of that kind. As I recall, it was thrown into service again about noon on Monday. Their police investigation developed that a track wrench and a claw bar had been used, both of which were taken, apparently, from the B. & O. Railroad because both tools had the B. & O. stamp in the tool. They ran that down and found that a B. & O. tool house, where track materials are kept, had been entered some time between Saturday evening and Monday morning, so I think without a doubt they have tied up the tools to the robbery of the tool house. These

tools were found in the weeds on the east side of the track together with some of the spikes which had been removed and a couple of the tie plates and, I think, one of the splice bars which had been entirely removed. These were taken charge of by the Delaware State Police for possible fingerprints and any evidence they could get. We made no report to the newspaper people about it but there was a Wilmington morning paper, believe it is called the Wilmington Morning News, (I may be wrong about this) called up our General Superintendent in Wilmington on Monday afternoon and wanted him to verify the story that there had been an attempted train wreck but the only information he gave was that our track had been maliciously tampered with. That news story was picked up first by the Evening Bulletin in Philadelphia and, without corroboration or inquiry on our part, it was printed together with the story that the President had moved over our railroad that night. The same story was picked up the following morning by the Philadelphia Record who printed it in toto and made no effort to verify the story. They later agreed to make a retraction but we did not press that at all. I don't know whether there has been any further reprinting of that story, although Gordon (Pennington) told me he saw it in the Washington paper. The only notice I know of was in the Wilmington paper and the two Philadelphia papers. So far, and I have checked with the General Superintendent at Wilmington this afternoon, there are two suspects. I'm not sure but I think both are colored individuals; one who either wrecked or attempted to wreck a train on the B. & O. Railroad four or five years ago and was sentenced and served a term and was recently released, and another colored individual who was either charged, I think, and probably sentenced for the same sort of a case involving the B. & O. some place, I am not sure where those occurrences happened, but as far as we know these are the only two suspects. That is the story as it appears. I don't think there was any intention of wrecking any particular train. This occurred on a tangent or straight track between two curves and it would seem that if anybody wanted to make sure of a train wreck they would have removed the spikes and splice bars and tie plates on a curve instead of a straight track. At the point where this rail was tampered with, the B. & O. Railroad lies between one-half and one mile from our tracks. We do know that three trains went over this rail while it was in this condition. I understand the FBI were notified by the Delaware State Police. Another thing, I forgot to tell you, they are not so hopeful about fingerprints from the plates or spikes as it is hard to develop them from tool steel. Another clue they had was in a soft spot near the track where there was a rubber heel mark. I will have our Chief Special Agent Busby phone you for an appointment and give you copies of his reports."

Respectfully submitted,

Lew B. Whiteside

Asst. Supervising Agent.

W

~~STRICTLY CONFIDENTIAL~~

PSP
Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

July 19, 1940

file ~~STRICTLY CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT:

There is possibility that a plan can be quickly developed with the cooperation of the British Government to prevent further supplies of oil and gasoline from going to Japan. Lord Lothian, whose proposal it partly is, is enthusiastic about its possibilities and will ascertain his Government's reaction at once should you deem the plan feasible. The proposal is as follows:

1. That you prohibit the export of petroleum and petroleum products "in the interest of national defense". The justification for taking such action at this time is a report just prepared by the Department of Interior which concludes that an adequate supply of oil for our own national defense calls for a prohibition on oil exports from the United States for some time to come. (During the first five months of this year we have exported $33 million of petroleum and products, including $3 million worth of aviation gasoline to Japan.) The British Government would then obtain all her petroleum needs from Colombia, Venezuela and Mexico. The British Government contemplates purchasing approximately $5 million worth of oil and gasoline each month from the United States, but could easily divert those purchases to Caribbean areas.

2. That Great Britain on her part, according to Lord Lothian, will undertake to destroy at once the oil wells of the Dutch East Indies.

3. That the British Government, according to Lord Lothian, will concentrate its air bombardment in Germany on the plants producing synthetic gasoline which they feel to be vulnerable to air attack.

4. That the British and United States Governments undertake to purchase all the oil and gasoline available for export from Colombia, Venezuela and Mexico. The arrangement with each country would, naturally, vary. The fact that Colombia and Venezuela have their oil refined in the Netherlands West Indies by refineries owned by Dutch Shell and Standard Oil should facilitate the arrangements.

H Morgenthau Jr.
July 19. 1940

~~STRICTLY CONFIDENTIAL~~

~~STRICTLY CONFIDENTIAL~~

~~STRICTLY CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

file personal H. Morg

July 24,1940.

Memo. for Mr.Forster:

Telegraphed to Hyde Park as per attached request.

Tel. & Tel.

mc-

5:20 P.M.

PSF
Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

July 24, 1940

My dear Mr. Forster:

Will you please telegraph to the President the information contained in the inclosed table.

Yours sincerely,

J. L. Sullivan

Mr. Rudolph Forster,
Executive Clerk,
The White House.

~~STRICTLY CONFIDENTIAL~~

THE SECRETARY OF THE TREASURY
WASHINGTON

file. confidential

July 23, 1940

My dear Mr. President:

I am sending you, inclosed herewith, a statement showing the number of vessels, and their cargo, destined for Japan that cleared United States ports July 20th, 21st and 22nd.

From now on I will furnish this to you weekly.

Yours sincerely,

H. Morgenthau Jr.

The President,
Hyde Park, New York.

Copies to:

Secretary of War
Secretary of Navy
Secretary of Interior
Admiral Stark
Acting Secretary of State

DEPARTURE PERMITS GRANTED TO VESSELS CARRYING

PETROLEUM PRODUCTS ON JULY 20, 21 & 22.

Date	Vessel	Nat.	Net Tonnage	Cargo	From	To
7/20	ITSUKUSHIMA MARU	Jap.	5818	Bulk Oil	San Pedro	Yokusuka, Japan.
7/20	RIKKO MARU	Jap.	7143	Crude Oil	San Francisco	Kawasaki, Japan.
7/20	KOKURYO MARU	Jap.	3895	Crude Oil	San Luis Obispo	Niitago, Japan.
7/20	BELLO	Nor.	3686	Gasoline	New Orleans	United Kingdom via New York
7/20	KATENDRECHT	Neth.	2883	Aviation Gasoline	Houston	United Kingdom.
7/20	MIRZA	Neth.	4484	Gasoline- Oil	Corpus Christi	United Kingdom.
7/21	OTWASAN MARU	Jap.	5300	Bulk Oil	San Pedro	Nagasaki, Japan.
7/22	NITIEI MARU	Jap.	5815	Bulk Diesel Oil	San Pedro	Gensan, Korea.
7/22	ZUIYO MARU	Jap.	4302	Crude Oil	San Luis Obispo	Yokahama, Japan.
7/22	PRINS BERNHARD	Neth.	203	Petroleum Products	San Juan	Dutch Guiana, Trinidad, & French Guiana.
7/22	RESOLUTION	Am.	26	Petroleum Products	San Juan	Virgin Islands.

NOTE: Figures on the amount of petroleum products laden by the above listed vessels are not available except in the case of the NITIEI MARU which sailed with 84,000 barrels of oil. This figure may furnish a rough method of approximating the cargoes of the other vessels by a comparison of the net tonnages given.

DEPARTURE PERMITS GRANTED TO VESSELS CARRYING

PETROLEUM PRODUCTS ON JULY 23.

Vessel	Nat.	Net Tonnage	Cargo	Amount	From	To
SAN CLEMENTE MARU	Jap.	5285	Petroleum Products	-----	San Francisco	Japanese & Chinese ports.
GULFWAX	Am.	5522	Petroleum Products	-----	Port Arthur	Port Petrol, California.
KEISYO MARU	Jap.	3582	Aviation Gasoline	10,000 bbls. in drums.	San Pedro	Tokuyama & Kure, Japan.
SOLSTAD	Nor.	3435	Lub. Oil	-----	Houston	United Kingdom
TATIBANA MARU	Jap.	----	Diesel Oil	55,000 bbls. in bulk.	San Pedro	Kawasaki, Japan.
CORISCO	Hon.	552	Petroleum Products	----	Port Arthur	Puerto Cortez, Honduras.
SKANDINAVIA	Nor.	723	Petroleum Products	----	Port Arthur	Montivideo, Uraguay; Rio de Janeiro & Santos, Brazil.

ASSISTANT SECRETARY

file Confidential

PSF Treas.

H. Morg

TREASURY DEPARTMENT

Washington,

August 6, 1940.

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended August 3, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL

FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN,

AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended August 3, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil	170,750 Bbls.	---	51,000 Bbls.	---
Crude	106,240 Bbls.	---	---	44,000 Bbls.
Gasoline	79,298 Bbls.	74,600 Bbls.	---	---
Lubricating Oil	48,661 Bbls.	---	---	845 Bbls.
Iso-Octane Fluid	---	---	---	---
SCRAP IRON AND SCRAP STEEL	16,307 Tons	---	---	33,574 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics. August 5, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

PSF
Treas.

TREASURY DEPARTMENT

ASSISTANT SECRETARY

Washington.

File Personal

August 13, 1940.

The President,

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure permits Granted during the week ended August 10, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN,
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended August 10, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	75,960 Bbls.	---	---	43,300 Bbls.
Crude -				
*Blended or California High Octane Crude	---	---	---	---
All Other Crude	150,593 Bbls.	---	---	---
Gasoline -				
**Aviation Motor Fuel	---	---	---	---
All Other Gasoline (including Kerosene and Benzine)	104,000 Bbls.	---	---	---
Lubricating Oil -				
**Aviation Lubricating Oil	---	---	---	---
All Other Lubricating Oil	1,872 Bbls.	---	---	29,520 Bbls.
**Tetraethyl Lead	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	450 Tons	---	---	5,288 Tons
All Other Scrap	33,005 Tons	---	---	15,621 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. August 12, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** As defined in the President's regulations of July 26, 1940.

PSF: Treasury
1 of 9

file confidential

THE SECRETARY OF THE TREASURY
WASHINGTON
August 16, 1940

My dear Mr. President:

I am transmitting herewith for your consideration a memorandum regarding the petroleum situation in Japan.

Faithfully yours,

H. Morgenthau Jr.

The President,
The White House.

THE SECRETARY OF THE TREASURY
WASHINGTON

August 14, 1940

MEMORANDUM FOR THE PRESIDENT

Subject: Petroleum Situation in Japan

The conference on the oil situation held last week at the Treasury was attended by Secretaries Knox, Ickes and Morgenthau, and by numerous officials of Standard Oil and Tidewater Associated Oil Companies in charge of foreign marketing. The company officials left copies of various charts and tables, among which were maps giving the location of refineries in Japan and other foreign countries. Copies of these documents were forwarded to the Secretaries of War, Navy and Interior.

The following important points were made by the oil men:

1. Japanese petroleum stocks are believed to be about 20 million barrels, or equivalent to six or seven months' requirements at Japan's present rate of consumption.

2. Japan is now planning to obtain a greatly increased share of its petroleum from the Netherland East Indies. (Standard Oil officials have been advised from London that Netherland officials are now negotiating for the sale to Japan of 3 million barrels of crude immediately, plus 14 million annually, or a total amount equal to almost a half of Japan's yearly requirements.)

Japan has been importing three-quarters of its oil supply from the United States.

3. The Standard Oil officials report that former plans to destroy East Indies production facilities (in case of attack) have been abandoned. They believe that German pressure on relatives of Dutch colonial officials, together with England's efforts to appease Japan, will result in the East Indies supplying oil to Japan. Shell, however, has informed Standard Oil that the British Government has not yet expressed an attitude toward contemplated transactions.

4. Japan also plans to obtain increased supplies of crude oil from Venezuela and Colombia. Our State Department, I am informed, has indicated it had no objection to sales of crude oil to Japan from these two countries, but did wish to discourage sales of aviation gasoline. Some of the oil officials felt that even though British and American companies would wish to cooperate, if asked, in not exporting oil to Japan from their Latin American properties, that the Latin American Governments having final jurisdiction and faced with loss of revenue might force such exports. (Last year Continental Europe, now a lost market to Latin America, took approximately 70 million barrels of Latin American oil.)

5. The Japanese will probably be able to make most of their aviation gasoline if they can obtain tetraethyl lead. They may be able to purchase tetraethyl lead (which is produced in England, France, Germany, Italy, Mexico, U.S.S.R.) or may be able to make it. Both Standard Oil and Tidewater officials believe that Japan can make tetraethyl, though the experts disagree as to the difficulty involved.

Japan can get suitable crude petroleum for making into base stock for aviation gasoline from the Netherland East Indies or from Latin America. It is reported that suitable crude can also be obtained from the United States, despite the export control.

6. Japan may be able to purchase aviation gasoline in finished form from the East Indies, which produces 3.7 million barrels per year -- .7 million of straight 100 octane gasoline, and 3 million barrels leaded 87 octane gasoline. (The straight 100 octane has all been going to England.)

The Japanese have asked Standard Oil to inform them of any aviation gasoline it holds outside the United States available for purchase. (Standard's reply is not available.)

7. Tidewater officials believe that Japan, with its present plants, can produce aviation lubricating oil from crude petroleum, from fuel oil, or from ordinary lubricating oil (all of which it can still import from the United States.) Standard Oil officials believe Japan could do it, but with considerable difficulty.

8. Standard officials pointed out that fuel oil was one of Japan's most important import items. Not only is it necessary for ships and tanks, but it can be cracked and refined into gasoline and blending agents. (Japan can refine 24 million barrels of crude annually, or two-thirds of its general requirements.) Tidewater representatives said that fuel oil could be made into aviation lubricating oil. They complained, however, that the export regulation covering products that can be converted into aviation gasoline is written so broadly that it might be used to embargo many petroleum products intended for non-aviation purposes.

H M Smith Jr.

PSF
Treas

Come to file – Aug 17-1940

1

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

SINGLE PERSON, NO DEPENDENTS

Net income before personal exemption 2/	Amounts of tax: Present law	Amounts of tax: Proposal: Without supertax 3/	Amounts of tax: Proposal: With supertax 3/	Effective rates: Present law	Effective rates: Proposal: Without supertax 3/	Effective rates: Proposal: With supertax 3/	Increase in tax: Amount: Without supertax 3/	Increase in tax: Amount: With supertax 3/	Increase in tax: Percent: Without supertax 3/	Increase in tax: Percent: With supertax 3/
$ 1,000	-	$ 4	$ 4	-	.4%	.4%	$ 4	$ 4	-	-
1,500	$ 14	22	24	.9%	1.5	1.6	8	10	57.1	71.4%
2,000	32	40	44	1.6	2.0	2.2	8	12	25.0	37.5
2,500	50	58	64	2.0	2.3	2.6	8	14	16.0	28.0
3,000	68	76	84	2.3	2.5	2.8	8	16	11.8	23.5
4,000	104	112	123	2.6	2.8	3.1	8	19	7.7	18.3
5,000	140	156	172	2.8	3.1	3.4	16	32	11.4	22.9
6,000	216	232	255	3.6	3.9	4.3	16	39	7.4	18.1
7,000	292	312	343	4.2	4.5	4.9	20	51	6.8	17.5
8,000	378	408	449	4.7	5.1	5.6	30	71	7.9	18.8
9,000	464	508	559	5.2	5.6	6.2	44	95	9.5	20.5
10,000	560	624	686	5.6	6.2	6.9	64	126	11.4	22.5
12,500	815	948	1,043	6.5	7.6	8.3	133	228	16.3	28.0
15,000	1,104	1,342	1,476	7.4	8.9	9.8	238	372	21.6	33.7
17,500	1,439	1,838	2,022	8.2	10.5	11.6	399	583	27.7	40.5
20,000	1,834	2,424	2,666	9.2	12.1	13.3	590	832	32.2	45.4
22,500	2,289	3,100	3,410	10.2	13.8	15.2	811	1,121	35.4	49.0
25,000	2,804	3,866	4,253	11.2	15.5	17.0	1,062	1,449	37.9	51.7
30,000	3,914	5,512	6,063	13.0	18.4	20.2	1,598	2,149	40.8	54.9
40,000	6,384	9,164	10,080	16.0	22.9	25.2	2,780	3,696	43.5	57.9
50,000	9,334	13,372	14,709	18.7	26.7	29.4	4,038	5,375	43.3	57.6
75,000	19,484	25,892	28,481	26.0	34.5	38.0	6,408	8,997	32.9	46.2
100,000	33,354	40,244	44,268	33.4	40.2	44.3	6,890	10,914	20.7	32.7
250,000	129,284	136,196	147,576	51.7	54.5	59.0	6,912	18,292	5.3	14.1
500,000	305,224	312,148	330,933	61.0	62.4	66.2	6,924	25,709	2.3	8.4
1,000,000	680,184	687,116	718,404	68.0	68.7	71.8	6,932	38,220	1.0	5.6
5,000,000	3,790,164	3,797,100	3,917,390	75.8	75.9	78.3	6,936	127,226	.2	3.4

Treasury Department, Division of Tax Research — June 7, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for present schedule.
2/ Maximum earned income assumed.
3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

MARRIED PERSON, NO DEPENDENTS

Net income before personal exemption 2/	Amounts of tax: Present law	Amounts of tax: Proposal: Without supertax 3/	Amounts of tax: Proposal: With supertax 3/	Effective rates: Present law	Effective rates: Proposal: Without supertax 3/	Effective rates: Proposal: With supertax 3/	Increase in tax: Amount: Without supertax 3/	Increase in tax: Amount: With supertax 3/	Increase in tax: Percent: Without supertax 3/	Increase in tax: Percent: With supertax 3/
$ 2,500	$ -	$ 10	$ 11	-	.4%	.4%	$ 10	$ 11	-	-
3,000	8	28	31	.3%	.9	1.0	20	23	250.0%	287.5%
4,000	44	64	70	1.1	1.6	1.8	20	26	45.5	59.1
5,000	80	100	110	1.6	2.0	2.2	20	30	25.0	37.5
6,000	116	136	150	1.9	2.3	2.5	20	34	17.2	29.3
7,000	172	212	233	2.5	3.0	3.3	40	61	23.3	35.5
8,000	248	288	317	3.1	3.6	4.0	40	69	16.1	27.8
9,000	329	384	422	3.7	4.3	4.7	55	93	16.7	28.3
10,000	415	480	528	4.2	4.8	5.3	65	113	15.7	27.2
12,500	650	780	858	5.2	6.2	6.9	130	208	20.0	32.0
15,000	924	1,144	1,258	6.2	7.6	8.4	220	334	23.8	36.1
17,500	1,234	1,589	1,748	7.1	9.1	10.0	355	514	28.8	41.7
20,000	1,589	2,124	2,336	7.9	10.6	11.7	535	747	33.7	47.0
22,500	2,004	2,764	3,040	8.9	12.3	13.5	760	1,036	37.9	51.7
25,000	2,489	3,494	3,843	10.0	14.0	15.4	1,005	1,354	40.4	54.4
30,000	3,569	5,104	5,614	11.9	17.0	18.7	1,535	2,045	43.0	57.3
40,000	5,979	8,684	9,552	14.9	21.7	23.9	2,705	3,573	45.2	59.8
50,000	8,869	12,844	14,128	17.7	25.7	28.3	3,975	5,259	44.8	59.3
75,000	18,779	25,244	27,768	25.0	33.7	37.0	6,465	8,989	34.4	47.9
100,000	32,469	39,524	43,476	32.5	39.5	43.5	7,055	11,007	21.7	33.9
250,000	128,294	135,404	146,864	51.3	54.2	58.7	7,110	18,570	5.5	14.5
500,000	304,144	311,284	330,156	60.8	62.3	66.0	7,140	26,012	2.3	8.6
1,000,000	679,044	686,204	717,584	67.9	68.6	71.8	7,160	38,540	1.1	5.7
5,000,000	3,788,994	3,796,164	3,916,548	75.8	75.9	78.3	7,170	127,554	.2	3.4

Treasury Department, Division of Tax Research

June 7, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for present schedule.

2/ Maximum earned income assumed.

3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

MARRIED PERSON, ONE DEPENDENT

Net income before personal exemption 2/	Amounts of tax			Effective rates			Increase in tax			
		Proposal			Proposal		Amount		Percent	
	Present law	Without supertax 3/	With supertax 3/	Present law	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/
$ 2,500	-	-	-	-	-	-	-	-	-	-
3,000	-	$ 12	$ 13	-	.4%	.4%	$ 12	$ 13	-	-
4,000	$ 28	48	53	.7%	1.2	1.3	20	25	71.4%	89.3%
5,000	64	84	92	1.3	1.7	1.8	20	28	31.3	43.8
6,000	100	120	132	1.7	2.0	2.2	20	32	20.0	32.0
7,000	140	180	198	2.0	2.6	2.8	40	58	28.6	41.4
8,000	216	256	282	2.7	3.2	3.5	40	66	18.5	30.6
9,000	293	344	378	3.3	3.8	4.2	51	85	17.4	29.0
10,000	379	440	484	3.8	4.4	4.8	61	105	16.1	27.7
12,500	610	724	796	4.9	5.8	6.4	114	186	18.7	30.5
15,000	876	1,080	1,188	5.8	7.2	7.9	204	312	23.3	35.6
17,500	1,182	1,513	1,664	6.8	8.6	9.5	331	482	28.0	40.8
20,000	1,529	2,036	2,240	7.6	10.2	11.2	507	711	33.2	46.5
22,500	1,936	2,652	2,917	8.6	11.8	13.0	716	981	37.0	50.7
25,000	2,405	3,370	3,707	9.6	13.5	14.8	965	1,302	40.1	54.1
30,000	3,477	4,968	5,465	11.6	16.6	18.2	1,491	1,988	42.9	57.2
40,000	5,879	8,536	9,390	14.7	21.3	23.5	2,657	3,511	45.2	59.7
50,000	8,745	12,668	13,935	17.5	25.3	27.9	3,923	5,190	44.9	59.3
75,000	18,591	25,028	27,531	24.8	33.4	36.7	6,437	8,940	34.6	48.1
100,000	32,233	39,284	43,212	32.2	39.3	43.2	7,051	10,979	21.9	34.1
250,000	128,030	135,140	146,626	51.2	54.1	58.7	7,110	18,596	5.6	14.5
500,000	303,856	310,996	329,896	60.8	62.2	66.0	7,140	26,040	2.3	8.6
1,000,000	678,740	685,900	717,310	67.9	68.6	71.7	7,160	38,570	1.1	5.7
5,000,000	3,788,682	3,795,852	3,916,267	75.8	75.9	78.3	7,170	127,585	.2	3.4

Treasury Department, Division of Tax Research

June 10, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for the present schedule.

2/ Maximum earned income assumed.

3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

MARRIED PERSON, TWO DEPENDENTS

Net income before personal exemption 2/	Amounts of tax: Present law	Amounts of tax: Proposal: Without supertax 3/	Amounts of tax: Proposal: With supertax 3/	Effective rates: Present law	Effective rates: Proposal: Without supertax 3/	Effective rates: Proposal: With supertax 3/	Increase in tax: Amount: Without supertax 3/	Increase in tax: Amount: With supertax 3/	Increase in tax: Percent: Without supertax 3/	Increase in tax: Percent: With supertax 3/
$ 2,500	-	-	-	-	-	-	-	-	-	-
3,000	-	-	-	-	-	-	-	-	-	-
4,000	$ 12	$ 32	$ 35	.3%	.8%	.9%	$ 20	$ 23	166.7%	191.7%
5,000	48	68	75	1.0	1.4	1.5	20	27	41.7	56.3
6,000	84	104	114	1.4	1.7	1.9	20	30	23.8	35.7
7,000	120	148	163	1.7	2.1	2.3	28	43	23.3	35.8
8,000	184	224	246	2.3	2.8	3.1	40	62	21.7	33.7
9,000	260	304	334	2.9	3.4	3.7	44	74	16.9	28.5
10,000	343	400	440	3.4	4.0	4.4	57	97	16.6	28.3
12,500	570	674	741	4.6	5.4	5.9	104	171	18.2	30.0
15,000	831	1,016	1,118	5.5	6.8	7.5	185	287	22.3	34.5
17,500	1,130	1,437	1,581	6.5	8.2	9.0	307	451	27.2	39.9
20,000	1,469	1,948	2,143	7.3	9.7	10.7	479	674	32.6	45.9
22,500	1,868	2,549	2,804	8.3	11.3	12.5	681	936	36.5	50.1
25,000	2,327	3,246	3,571	9.3	13.0	14.3	919	1,244	39.5	53.5
30,000	3,385	4,832	5,315	11.3	16.1	17.7	1,447	1,930	42.7	57.0
40,000	5,779	8,388	9,227	14.4	21.0	23.1	2,609	3,448	45.1	59.7
50,000	8,621	12,492	13,741	17.2	25.0	27.5	3,871	5,120	44.9	59.4
75,000	18,403	24,812	27,293	24.5	33.1	36.4	6,409	8,890	34.8	48.3
100,000	31,997	39,044	42,948	32.0	39.0	42.9	7,047	10,951	22.0	34.2
250,000	127,766	134,876	146,388	51.1	54.0	58.6	7,110	18,622	5.6	14.6
500,000	303,568	310,708	329,637	60.7	62.1	65.9	7,140	26,069	2.4	8.6
1,000,000	678,436	685,596	717,036	67.8	68.6	71.7	7,160	38,600	1.1	5.7
5,000,000	3,788,370	3,795,540	3,915,986	75.8	75.9	78.3	7,170	127,616	.2	3.4

Treasury Department, Division of Tax Research

June 7, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for present schedule.

2/ Maximum earned income assumed.

3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

MARRIED PERSON, THREE DEPENDENTS

Net income before personal exemption 2/	Amounts of tax			Effective rates			Increase in tax			
		Proposal			Proposal		Amount		Percent	
	Present law	Without supertax 3/	With supertax 3/	Present law	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/
$ 2,500	-	-	-	-	-	-	-	-	-	-
3,000	-	-	-	-	-	-	-	-	-	-
4,000	-	$ 16	$ 18	-	.4%	.5%	$ 16	$ 18	-	-
5,000	$ 32	52	57	.6%	1.0	1.1	20	25	62.5%	78.1%
6,000	68	88	97	1.1	1.5	1.6	20	29	29.4	42.6
7,000	104	124	136	1.5	1.8	1.9	20	32	19.2	30.8
8,000	152	192	211	1.9	2.4	2.6	40	59	26.3	38.8
9,000	228	268	295	2.5	3.0	3.3	40	67	17.5	29.4
10,000	307	360	396	3.1	3.6	4.0	53	89	17.3	29.0
12,500	530	626	689	4.2	5.0	5.5	96	159	18.1	30.0
15,000	787	956	1,052	5.2	6.4	7.0	169	265	21.5	33.7
17,500	1,080	1,511	1,662	6.2	8.6	9.5	431	582	39.9	53.9
20,000	1,409	1,860	2,046	7.0	9.3	10.2	451	637	32.0	45.2
22,500	1,800	2,449	2,694	8.0	10.9	12.0	649	894	36.1	49.7
25,000	2,251	3,128	3,441	9.0	12.5	13.8	877	1,190	39.0	52.9
30,000	3,293	4,696	5,166	11.0	15.7	17.2	1,403	1,873	42.6	56.9
40,000	5,679	8,240	9,064	14.2	20.6	22.7	2,561	3,385	45.1	59.6
50,000	8,497	12,316	13,548	17.0	24.6	27.1	3,819	5,051	44.9	59.4
75,000	18,215	24,596	27,056	24.3	32.8	36.1	6,381	8,841	35.0	48.5
100,000	31,761	38,804	42,684	31.8	38.8	42.7	7,043	10,923	22.2	34.4
250,000	127,502	134,612	146,151	51.0	53.8	58.5	7,110	18,649	5.6	14.6
500,000	303,280	310,420	329,378	60.7	62.1	65.9	7,140	26,098	2.4	8.6
1,000,000	678,132	685,292	716,763	67.8	68.5	71.7	7,160	38,631	1.1	5.7
5,000,000	3,788,058	3,795,228	3,915,705	75.8	75.9	78.3	7,170	127,647	.2	3.4

Treasury Department, Division of Tax Research

June 10, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for the present schedule.

2/ Maximum earned income assumed.

3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

Comparison of present and proposed individual income taxes on net incomes of selected sizes 1/

MARRIED PERSON, FOUR DEPENDENTS

Net income before personal exemption 2/	Amounts of tax			Effective rates			Increase in tax			
		Proposal			Proposal		Amount		Percent	
	Present law	Without supertax 3/	With supertax 3/	Present law	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/	Without supertax 3/	With supertax 3/
$ 2,500	-	-	-	-	-	-	-	-	-	-
3,000	-	-	-	-	-	-	-	-	-	-
4,000	-	-	-	-	-	-	-	-	-	-
5,000	$ 16	$ 36	$ 40	.3%	.7%	.8%	$ 20	$ 24	125.0%	150.0%
6,000	52	72	79	.9	1.2	1.3	20	27	38.5	51.9
7,000	88	108	119	1.3	1.5	1.7	20	31	22.7	35.2
8,000	124	160	176	1.6	2.0	2.2	36	52	29.0	41.9
9,000	196	236	260	2.2	2.6	2.9	40	64	20.4	32.7
10,000	272	320	352	2.7	3.2	3.5	48	80	17.6	29.4
12,500	490	578	636	3.9	4.6	5.1	88	146	18.0	29.8
15,000	743	900	990	5.0	6.0	6.6	157	247	21.1	33.2
17,500	1,032	1,288	1,417	5.9	7.4	8.1	256	385	24.8	37.3
20,000	1,351	1,772	1,949	6.8	8.9	9.7	421	598	31.2	44.3
22,500	1,732	2,349	2,584	7.7	10.4	11.5	617	852	35.6	49.2
25,000	2,175	3,016	3,318	8.7	12.1	13.3	841	1,143	38.7	52.6
30,000	3,203	4,560	5,016	10.7	15.2	16.7	1,357	1,813	42.4	56.6
40,000	5,579	8,092	8,901	13.9	20.2	22.3	2,513	3,322	45.0	59.5
50,000	8,373	12,140	13,354	16.7	24.3	26.7	3,767	4,981	45.0	59.5
75,000	18,027	24,380	26,818	24.0	32.5	35.8	6,353	8,791	35.2	48.8
100,000	31,525	38,564	42,420	31.5	38.6	42.4	7,039	10,895	22.3	34.6
250,000	127,238	134,348	145,913	50.9	53.7	58.4	7,110	18,675	5.6	14.7
500,000	302,992	310,132	329,119	60.6	62.0	65.8	7,140	26,127	2.4	8.6
1,000,000	677,828	684,988	716,489	67.8	68.5	71.6	7,160	38,661	1.1	5.7
5,000,000	3,787,746	3,794,916	3,915,424	75.8	75.9	78.3	7,170	127,678	.2	3.4

Treasury Department, Division of Tax Research

June 10, 1940

1/ Under the proposal personal exemptions are reduced from $1,000 to $800 for a single person and from $2,500 to $2,000 for a married person, and the attached surtax schedule is substituted for the present schedule.

2/ Maximum earned income assumed.

3/ The supertax is 10 percent of the tax computed under the proposal but is not to exceed 10 percent of the net income after deducting the tax under the proposal.

PSF
Treas

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

August 19, 1940.

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended August 17, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN,
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended August 17, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	77,000 Bbls.	---	---	269,000 Bbls.
Crude -				
Blended or California High Octane Crude *	---	---	---	---
All Other Crude	163,250 Bbls.	---	---	55,135 Bbls.
Gasoline -				
Aviation Motor Fuel **	---	---	---	---
All Other Gasoline (including Kerosene and Benzine)	---	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil **	---	---	---	13,350 Bbls.
All Other Lubricating Oil	7,343 Bbls.	---	---	34,545 Bbls.
Tetraethyl Lead **	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	2,341 Tons	---	---	19,890 Tons
All Other Scrap	16,458 Tons	---	---	10,149 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. August 19, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** As defined in the President's regulations of July 26, 1940.

file personal

PSF Treas.

H M 1

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

August 27, 1940.

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended August 24, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended August 24, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	411,117 Bbls.	---	---	90,000 Bbls.
Crude -				
Blended or California High Octane Crude *	---	---	---	---
All Other Crude	200,158 Bbls.	---	---	---
Gasoline -				
Aviation Motor Fuel **	3,155 Bbls.	---	---	77,400 Bbls.
All Other Gasoline (including Kerosene and Benzine)	964 Bbls.	---	---	35,500 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil **	---	---	---	5,816 Bbls.
All Other Lubricating Oil	6,020 Bbls.	---	22 Bbls.	74,747 Bbls.
Tetraethyl Lead **	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	4,448 Tons	---	---	10,776 Tons
All Other Scrap	18,109 Tons	---	8,824 Tons	26,881 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. August 26, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** As defined in the President's regulations of July 26, 1940.

PSF
Treasury

ADDRESS THE COMMANDANT, U. S. COAST GUARD
AND REFER TO No.

File personal confidential

HEADQUARTERS

TREASURY DEPARTMENT

UNITED STATES COAST GUARD

WASHINGTON

SECRET

5 September, 1940

From: Spagent, Shanghai, China.
To : The Secretary of the Treasury.

Message from Professor Buck, via Mr. Nicholson.

Chiang Kai-shek requests that the position of adviser be continued but with secret direct contacts with him. General Chang Chung, trusted adviser to Chiang Kai-shek on Sino-Soviet affairs, upon the request of Chiang Kai-shek desires me to approach you and President Roosevelt informally regarding effective United States help sufficient to cause Japanese withdrawal. China will continue resisting to the limit of her ability. Chiang Kai-shek's two proposals follow. Alternative informal proposals welcomed.

Proposal number one: " leasing for ninety nine year period or other method giving the United States control of Hainan and Formosa, the Chinese forces in Hainan consist of five poorly equipped divisions and 150,000 guerillas with no eqipment which would assist United States naval forces to obtain control, while in Formosa the anti-Japanese populace could be incited to action assisting U.S. control ".

Proposal number two: " complete U.S. economic monopoly in China, excluding other countries and turning over present French and British interests to the United States, this is possible since the British record is too friendly to Japan".

SECRET

Cheng states that"these proposals represent a loss of face for China but arise from desperate situation here intensified by

SECRET

impending offensive against Chungking. The Chinese prefer to lose part or all of their country to any country but Japan. Since outside assistance is imperative, American cooperation is preferred. There are strong objections to granting privileges to Russia, but this is probable as a last resort, China expects cooperation from Russia in Manchuria simultaneously with American activities."

Informal reply is desired via Mr. Nicholson at Shanghai. My messenger is awaiting reply in Hongkong. If reply is favorable, official steps are to follow.

SECRET

PSF
Treas

Conf. File

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

September 10, 1940.

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended September 7, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended September 7, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	58,900 Bbls.	---	---	91,268 Bbls.
Crude -				
Blended or California High Octane Crude *	253,538 Bbls.	---	---	---
All Other Crude	33,402 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	37,875 Bbls.	151,800 Bbls.	---	---
All Other Gasoline	---	---	---	29,885 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil***	---	---	---	3,273 Bbls.
All Other Lubricating Oil	---	---	---	54,554 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	66,678 Bbls.
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	1,404 Tons	---	339 Tons	8,552 Tons
All Other Scrap	13,985 Tons	---	1,131 Tons	10,797 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. Sept. 9, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF Treas

THE SECRETARY OF THE TREASURY
WASHINGTON

File personal confidential

September 11, 1940

My dear Mr. President:

At Cabinet last Friday, you asked me to look into ways and means for permitting England still to be able to get deliveries for scrap iron in case you should decide to put a general embargo on all scrap. Ed Foley has worked out a method to accomplish this.

I sent a copy of my formal memorandum to the Secretary of State, the Secretary of War, The Attorney General, the Secretary of Interior, Mr. Stettinius, Council of National Defense, and Colonel Maxwell, the Administrator of Export Control.

If I can be of any further service to you in this matter, please call on me.

Yours sincerely,

H Morgenthau Jr.

The President,
The White House.

THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

Attached is a draft of a regulation for your signature which will have the effect of prohibiting the exportation of any iron and steel scrap save on licenses issued by the Secretary of State. The attached proposed regulation would merely change the definition of iron and steel scrap as given in the July 26 regulations from "number 1 heavy melting scrap" to include all iron and steel scrap. The Secretary of State would issue such licenses only when you have determined that the proposed exportation would not be detrimental to the interests of the national defense or upon specific directives communicated to the Secretary of State by the Administrator of Export Control.

Under this procedure, the Secretary of State would be enabled to prevent any iron and steel scrap from reaching certain foreign countries while, at the same time, he would be enabled to permit exportations of iron and steel scrap to foreign countries where such exportations would seem desirable for the interests of national defense.

In view of the present state of international relations, and in view of the considerations involved in the European war,

it would seem clear that a finding that the exportation of iron and steel scrap to Great Britain, for instance, is in the interests of national defense, whereas, a finding that our national defense would not be furthered by our exportation to Japan could also be sustained. The Administrator of Export Control has submitted a draft intended to accomplish the same purpose as the attached draft. His draft makes reference to a definition of "iron and steel scrap" in a Department of Commerce publication which lists 75 different classes of such scrap. It is thought that such a classification system might prove confusing to customs officers in administering the regulation and for that reason the attached draft appears to be preferable.

It is recommended that the attached draft regulation be signed.

PROCLAMATION

- - - - - - - - -

REGULATIONS GOVERNING THE EXPORTATION OF ARTICLES AND MATERIALS DESIGNATED IN THE PRESIDENT'S PROCLAMATION OF JULY 2, 1940 ISSUED PURSUANT TO THE PROVISIONS OF SECTION 6 OF THE ACT OF CONGRESS APPROVED JULY 2, 1940

Pursuant to the authority vested in me by the provisions of section 6 of the Act of Congress approved July 2, 1940, entitled "An Act to expedite the strengthening of the national defense", I hereby prescribe the following additional regulations governing the exportation of:

Iron and Steel Scrap

1. As used in my Proclamation of July 26, 1940, issued pursuant to the provisions of Section 6 of the Act of Congress approved July 2, 1940, and in the Regulations of July 26, 1940, issued in accordance with that Proclamation, the construction and definition of the term "Iron and Steel Scrap" is hereby amended and shall hereafter be construed as defined below:

Iron and Steel Scrap—All iron and steel scrap of every kind and description, classified or unclassified.

2. Regulations 2 to 12, inclusive, of the regulations issued on July 2, 1940, pursuant to the Act of July 2, 1940, are applicable to the exportation of iron and steel scrap.

THE WHITE HOUSE

September , 1940

File Confidential

THE SECRETARY OF THE TREASURY
WASHINGTON

September 25, 1940

My dear Mr. President:

I am inclosing herewith copy of a confidential message from Mr. Nicholson, Customs Agent at Shanghai.

I thought this message was so interesting that you would find it worth while reading.

Yours sincerely,

H Morgenthau Jr

The President,

The White House.

Copies to: Secretary of State,
Secretary of War,
Secretary of Navy.

COPY ~~CONFIDENTIAL~~

TREASURY DEPARTMENT

United States Coast Guard

WASHINGTON

PSF Treasury

From: Spagent, Shanghai, China.
To: Secretary of the Treasury.

Message from Mr. Nicholson.

Through the courtesy of the French Intelligence Officer in Hongkong informal personal talks were arranged with the following Indo-China officials: Governor General Decoux; Secretary General Pierre Delcalle; Inspector General of Police Georges Nadaud; General Martin, commanding troops relative to French-Japanese situation in Indo-China from September 21st. It was understood that data given would not be quoted outside American government administrative circles, especially to Vichy government. Details are intended for your private information and not to conflict with American consular representation in Hanoi.

Interview with Delcalle who gave the background of the situation as follows: When France signed armistice, the Japanese actively renewed diplomatic pressure on the Indo-China government on the pretext of the latter pursuing antagonistic course by allowing the transit of arms and ammunition through French territory to China. The Indo-China government rejected the assertions as contrary to fact, claiming only goods necessary for Chinese economic life were permitted transit.

The Indo-China government in good faith, after repeated protests, invited the Japanese government to see for themselves what was passing through. The Japanese took advantage of this, but instead of sending six to ten civilian observers, much to French surprise, a Japanese Inspectors Commission of ninety military officers and staff headed by General Nishihara, and including Colonel Sato, the head of the Japanese military intelligence service in South China and one of the most vicious Japanese leaders in China. A small group of commission members were distributed at all ports and at Sino-French frontier points. Continued strong pressure was exerted on Indo-China and Vichy governments by the French ambassador at Tokyo who was and still is most anxious about Japanese demands. Vichy, meanwhile, reserved a moderate attitude and inclined toward telling the Indo-China government to act as it thought expedient. The Japanese continued pressure. The Indo-China government, under former General Catroux, gave in and stopped all transit of goods through French territory. The Japanese continued to press demands on Vichy, unfortunately aided by the French ambassador at Tokyo to such an extent that Vichy concluded it necessary to agree in principle, allowing Japanese troops to pass through Indo-China territory. The demands were incor-

porated into agreements signed by the French and Japanese at Tokyo on August 30th, and covered: first, Japanese troops permitted to land in Indo-China; second, such troops to use train facilities from Haiphong to Sino-French borders of Kwangsi Kwangtung in order to engage Chinese troops; third, Japan to use all military and certain air fields to facilitate action against Chinese. It was intimated by the Japanese, but unincorporated in the agreement that the question of naval bases, principally at Camranh Bay, would be taken up later. The preliminary agreement in principle between the parties was subject to a working agreement based on the conclusion of a military commission of French and Japanese officers who were to study at once modus operandi facilities in order that Indo-China rights would not be unduly prejudicated. It was understood by both parties that the Japanese would refrain from military naval action during the talks. The talks started at Hanoi, progressing slowly, due to the French plan of gaining time. Meanwhile the Indo-China army took defense measures; first, a French buying commission was sent to the United States to purchase fighting planes; second, incidents occurred which changed the situation. On September 4th, ten Japanese planes flew over Tonkin. On the 5th, two companies of Japanese troops fully equipped crossed the Sino-French border

at Dong-Dang, North Tonking, but were stopped by French troops and withdrew without fighting. Nishihara visited Decoux and apologized for the incidents. Decoux took advantage of this error and told Nishihara inasmuch as Japanese had broken their promises, the preliminary agreement was voided and the French terminated discussions.

September 6th Nishihara presented an ultimatum to Decoux demanding immediate freedom of transit to Japanese military in Tonking. This was flatly rejected. The ultimatum was to end at midnight, September 8th, and the Japanese reserved appropriate military action as from that date. General mobilization in Indo-China took place. State-of-war dispositions were taken. Free rail traffic was resumed with Yunnan. Japanese members of the commission prepared to leave. On September 8th, Nishihara withdrew the ultimatum on Tokyo advice. On September 13th, French-Japanese military talks were resumed. French now endeavored to delay reaching a conclusion on the matter. The French ambassador in Tokyo continued to express his anxiety and advocated appeasing the Japanese at once, daily sending such messages to Vichy and Indo-China. The French ambassador in Washington requested by Decoux to inform the United States government of the present situation. In the event of invasion,

some help would be expected from Chinese troops in Kwangsi Kwangtung, but not much faith or hope from that source. The present relationship with the Chinese government was embarrassing. In regard to British help, that could not be counted on, despite the danger to Singapore, where they are on the defensive. Hongkong could easily be taken. Looking at things in cold reality, the French decided they must defend themselves with little outside help. If Vichy orders them to give in, they will have to decide whether or not to obey at the time, and after a careful analysis of definite help they cannot count on.

Decoux reviewed the details discussed in the Delcalle talk. He deplored the progress already made by the Japanese when he took over the government from Catroux, and thought the latter gave in too easily and the Vichy government overestimated the Japanese strength, due to the French ambassador in Tokyo trying to induce Vichy to capitulate. The Japanese were also pressing the German influence on Vichy. If the Japanese succeed in obtaining military use of Tonkin railways, roads, aviation fields, it will be no time at all before they are in full control of the country with its wealth and strategic position near the Netherland Indies and the Philippines. When the first agreement was signed on August 30th at Tokyo,

Nishihara asked Decoux to give instructions at once to allow the Japanese to land in French territory. Decoux refused sending the receipt of full text of the agreement. September 2nd, Nishihara and six Japanese officers called on Decoux. They were insolent, haughty, angry, and demanded talks be started forthwith. Decoux explained the text just decoded and must take time to study same. Nishihara told Decoux to stop sleeping, to get busy, or take the consequences. He was asked if this was his own or Tokyo orders. Nishihara replied Tokyos. The talk closed with mutual bad feeling. Decoux studied the text and instructed the military to commence talks. The incident of Japanese planes over Tonkin and Japanese troops crossing French border gave Decoux a good excuse to halt talks, resulting in the ultimatum of September 5th, which Tokyo rejected in view that no military or naval incident would take place during the conference. Decoux cannot evade coming to a conclusion of a working agreement with Japanese military unless something intervenes. September 25th or thereabouts would seem to be a deadline. Decoux expressed an opinion that if the President could make some kind of strong protest to Japan, stating that landing of troops in Indo-China will violate status quo, the Japanese would back down. He stated it would help greatly

if the American government could exert a little pressure on the Vichy government at the same time. Decoux is between two fires -- from Vichy and the Japanese. Decoux has a definite impression that some pressure from the United States would facilitate Vichy's attitude. Vichy needs American aid and Decoux believes Vichy now realizes it has already given too much to the Japanese. At any rate, the situation is soon reaching a crisis. Only the United States can prevail on the Japanese to give up the idea of sending troops through Indo-China. Decoux hopes this plane buying commission will be successful. The American purchase price, he understands, is about ten million dollars. Of this he can give two million in cash and suggests the balance in commodity, such as rubber. Decoux suggested some twenty government used pursuit planes could be flown from Manila at once, should the air deal be successful. An Indo-China decision to defend the country despite Vichy orders to contrary depends on sufficient air force. He states they urgently need diplomatic aid from the United States at once. He does not wish this discussion be made known to Vichy under any circumstances.

General Martin gave the following military position in Indo-China. Total French and Annamite troops number 90,000

composed of six divisions, three allocated to Tonkin Province which borders Kwangsi Kwangtung Yunnan, one division to coast of Annam Province, two divisions to Cochin China Province. Troops in the north have a fair supply of six-inch heavy artillery guns with sufficient light artillery. Coast defenses consist of a fair supply of long range guns, six-inch, with three ten-inch coast defense guns at Cacba Fort, located at the entrance of Haiphong Harbor. Southern troops have sufficient light artillery and six-inch heavy guns; forty light field tanks with some twenty old armored cars. Planes consist of twenty light bombers and forty pursuit planes in north and some sixty obsolete training planes in the south. Three hundred airmen trained in various specialities. Total Japanese troops now in Chinese provinces of Kwangtung Kwangsi estimated at eighty thousand but are not well organized. Of this number thirty thousand Japanese are close to Tonkin fighting the Chinese. Japanese troops are said to be badly organized and suffering from disease and their food supply is not good. The Japanese have no heavy artillery but have a good quantity of light units. The Japanese could, however, obtain the necessary reinforcements within a short period. French troops are in

a fair position to resist invasion providing army secures at least fifty additional bombers and pursuits. In the event of a Japanese invasion, it is difficult to ascertain at what coastal point troops would land. Local French naval strength negative, consisting of one light cruiser, four submarines, a few sloops at Saigon. At Haiphong, three river gunboats. The Japanese keep one destroyer in Haiphong Harbor. The Japanese naval strength in French waters is not known due to frequent changes. Japanese military aviation in the south number three hundred planes maximum.

Nadaud states the internal situation in Indo-China remains calm, the French and native feeling strongly anti-Japanese. The number of Japanese residents in all of Indo-China is about two hundred with a yearly transit of about sixty. Japanese military commission composed of one hundred persons. There has been a number of small incipients started by the Japanese attached to the commission which were settled on the spot. Expected incidents will increase if and when Japanese demands are granted.

The ultimatum issued on September 19th was refused by Decoux on the basis that it was not in accord with the Vichy-Tokyo preliminary agreement.

PSF
Treas.

file confidential

TREASURY DEPARTMENT

WASHINGTON

September 30, 1940.

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended September 28, 1940."

Respectfully,

D W Bell

Under Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended September 28, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	237,356 Bbls.	---	---	20,177 Bbls.
Crude -				
Blended or California High Octane Crude *	205,802 Bbls.	---	---	---
All Other Crude	118,880 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	73,401 Bbls.
Gasoline B *	222,989 Bbls.	---	---	---
All Other Gasoline	---	---	---	104,716 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil***	3,145 Bbls.	---	---	---
All Other Lubricating Oil	2,434 Bbls.	---	---	40 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	6,238 Tons	---	---	4,776 Tons
All Other Scrap	10,689 Tons	---	---	8,821 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. Sept. 30, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas.

mrg
1

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

October 14, 1940.

[redacted]

file

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended October 12, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended October 12, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	98,000 Bbls.	---	82,000 Bbls.	---
Crude -				
Blended or California High Octane Crude *	87,523 Bbls.	---	---	---
All Other Crude	329,644 Bbls.	---	---	68,000 Bbls.
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	216,921 Bbls.	74,600 Bbls.	---	---
All Other Gasoline	---	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil ***	52 Bbls.	---	---	22,157 Bbls.
All Other Lubricating Oil	9,752 Bbls.	---	12,129 Bbls.	74,439 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	16,691 Tons	---	---	3,950 Tons
All Other Scrap	19,915 Tons	---	---	5,950 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. October 14, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas.

mm

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

October 24, 1940.

[redacted]

file

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary I am enclosing a corrected statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended October 5, 1940."

This copy supersedes that transmitted to you with my letter of October 7th. It will be noted that the corrected copy eliminates 37,000 barrels of high octane crude to Spain. This shipment was fuel and gas oil and was already included in the 121,000 barrels listed for Spain in the previous report.

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

Corrected Table

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended October 5, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	123,000 Bbls.	---	121,000 Bbls.	3,700 Bbls.
Crude -				
Blended or California High Octane Crude *	243,808 Bbls.	---	---	---
All Other Crude	160,713 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	166,831 Bbls.	75,000 Bbls.	---	549 Bbls.
All Other Gasoline	---	---	---	24 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil ***	31 Bbls.	---	---	3,739 Bbls.
All Other Lubricating Oil	24,982 Bbls.	---	4,875 Bbls.	3,051 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	19,700 Tons	---	---	614 Tons
All Other Scrap	27,386 Tons	---	---	7,502 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. October 23, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas.

File
Personal
Confidential

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

October 31, 1940.

[redacted]

The President

The White House.

Attention: General Watson.

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended October 19, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended October 19, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	156,000 Bbls.	---	---	8,000 Bbls.
Crude -				
Blended or California High Octane Crude *	340,688 Bbls.	---	---	---
All Other Crude	53,599 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	91,907 Bbls.	82,000 Bbls.	---	---
All Other Gasoline	---	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil ***	33 Bbls.	---	---	85 Bbls.
All Other Lubricating Oil	3,541 Bbls.	---	---	109 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	22,876 Tons	---	2,331 Tons	7,038 Tons
All Other Scrap	39,773 Tons	---	6,917 Tons	4,525 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
Source: Office of Merchant Ship Control, Treasury Department. October 21, 1940

* Any material from which by commercial distillation there can be separated more than 3% of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas

ASSISTANT SECRETARY

File

TREASURY DEPARTMENT

Washington,

October 28, 1940.

~~CONFIDENTIAL~~

The President

The White House.

Attention: General Watson.

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended October 26, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week Ended October 26, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	---	64,900 Bbls.	---	48,288 Bbls.
Crude -				
Blended or California High Octane Crude *	85,000 Bbls.	---	---	---
All Other Crude	150,019 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	67,000 Bbls.
Gasoline B *	35,139 Bbls.	97,000 Bbls.	42,000 Bbls.	---
All other Gasoline	---	---	20,000 Bbls.	7,976 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil ***	---	---	---	6,539 Bbls.
All Other Lubricating Oil	4,125 Bbls.	---	---	46,782 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	4,069 Tons	---	---	5,965 Tons
All Other Scrap	16,619 Tons	---	---	6,728 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
October 26, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

November 4, 1940.

[redacted]

file 1

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended November 2, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended November 2, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	130,000 Bbls.	---	21,400 Bbls.	81,000 Bbls.
Crude -				
Blended or California High Octane Crude *	40 Cases	---	---	---
All Other Crude	---	---	---	---
Gasoline -				
Gasoline A **	---	---	---	88,000 Bbls.
Gasoline B *	27,762 Bbls.	---	20 Gals.	5,200 Bbls.
All Other Gasoline	---	---	---	36,500 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil ***	20,787 Bbls.	---	---	511 Bbls.
All Other Lubricating Oil	57,121 Bbls.	---	---	30,006 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	40 Cases	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	6,050 Tons
All Other Scrap	---	---	---	6,750 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
November 4, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

BF
Treas.

File
personal
confidential

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

November 12, 1940.

[redacted]

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended November 9, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended November 9, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	73,037 Bbls.	---	81,100 Bbls.	30,000 Bbls.
Crude -				
Blended or California High Octane Crude*	91,953 Bbls.	---	---	38,000 Bbls.
All Other Crude	64,990 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	91,267 Bbls.	---	67,000 Bbls.	---
All Other Gasoline	---	---	8,000 Bbls.	---
Lubricating Oil -				
Aviation Lubricating Oil ***	---	---	---	10,496 Bbls.
All Other Lubricating Oil	655 Bbls.	---	---	34,030 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	836 Tons
All Other Scrap	---	---	---	3,505 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
November 12, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

Assistant Secretary

TREASURY DEPARTMENT

Washington.

November 18, 1940.

[redacted]

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended November 16, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended November 16, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	229,322 Bbls	---	---	---
Crude -				
Blended or California High Octane Crude*	19,895 Bbls.	---	---	---
All Other Crude	262,837 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	90,021 Bbls.	81,500 Bbls.	---	73,000 Bbls.
All Other Gasoline	---	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil ***	1,309 Bbls.	---	---	63,000 Bbls.
All Other Lubricating Oil	110,177 Bbls.	---	---	4 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	1,588 Tons
All Other Scrap	---	---	---	1,915 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
November 18, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

***As defined in the President's regulations of July 26, 1940.

PSF
Treas

file

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

November 25, 1940.

[redacted]

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended November 23, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended November 23, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	162,639 Bbls.	---	90,300 Bbls.	45,700 Bbls.
Crude -				
Blended or California High Octane Crude *	342,335 Bbls.	---	---	---
All Other Crude	171,029 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	165,714 Bbls.	---	---	---
All Other Gasoline	---	---	---	1,200 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil ***	1,744 Bbls.	---	---	643 Bbls.
All Other Lubricating Oil	51,669 Bbls.	---	---	17 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	108,148 Bbls.
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	1,272 Tons
All Other Scrap	---	---	---	3,135 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
November 25, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

1

PSF
Treas

Morg.
1-40

file
personal

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

December 2, 1940.

[redacted]

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended November 30, 1940."

Respectfully,

Herbert E. Gaston
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended November 30, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	104,206 Bbls.	---	96,100 Bbls.	---
Crude -				
Blended or California High Octane Crude*	86,000 Bbls.	---	---	---
All Other Crude	184,696 Bbls.	---	---	---
Gasoline -				
Gasoline A **	---	---	---	---
Gasoline B *	212,440 Bbls.	---	---	---
All Other Gasoline	35,333 Bbls.	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil ***	16,627 Bbls.	---	---	---
All Other Lubricating Oil	98,820	---	2,000 Bbls.	37,416 Bbls.
Tetraethyl Lead ***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	1,489 Tons	---	---	6,082 Tons
All Other Scrap	3,298 Tons	---	---	8,012 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
December 2, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PSF
Treas

File personal confidential

HMJ
D1-40

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

December 16, 1940.

[redacted]

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended December 14, 1940."

Respectfully,

Herbert E. Gaston,
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended December 14, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	---	---	---	80,000 Bbls.
Crude -				
Blended or California High Octane Crude*	282,565 Bbls.	---	---	---
All Other Crude	7,138 Bbls.	---	---	---
Gasoline -				
Gasoline A**	---	---	---	78,000 Bbls.
Gasoline B*	162,154 Bbls.	---	67,000 Bbls.	---
All Other Gasoline	71,976 Bbls.	---	---	---
Lubricating Oil -				
Aviation Lubricating Oil***	338 Bbls.	---	---	99 Bbls.
All Other Lubricating Oil	101,458 Bbls.	---	---	100 Bbls.
Tetraethyl Lead***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	---
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	250 Tons
All Other Scrap	---	---	---	1,450 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
December 16, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

/

ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington,

December 23, 1940.

[redacted]

file 1

The President

The White House.

Attention: General Watson

Dear Mr. President:

By direction of the Secretary, I am enclosing a statement showing "Exports of Petroleum Products, Scrap Iron and Scrap Steel from the United States to Japan, Russia, Spain, and Great Britain, as shown by Departure Permits Granted during the week ended December 21, 1940."

Respectfully,

Herbert E. Gaston,
Assistant Secretary of the Treasury.

Enclosure.

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL
FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN
AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended December 21, 1940

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	77,500 Bbls.	---	98,000 Bbls.	---
Crude -				
Blended or California High Octane Crude*	226,600 Bbls.	---	---	---
All Other Crude	---	---	---	---
Gasoline -				
Gasoline A**	---	---	---	---
Gasoline B*	200,936 Bbls.	87,000 Bbls.	72,000 Bbls.	15,375 Bbls.
All Other Gasoline	16,510 Bbls.	---	4,000 Bbls.	1,200 Bbls.
Lubricating Oil -				
Aviation Lubricating Oil***	382 Bbls.	---	---	---
All Other Lubricating Oil	20,251 Bbls.	---	9,000 Bbls.	1,075 Bbls.
Tetraethyl Lead***	---	---	---	---
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	---	---	---	68,572 Bbls.
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	---	---	---	6,434 Tons
All Other Scrap	---	---	---	9,906 Tons

Office of the Secretary of the Treasury, Division of Research and Statistics.
December 23, 1940.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.