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NATIONAL DEFENSE

UNITED STATES GOVERNMENT

Committee on Military Affairs,

February 3, 1929.

The resolution of Congress of 1927, 550,000 men, will be
in the near future. On 5, at 4:00 a.m., Congress convened
in the House Chamber.

PRESENT: Senator Claxton (The speaker), eager, vigilant,
Senator, Chairman of Committees, Senator, Vice, Clerk of Committees,
Secretary, Clerk, and Assistant.

The resolution was then ordered to be printed:

Senator to the Secretary, the resolution is hereby printed:

[Resolution printed, signed and transmitted to the President.
Signed by the Speaker to the Senate, to the House, and to the Secretary]

[Resolution read a second time, and passed by the Senate.
Signed by the Speaker to the House, and to the President]
The Chairman. The committee will come to order.

Senator Clark, you expressed a desire to interrogate Secretary Morgenthau, who very kindly consented to come and is now here.

Senator Clark of Missouri. I appreciate that.

Mr. Secretary, the other day I read in the Washington Post an article as follows:

"Los Angeles, January 31. -- This is by the Associated Press. -- "America's most modern light bomb crashed to flames in a parking lot near the Los Angeles Municipal Airport today and its pilot, John Cable, was killed when his parachute failed to open.

"A passenger, identified as Paul Chemelien, of Paris, representative of the French Air Ministry, was trapped from the rear cabin of the all-metal bomber before it burst into flames and escaped with a broken leg, severe back injuries and minor head wounds.

"Three persons, including four men, seated in cars in the parking lot, were injured slightly by flying pieces of wreckage. Nine automobiles were demolished."

"Then the Washington Post of the same day reported also an Associated Press story from Los Angeles, able to be put presently to read but the record in the entirety because part of it simply was in with the text of the other, but it contained these words..."
Nine automobiles were demolished and 16 persons, including four women, slightly hurt by the flying protons. Flames gushed from the crumpled bomber, but Chemidlin, one leg broken, his back bruised and head battered, was dragged to safety.

"Dolores" - that is the Douglas Aircraft Corporation - released his name as 'Smithin - a mechanic.' Yearley was taken on him at Santa Anaos Hospital, where he was treated for treatment.

Inquiry Is Started

Because of the military nature of the plane, the Civil Aeronautics Authority announced there were no inquiries, but one was begun by Army officials, who conferred with the Douglas management last night.

Chemidlin's purpose on the flight was particularly puzzling because of Federal regulations forbidding the export of any military-type plane until it has been in service in this country for a year, or has been approved for national defense use.

Douglas, like other American ways, has sold numerous flight of planes to foreign nations in recent years.
In the meeting of the Military Affairs Committee that afternoon, then General Arnold was in the stand. I read the first article from the Washington Post and then asked General Arnold whether he knew that that Pentagon was doing in the Marine Corps was the equivalent of being involved in the training of pilots for the American Army. I asked this question:

"General Arnold, do you know what the Pentagon was doing in the Marine Corps?"

General Arnold: No, we were under the command of the Secretary of the Navy, and the training of pilots was the responsibility of a service under the Secretary of the Navy.

"Secretary Nye?"

General Arnold: Yes, sir. Under Secretary Nye, these planes for the Marine Corps were constructed under the direction of the Secretary of the Navy, and they told the service, the Secretaries, and similarly was part of the research to keep us the best armed.

General Arnold: I don't know what that plane is actually called, but I think it's strictly necessary property, and if they're not going to deploy it in the European theatre, then it would be a shame to have it.

Now, Mr. Secretary, I would like to ask you about the Treasury Department's role in getting a financial officer, a new financial officer, to a place where it's necessary to obtain the very latest development in armaments for national defense.
Secretary Morgenthau. Mr. Chairman, say I proceed?

The Chairman. Proceed in your own way.

Secretary Morgenthau. I cannot talk very loud because I have been in bed for ten or three days, but I will do the best I can.

For some time — I do not have the exact date, but about a month ago, we received a message from a French mission that it was shipped from the president of France, with an authorization from President Salandra, a photograph copy of which I now cite.

Mr. Frémont, their secretary of State, informed me that they were an extraordinary mission. I mean that they were there and they were not there. They were there officially.

As you gentlemen most likely know, the French Mission, which is technically a separate agency of the Government, is located in the Treasury Department. We await for the various documents about 33,000,000 worth of a reasonable rate last year and approximately 100,000,000 worth of last three years.

It was the thought that if the French Mission could negotiate with France, which had been trying on both sides to get a better understanding out of the war, by the various negotiations and agreements that we have, then they would be in a position where they could send men to the French mission to talk with our men and that was the reason for a similar kind of the war.
As to the particular procedure, in such as the transmission has written out that the Treasury Department authorized this, I think it is important to tell you gentlemen just exactly what the procedure was.

Captain Collins, under Admiral Peabody, has been devoting considerable time to assisting the mission. Captain Ford, of the Navy, was assigned by the Secretary of the Navy to assist the Procurement Division, but Major Fairchild was assigned by the Army, but was seized ill, and Major Landers took his place.

Then the French Mission decided what kind of work they wanted to see, after all, in order to prepare for the meeting around and give them a new vision. I have a memorandum here from Captain Collins dated January 19th,

"Major Landers is assigned. That is Captain Collins of the Army."

Secretary, and other. Of the Procurement Division, a two-month period, but he is with the Procurement Division. Under this interview, but not conducted interview by Secretary, and with Fairchild, according to the

This is a report of a meeting which was held in the presence of the United States of France, upon the question of the

A meeting was held at 10:30 o'clock, a meeting, of which

The Assistant Secretary pointed out that the 1/2-kilowatt plant was a dual-purpose plant and could be used for electric heating, refrigeration, and other services. The plant was designed to operate efficiently under various conditions and was intended to meet the needs of a small community.

The plant was to be supplied with water from a nearby stream and was equipped with a small turbine to generate electricity. The water would be treated to remove any impurities before being used in the plant.

The Assistant Secretary also mentioned that the French were interested in the project and had requested a tour of the plant. The tour would be arranged for the next week, and the French delegation would be accompanied by a member of the plant's technical staff.

The tour would include a detailed explanation of the plant's operation and its potential applications. The French delegation was expected to arrive on the scheduled date, and arrangements were being made to ensure a smooth visit.

The Assistant Secretary concluded by stressing the importance of maintaining the confidentiality of the project and ensuring that all information related to the plant was strictly confidential.
Tote exclusively held in hand...
Now, here is a memorandum of January 19th, which contains:

"Inform Major F. B. that he is to communicate

condition of ATLAS with a copy to the members of a French

mission and Captain Stalls, SH, who are expected to arrive at

20 February 1917 or 21 February 1917. They are to

be authorized to inspect ATLAS and other similar

vessels, and negotiate for purchase. All ships or installations

that he may have been told to hold as they are

entitled to use the ships of the Deutsche Niemen for

use in the furtherance of their aims. Signed by

[Signature]

This is all that is contained.

[The rest of the page is not legible or readable.]

buted to the Assistant Secretary of War, as I understand it, that there would be no further delay.

Do you understand that there has been delay on the part of the War Department and Adjutant General in transmitting the report to meet these claims?

Secretary Sherman: Yes, sir, I will not make no more
by request, and I think —

Governor Rice of Missouri. Who could be the man who would be familiar with this, Mr. Secretary?

Secretary Sherman: He would be the man in the War Department to whom my present Secretary of State's office and I would say that this would be sent first and by the State's office.

I don't want to make up odds that was the Secretary of War and if I have to go over the War Department, I have to go over the Secretary of War and the Secretary of State's office and I would say that this would be sent first and by State's office.

Secretary Rice of Missouri. The Secretary of War and the Secretary of State's office, which is in their capacity as Secretary of War and the Secretary of State?
Now, is it a French military mission that is the nature of that mission?

Secretary Sturgis: No. It is a French military aviation mission. It is an official mission sent over here by Premier Daladier to purchase American planes.

Senator Clark of Missouri: Well, the Procurement Division of the treasury has nothing to do with American military aviation, has it?

Secretary Sturgis: It has nothing to do, other than we are, I suppose, the largest, the largest buyer of merchandise of any government agency. We are the central purchasing agency, and therefore we are interested in both Army and Navy, in order to be contiguous to those people and to facilitate them in meeting Army and Navy officials and American manufacturers, we have asked to extend our facilities to them, which we did.

Senator Clark of Missouri: But the Procurement Division of the Treasury has nothing to do with the construction of either military or naval aircraft, or military or naval anything else, has it?

Secretary Sturgis: No, but we are in daily contact with manufacturers of all kinds of equipment all over the United States, and, if I may say so, I think we enjoy rather an excellent reputation.

Senator Clark of Missouri: I am certain that would be
Senator Clark of Missouri. It was brought down there, though, as the result of this man's or this investigation trio by this member of the French mission. That was the way in which it happens--it will be submitted to inspection by anybody who wants to inspect it, but it not?

Secretary Cameron. I am just pointing out that it was not within my secret file or secret place, and anyone--I do not know how many other people have seen it before. I do not know what secret there was about it.

Senator Clark of Missouri. It was secret to all the members of the United States Senate, for instance, as 1 was an indefinite and see it in my copy to keep the secret. It is taken to me, as a member of the Senate, to keep the secret of the United States. And if it is not--it cannot be the keeping of such

Secretary Cameron. I am only referring, but I am sure not--now it is of no consequence at all.
committee I had nothing to do with it.

Senator Clark of Missouri. Mr. Secretary, here is something that might be within the purview of your functions as a reception committee. Well, I am not sure what it says, this telegram says, that the question can be sent there. I have forgotten the exact words, you have it before you. With a view to negotiated surrender, as I understand that they were sent up by the United States Government, in a view to negotiation, for the purchase of a large national debt, amounting to many millions and millions, consent or to negotiated. But it was intimated here yesterday, and I believe it also was intimated here yesterday, that there was a very prominent member of the Senate who, with a view to the negotiations, has indicated to me, that it will be impossible for him to vote for any measure which is to come up here.
formation obtainable.

Senator Clark of Missouri. I want to get all the information I can.

Secretary Morgenthau. You have got it.

Senator Clark of Missouri. If he cannot answer it, let us have someone who can.

Secretary Morgenthau. This is a memorandum which I read from Captain Collins, former naval officer, who was in the employ of the United States Procurement Division, and who attended this conference.

Senator Clark of Missouri. Will you read that statement, Mr. Secretary, about the negotiations for purchase? I understand this to be with reference to this particular plane, the Douglas plane.

Senator Nye. That is the second memorandum. The confidential authorization there makes reference to the same thing.

Senator Clark of Missouri. That is what I am trying to find out. I am not trying to assess responsibility between the Treasury Department and the War Department. I want to know if it is a fact that this French mission was sent out there with a view to negotiating for the purchase of these which were to be entered in the spring competition of the United States aviation forces. If the Secretary cannot answer it, I will not press the question, but I certainly intend to ask everybody I can learn of.
Mr. Gaston. Mr. Chairman, you will understand I attended the President's press conference this morning. I would not vouch for the complete verbal accuracy of my notes, just take the notes that I made, but the substance is this: That the President was asked a question about the presence of this French mission in the United States and he said, substantially, that the facts are simple: that the French want to buy armaments in this country, and the fact is that the President did not consider the matter and they considered the fact that the most American armament factories were idle, that six of them were practically closed, that the largest single plant in the country, or one of the largest single plants, a plant in the country, in the country, recently laid off 5,000 men, and that from the standpoint of our system it is desirable that these plants obtain this order as quickly as possible, says is not true. This is, naturally if the plants are the plants at table are considered alone, one wants to sell, naturally; that the facts considered alone were the reasons why they should continue their work. That is what he said of it. He made the matter and British matters to be considered, no matter what the case may be.
the United States Government, and he said, "No."

One of the reporters then said, "It is strictly a cash-on-the-barrel-head proposition."

And he said, "Yes."

He was asked about the connection of the Secretary of the Treasury with the transaction — with the authorization, rather, of this particular flight in which the man was injured, and he said, in his understanding that both the Treasury Department and the War Department had said there was no objection to offering a claim, but he said he started to make it clear that the claim that should have been accepted by the United States Government, it was purely a reconstructed claim, and it was filed at a certain, cannot be made by a company that. The money isn't yet in the company. It is not open yet. But we shall try to settle the requirements of that settlement. The result of the settlement will be bound back in the case of, when it is made, as to what it was once, but it will not be a perfectly a civil case. But

And then essentially by the Secretary's request, we went on. And the very alibi reasons; there, the Secretary said not to have at all the idea of a question of authority, or any other authority at least, and the question has been thrust out. We understand now the way as the other authority, and it is not our fault.
Senator Wilson. You say they will be invented?
Senator Clark of Missouri. They have not yet a plane and they cannot enter.

Senator Logan. The President stated that the plane had not been agreed upon or selected, and it may be that the plane would not be accepted.

Senator Clark of Missouri. General Arnold's testimony and the testimony of General Craig went into much more detail, and General Arnold's testimony was perfectly specific as to that. The competition had not yet been closed, the entire had not been closed, and this plane was the plane which the Douglas Company proposed to enter in that competition. Nobody claims that the United States had failed to the plane until it had been tried out a little later.

Senator Logan. I think your testimony will be absolutely correct if you said it was a plane that ought have been entered in the competition. It had not yet been entered.
Senator Reynolds. Mr. Chairman, the thing that I am particularly interested in is this: I am more vitally interested in this confidential order that was signed by General Arnold, who is seated here before us, than anything else concerning this matter. This reads:

"AN IMPORTANT"

"Inform Major H. B. Cole that he is to arrange demobilization of attack motor company to three months of age. A French mission and Capt. Frank, U.S. M.C. are expected to arrive at either forty minutes or three hours, tomorrow, morning. Enclosing: "They are authorized to receive attack motor secret accessories, P. L. in P. at discretion for purchase." I have certified that, Mr. Secretary, secret accessories." That is the thing I am vitally interested in and anything else.

Senator Logan. Would not the Commission have to do all of these things if it were the sole means for its government, and is the only way of obtaining sufficient information necessary to a foreign government in the absence of the President of the United States? Would not the United States under the Constitution be able to do all of these things without the President even being present? If we were to say that there was no provision that neither the President of
sent as a courtesy extended by this government to another government that has nothing here to do with what was not in any way in violation of any law or practice of our government.

The Chairman. Here is an order speaking of secret
Senator Payne. But, if I may interrupt there, Senator, the Secretary of the Treasury has provided us with information to the effect, a modest one, that it was understood that they were not to be availed of the opportunity of investigating our own citizens or our men. Is that not correct?

Senator Clay of Kentucky. Yes, but the order authorizes them to investigate secret proceedings. The order is that they proceed by, unquestionably.

Senator Payne.星座, I do not understand and I would like to have cleared things up. The Secretary of the Treasury has not intimate, I repeat, not intimate knowledge of particular cases. And I believe that I have before the committee our report and that the report has been introduced. The complaint was against the Secretary of the Treasury and he is the Secretary of the Treasury. I will be at your service. I will be at your service.

Senator Clay of Kentucky. Senate of course is a claim. There are so many of the same kind of thing.

Senator Payne. The same kind of thing that was the claim, Senator Clay of Kentucky, the Secretary has not intimate knowledge of the Secretary.
play host to this mission and facilitate them in their work, and it was felt that the Procurement Division could do that as well as anybody else, and therefore the facilities of the Procurement Division to their technical people were offered as an assistance to the mission to help them accelerate their work.

Anyhow, Bill. But the proposition I.e., as I understand it, that the Procurement Division, although it is the central purchasing authority, and the purchase of ordinary Government supplies, has nothing whatever to do with the purchase of supplies for the Army, does it?

Temporary procurement. It has nothing to do with the purchase of supplies for the Army, right, but if there I am permitted there to the authority, if the President so orders, then the law, that they may do so. But I am just wondering that I mean, these 1-2 weeks. Any time is for them to buy anything, as the purchase. It seems, particularly, if I am not mistaken, that these two weeks are the ones where in the Army.

Can someone explain that to me, what the Army feel about? Anyway, it is a question of course, the Army, because the Army is the one to make it a decision, according to my information, the President, anyone. So you can't tell the President to do that. How much time do the Army need? And I'm beginning to say that for the Army.
Senator Hill. Have you ever acted in that work? Have you bought any shares for the Army?
Mr. Chairman,

I wish to express my wholehearted support of the bill introduced by Mr. Smith of Ohio. This bill is long overdue and is a necessary step towards protecting our natural resources and ensuring their continued availability for future generations. The current state of affairs, where industries are allowed to exploit our forests without regard for sustainable practices, is unacceptable. The provisions outlined in this bill are comprehensive and balanced, addressing both the economic and environmental needs of our country.

It is important to recognize the potential for this bill to create a robust and sustainable timber industry. By promoting responsible harvesting practices, we can ensure that our forests are protected and that communities dependent on the timber industry are not left behind. Furthermore, the bill's inclusion of research and development funds will help to advance innovative practices and technologies that can further enhance the sustainability of our forests.

I urge my colleagues to support this bill and to work together to create a future where our natural resources are managed responsibly and equitably. Let us be the generation that leaves a legacy of stewardship and foresight for future generations to enjoy.

Thank you for your consideration of this important legislation.

[Signature]
to any purchase of an airplane for either the Army or Navy?

Admiral Pelecan. It was not making any purchase.

Senator.

Senator Hill. But this is the first time you have ever been called in, then, where there was any transaction looking to the purchase of an airplane?

Senator Clark of Missouri. The order says 'allocate the purchase'.

Senator Hill. I understand this was a purchase by the French government, but it had to do with a proposed purchase by the War Department.

Senator Clark of Missouri. It was our plane.

Senator Hill. That is how we came into it. The War Department had furnished the specifications, and taken in, for these planes.

Admiral Pelecan. Yes, sir.

Senator Hill. This plane was built under specifications furnished by the War Department.

Admiral Pelecan. Yes, sir.

Senator Hill. And from the War Department specification, for the first time, as I understand it, called the order then, when the French government came to buy that particular plane, for which the War Department had furnished the specifications.
as if we are getting somewhat off the subject. Senator Clark has a definite idea, as I understand it, and that is, why did the War Department authorize the inspection of this particular place at this time, and could the Department of War have authority to give that permission?
Now the question that it seems to be is the only
operation may require very short notice, and all the
transportation and other necessary equipment or ships
and personnel must be ready to be called for. In
some cases it may be possible for the Government to
make arrangements through the local government for
the movement of the train, but in many instances it
may be necessary to call for the movement of the
car by another train. We have been informed that

In several cases it is possible to make arrangements for
the transport of the train at a shorter time if the
Government is informed at an early date.

The condition of the rails and the equipment on
the railway may vary from section to section, and
they may be in need of repair. It is possible that
some sections of the line may require additional
maintenance or repairs. It may be necessary to
realize that the quality of the rolling stock used for
the movement.

II end.

It end.
Senator Schwartz. It seems to me that this resolves back into this proposition: if the Government calls for 31S for planes, is it our position then that all the manufacturers in the United States that may care to compete, that they may not in the meantime contract to sell planes to foreign governments? The only other answer, it seems to me, is that if what they have done is to subject them to criticism, then it results in that whenever we ask for bids by half a dozen companies indicate that the are going to join in the competition, from that point on those five or six companies are going to work on the side whether they can sell or not the planes that they are manufacturing.

Mr. Chairman. That would be impossible if the Department is going to issue a contract to a competitive offer on the one of the planes.

Senator Schwartz. I do not think that impossible. I think it is the case of a hundred.

Mr. Chairman. I think the question is a matter of the department and the manufacturers. The producers are that the call is, under court of review. We have, similar to the case of the Boeing plane as well.

Mr. Chairman. The machinery of courts, in the same place, is that there is just the same matter of evidence as the
fact is that a lot of the ideas, perhaps, that went into these specifications for that plane were not the ideas of the plane manufacturing company but were the ideas of our own War Department, and they desired to use, and therefore, since those ideas that developed and developed this plane belonged to the Government of the United States, of course, there was an agreement between the Government and the plane manufacturer that those ideas should not be divulged to anyone.

Senator Nye, it might be important to indicate a further and secret existing arrangement in the subject of the private manufacturer as to whether the private manufacturer is developing something that was desired by the Government and sent to them by the Government. If they like the method of the device, certainly as long as they are permitted to see it, they will retain a possible advantage to make it without it even being made known to the public on the open market.

Chairman. Can I have an explanation of that, please. The explanation that a new device was not a new device but that there was a similar device, a similar idea, a similar device, and do not disclose the idea to the public on the open market?
from Senator....

...I must admit, however, that for the
case of this matter, I also have a few more words
and my apologies to you, Senator...

I was thinking that I had not yet had the opportunity
to express my sentiments on the matter. There was a certain action that was taken, which
I was informed about. I felt that the matter deserves a
broad discussion at this time. I believe that the Senate should be
informed. I therefore felt that it is important to include
such words that have been included before I brought
up this matter. Therefore, in accordance with
these words, I feel that I am entitled to express
my views, and I do so with a sense of
right. I believe that the Senate should be
informed of the sentiment of the Senator...

Senator.... I feel that the case that was included
to me by junior colleague is that right.

Senator... This is the case that was actually
included to me by junior colleague.

Secretary... I must point out, however, that
if I had not been asked to come up here today I never would
have seen it. I want to make that clear. I would like to
Secretary Warnecke. Before I received any mission from any foreign country they have to be accredited by the State Department, and Mr. Welles, as Acting Secretary of State, said that this was an accredited mission.
Senator Gurney: That it was an accredited mission?
Secretary Harriman: Yes. I do not receive any foreign mission unless the State Department authorizes it.
Senator Gurney: Captain Brown, when you came into possession of this authorization were you struck at all by the authorization revealing secret accessories?
Captain Brown: No. I was not particularly surprised at that feature. And I do not recall my first view of that envelope or what the contents of the inside envelope was, the parasites that Major Noble and I had possession.
This envelope actually made for me by Major Noble and delivered to me about a day later, and I have never a shred that copy that remained in my hand. I believe was not found at the official and another a formalized letter to that effect.
Senator Gurney: And the action of demonstrating those letters, the official release, was to the public through at the same time the press the destruction of January 14th, a letter officially under the control.

Senator Gurney: Captain, the letter on the other side the letter that the meeting on the table that was under the control?

Senator Gurney: The letter that was on the table under the control.
Army and Navy and Treasury what action might be taken or what might be accomplished by the French Mission in the United States.

Senator Clark. The Navy does not have anything to do with the purchase of Army planes?

Captain Knox. Nothing.

Senator纪委监委. Captain, I want to ask you this: was that secret bomb sight on the plane that was actually flown?

Captain Knox. I was told it was not.

Senator Clark. It was not?

Captain Knox. I did not enter the plane and I can not testify of my own knowledge. I understand it was not.

Senator Clark. But, what I want to know is this: was the Secretary Department, the procurement section of the Treasury Department, interested in that picture; was it they asked to get into that matter?

Senator Knox. Mr. Senator, I do not think any one in the Treasury Department interested in that picture.

Senator Clark. All right. Mr. Secretary, did the Department have of the Treasury Department any idea as to what that picture. I mean interested any one for that plane at all, at all?

Secretary Knox. As a matter of fact, the War Department was the only one to get a picture.
secretary Bartlett acted as a my

regular signal. Mrs. V. Schuman, in regard to
regular as to the decision. I do not see that we have
of right or anything here that has not already been
published in the newspapers. Here is the deciding not
that really reveal virtually, everything that we have.
brought out here. It says here — and I wish to direct
the attention of Senator Clark to this: "General Arnold
represents as result of an inquiry directed by Senator Clark
that the Treasury Department had given the permission."

Now, the evidence shows here that permission was given
by General Arnold.

Senator Clark. Mr. Chairman, if I may be permitted,
in view of the great conflict that there is here, I would
like to read into the record some of the questions and
answers of General Arnold as to what his contention was:

"Senator Clark. Do you know what this Frenchman
was doing in that plane?

"General Arnold. He was out there under the direction
of the Treasury Department, with a view to looking into the
possible purchase of ciphers from the French Mission.

That is on page 184 of the hearings before this
committee. Then after some other questions and inter-
views as these occurred:

"Senator Clark. Do I understand, General, that the
State Department did not authorize this Frenchman to be in
that plane out there?

"General Arnold. The State Department informed the
French office that there was no plane to land or take
off that airplane.

"Senator Clark. But thenext day, it was done.
the Treasury Department, as I understood you a moment ago?

General Arnold. No, sir; under the supervision I said, of the Treasury Department.

Senator Clark. Does the Treasury Department under the law have any supervision over the construction or purchase of planes for the war department?

General Arnold. That is rather afield, because the airplane was —

Senator Clark(Interposing). It is not afield, General, because we are being asked to appropriate for construction of planes and I would like to know who does have authority for the construction of the planes and the control of the planes and the control of the men in the military service.

General Arnold. Well, sir, that goes up to, as I said, up to the time that it was entered into competition, we really have no control over it whatsoever, and nobody can do as they please with it.

We said, as I understand it, in this record, in two or three different statements that the permission was given under the direction and under the supervision of the Treasury Department.

Now, Mr. Secretary, just one other question I would like to ask you. As I understood you a moment ago, you said that you asked Curran telling, the Assistant Secretary
of these, we are well aware that at the time, and we were advised by him that it was a very expedient measure. In other words, the French billed a great deal for the first third of the commodity, and then to you did they agree to a partial payment from the State Department, or the Secretary of State, as not to ask you to take the balance under consideration of the Secretary for which I have not yielded to the offer, and yet, have it? (Laughter.)

Senator Clark. No.

Secretary Borland. My first impression—I think I am correct to this—I think my knowledge of the situation was through Ambassador Hulbert.

Senator Clark. Did that ever precede any other language, that Ambassador Hulbert, a representative of the State Department, was requesting any foreign nation or any portion—did he come to the Treasury Department and then have the Treasury Department call up the State Department and ask for clearance in that customary? We used to have a fellow out in Missouri who spoke of circumstances being unlikely. This was a "unlikely" experience in the Treasury Department, was it not, Mr. Secretary? (Laughter.)

Secretary Borland. As I pointed out, Senator, when we set out of Treasury business, I keep a very careful
Securities, and I take my copy to show in every matter of
which there is a question about anything in the

Secretary's Office. So that as far as I say, Mr. Secretary,
you have been two weeks in Mexico last, and the
fact is that this mission and that in the first instance
by a member business? You have called in the State
Department and received clearance. For your purposes,
that they were a duly accredited mission.

Secretary Morrow. Yes, sir.

Secretary Clerk. That is just I understood your

Secretary Morrow. Then I do very I did not
give you the exact date. The telegrapher first brought it
to my attention, and then, following my usual custom,
because I will see any mission. If any one came up the
State Department and say, 'Is this an authentic mission,
does it all right for me to see them?' I will not see
any foreign mission unless the State Department says they
are authentic, and Mr. Welles, after a reasonable time,
informed me that this was an authentic mission, and so
that basis I received them.

Senator Nye. And on that basis, Mr. Secretary, you
summoned the others to the meeting?

Secretary Morrow. No, as I say, the direction
to proceed to put the Procurement Division at the disposal of this mission and to assist them --- I thought I made it plain that that instruction to me came from the President of the United States.

Senator Nye. But upon whose instruction or whose order did the War Department, in the person of General Arnold, appear?

Secretary Longfellow. I think the Secretary of War did it. I am only testifying to any action that affects us.

Senator Nye. Might I direct that question to the Secretary of War?

The Chairman. Yes, indeed.

Senator Nye. Mr. Secretary, upon what instruction did General Arnold appear at this meeting? Under what instruction?

Secretary Woodring. Now, what meeting is it you are inquiring about?

Senator Nye. The meeting of the Procurement Authority.

Secretary Woodring. We got our instructions to carry out this procurement by the French Mission under the direction of the Secretary of the Treasury.

Senator Clark. Who did you get the instructions from?
Secretary Woodring. From a meeting of the Secretary of the Treasury, the Under Secretary of State and myself.

Senator Clark. You do not consider it an instruction when you go into a meeting and agree to do something. Do you? Was there any superior authority telling this meeting what to do?

Secretary Woodring. As a result of the conference with the Secretary of the Treasury, the Under Secretary of State and myself, there came a directive from Secretary Morgenthau, and he said, for us to furnish permission for these planes—four this mission; to inspect certain plants and certain people. That directive was given to us, as Secretary Morgenthau has said, to each of the three departments. Then in a conference with Secretary Morgenthau, we decided that each should have a representative of the Department to meet and carry out the instructions. Secretary Morgenthau named Captain Kolb. I do not know who the other was.

Captain Kolb, Captain Kolb of the Navy.

Secretary Woodring. Yes, Captain Kolb of the Navy. And I named the Assistant Secretary of War, and the three of them then met in the office of the Assistant Secretary of War to carry out the directive.

Senator Clark. Mr. Secretary, I still do not understand when you say you were given instructions. Yes it
a matter of instruction, or otherwise? As I recall the
result of the agreement with the Secretary of the Treasury
and the Under Secretary of War?
Sec. Waud. The Secretary of the Treasury has already testified that he got a letter from the
President — each of the three departments.
Senator Hill. Each of the three departments got
such a letter?
Senator Downey. May I address one question to the
Secretary, Mr. Chairman? Mr. Secretary, are we not
really compelled to draw one conclusion from what we have
heard, and that is this, that our own government was co-
operating with a foreign government to give that foreign
government the prior right to the possession of military
secrets and an airplane here, prior to its use or choice by
our own government? Were we not really assisting and
placing a foreign government in an advantageous position
to examine an airplane and the secret appliances developed
by our own military forces with our own government's
money? Is not that the only implication we can draw
from these facts here?
Sec. Waud. Well, I could not testify
as to your implication.
Senator Downey. I am not asking you to testify. I
am asking you if there is any other conclusion that can
be drawn from the statements that have been made here, ex-
sent that the French Government was being given the prior
ing right to approve our government's purchase of a particular
type of plane, etc., its secret ammunition. I am not dis-
Secretary Woodring. That came up at the meeting of the three, and I have got Colonel Burns here, who is Administrative assistant to the Assistant Secretary of War, who was in the meeting with Captain Collins and Captain Kreig, the three of them sat in that meeting that gave the directive to the Delaware people.

Captain Kreig. Mr. Secretary and Mr. chairman, I would like to interrupt, but for the purpose of keeping the record correct, I was not present at that meeting.

Secretary Woodring. Then, perhaps, then, I will send corrected. I was Colonel Burns. I think you ought to ask Colonel Burns, because he is sure, as to who was in the meeting and how the directive was given.

Captain Kreig. It seems to me, Mr. Secretary, that there must have been some act upon which the Department, as we were, or the meeting in the matter before the order was prepared.

Mr. Chairman. Mr. Chairman, I might remark that the letter of the President be furnished, if not for the record, then to the Chairman of the committee.

The Chairman. Very well, that record will be made.
Senator Hinton. Mr. Chairman, I do not want the record to show that everyone here concurs in the proposition suggested by the Senator from Idaho, Mr. Romero. I do not get the idea that we were trying to put the Federal Government in possession of our military secrets by this proposition. As I read a little ago, General Groves testified, as I understood him, that the only military secret about the hydrogen and the bomb sight, General Groves says the bomb sight was not on there, and the reason that the War Department subsequently released it was that the American constitution in its decision to the revelation of those things that were not secret, and the secret to them was kept.

Senator Hinton. I have heard a little about that.

Senator Hinton. I have submitted a bill in the Senate that will extend it and make it applicable to totals. I submit the record, Mr. Chairman, and a statement from the War Department that they have made only the revelation of a number of specific methods and processes that were not classified.
from all these reasons. As I understand it, the position of the French is that they have refused to make a

merely formal statement. In other words, they believe the agreement to be very weak.

Another reason for their attitude may be their previous experience with the Medicine. They have an
understanding of the situation in the circumstances of this case. They argue that if the agreement is to be
made, it must be on a long-term basis and that the secret

process. Moreover, they point out that it is impossible

that the agreement could be more than temporary. They explained that the French Government

must be satisfied with an agreement that is permanent and that will be of mutual benefit to both

parties. Moreover, it was agreed that there would be no

disclosure of any details of the agreement.

Senator Smith. Well, why do you think that the agreement

is not satisfactory to the French? We are the only

party necessary about the airplane and the bomb sight.

The French is on the bomber, and the bomb sight was

not revealed; they were expressly directed not to reveal it.
Therefore, I think there was no revelation of any

secret Department secrets.

Senator Smith. It has just been testified that

the agents were not on the plane at the time the Frenchmen

went on it.
...
making that record clear, the fact remains that the officer who was to make this order finally effective was authorized to reveal the secret.

Senator Winton. I do not think that follows at all. I think there was an error in the paraphrasing of that document which the Senator has in his hand, and it left out the word "less."

Senator Nye. But the officer who was to put this order into effect had this order given to him to reveal, if need be, "secret accessories."

Senator Winton. I do not think he did, Senator. I think that order there omits the word "less" from the order that he actually had.

Senator Nye. Captain Kraus, did you have any other order than this one that is in evidence here today?

Captain Kraus. I will explain in detail how that piece of paper came into my possession.

When I first contacted Major Wolfe, he explained to me — displayed to me an order very similar to that. I had not checked it word for word against that, having no means of doing that, and I told him that before I left I would like to have a copy of that order to retain for the record, to show that there was a release. I left it behind by airplane at 11:10 a.m., as I remember it, on Tuesday, the last thing I received, and the reason for my late de-
perture was awaiting that piece of paper which was being
typed at that moment. Whether it was typed hurriedly
and the word "less" was left out inadvertently or not, I
have no means of knowing. I read in a cursory manner what
we might call the original transcription in Major O'leary's
hand, and I do not recall whether it said "less secret
necessary," or not, and what Major O'leary actually received
was only be certified from his records. But I do know that
that letter, that copy, was made hurriedly as I was waiting
to take off after seeing the Douglas plant.

Senator Ney. It was on page not Major O'leary who
prepared for this demonstration, was it not?

Captain Brown. I was sent first to called a courier,
to keep the French mission in mind.

Senator Hill. Did the Navy contemplate the purchase
of any of those papers?

Captain Brown. No, sir; we did not.

Senator Hill. And I do not understand to why the
key comes into the picture.

Captain Brown. We were in the picture, as has been
explained here before, because I was designated to sit
in on this letter to reconcile any activities that occur-
red naval plans, once or what were involved at
different periods of the discussion.

Senator Colman. Could you tell us why the word
sightline device, the secret sighting device, was not on the plane at the time.

Captain Brown. Major care advised us that at least fourIG. 0.4 were removed. It was a secret article.

Senator Speakman. Prior to the flight that you were

able to, there was a secret sighting device on the plane, and

that was removed before the trip and ready?

Captain Brown. Yes; I am sure of that. I will put it this way: I was informed that the device was not installed. Whether it was ever been installed or whether merely provision for the installation was been

made from drawings or dummy, I do not know. As I have explained to the committee before, it was not a novel airplane. I have never entered the airplane, have never seen its interior, and there was no occasion for me going so. The order that was issued to Major Sittig, the

memorandum signed by Captain Sillman under date of

the 10th of January, indicates clearly that the mission

would be entirely in the hands, so far as inspection of the airplane or the visit to the hangar plant, the physical limits of the plant, would be entirely in Major

Sittig's hands, which was a perfectly satisfactory method, as far as I was concerned.

Senator Wye. Mr. Chairman, I would like to ask

the Secretary of War if, prior to this request by the
President for the meeting of the three officers, under
department, if any approach has been made to the far eastern
and having the far department in question to offering
them diplomatic notes once made by the French mission?
secretary voicing. I think the sequence of all this
for the time the French mission arrives here must be
be going by the Secretary of the Treasury, because we were only
present, and the situation at a certain point. I think the
sequence of this thing would come from the French as.

Policy for the time how we approach to the far
department, and to the one of the note of the department
secretary voicing. Yes.

Secretary: Is the Secretary of the Treasury
know of it?

Secretary: Yes.

Secretary: And if the Secretary of the Treasury
is better by now, that don't on, could direct it
to him.

The the far department asked for cooperation with
this French mission to any authority, prior to the time
that the three departments were brought together on it?
Secretary Montgomery, as I remember it now from
memory—I have no record here—if I am not correct you
can check me—if I remember it, after the cabinet
we stayed behind, and I do not know whether you were there.
Secretary Woodring. Was the French Mission here at that time?

Secretary Morgenthau. I don't have to look up my records. I do not know, but I think — you wanted to know when was the War Department first approached, and I think that was the first approach.

Senator McNary. I am rather to the point about this, because I think that is the key fact we're after. I am somewhat confused to believe that the War Department had been requested to attend the conference and was finally made available, but had declined or had discovered the plan at all, and I want to satisfy myself whether that is true.

Secretary Morgenthau. Well, Mr. McNary is head of the War Department.

Secretary Morgenthau. At the conference that you just mentioned, we were all in accord that it would not only help the development and the cost of the plant to the American Government, it is then, declared, to give a French order for the ship.

Senator McNary. Well, Mr. Secretary, we look the War Department any time. I think if anything else matters, we consider you the chief, as I understand it, that group and we go on with the great fact that we are trying to get a ship for the French government. Is that correct?
The text on the page appears to be cut off and not fully legible. It seems to discuss some form of agreement or deal, possibly related to an airplane or similar equipment, but the details are not clear due to the partial visibility of the text.
I am not sure why you are so upset about the matter of the whisky. It seems to me that you are taking it too personally. You should remember that you are working for the Japanese government, and that your job is to ensure that the whisky is available to the Japanese people.

I understand that the Japanese government is facing a difficult situation, but I believe that the best course of action is to continue to work towards a peaceful resolution. I think that if we can maintain a peaceful relationship with the Japanese, we will be able to achieve our goals.

As for the matter of the American soldiers, I believe that we are in the wrong. We should be working towards a peaceful resolution, and not entrenching ourselves in the situation.

I understand that you are upset, but I believe that we need to move forward. If we continue to hold onto the situation, we will be unable to make any progress.

I hope that you will consider my advice, and that we can work towards a peaceful resolution.

Sincerely,

[Your Name]
sold it to the French Government as a necessary matter of production?

Secretary Huddling. Although we would rather that they would have sold it to the French Government than enter it in the competition, we would want them to do that, because in the manufacturing of the French order it would lower — if we have them an order it would lower the unit cost to the United States Government.

Senator Clark. General Arnold testified here the other day that as far as the completion of that program was concerned, it would take all of the present productivity of the United States to complete the program within two years. Now, if you give the French the cream of the crop, or even the cream of the cream, as to speak, it would certainly raise our American production, would it not?

Secretary Huddling. That is a question, because if the French had potted their order in, say, the first of January, they could have gotten started, cooked up, knocked and gotten into production, and by the time they received the bulk of the French order — I do not know what the number would have been — even they got to the point of their order, and every order was filled as at that time, it might not have come into production.
Senator Clark. Do I understand, Mr. Secretary, that this estimate is to the time for completion of this program, the time within which the proposed program can be completed, contemplates joint effort by the United States and France? Does the length of time in which the program can be completed, the facilities be completed, contemplate joint effort by the United States and France?

Secretary Morse then. Mr. Chairman, could I just add something as to why the President and the four Secretaries of the cabinet involved thought that time was past due here? The French government were prepared, if and when, to spend $35,000,000 if only they could get these planes, as I understand it, within six months. Furthermore, they only want planes which are much or better than there are planes at present in France. We want to fly over the field to see that we are going to get it, we want to see the companies, just two companies, two models which would stand in the air for the second against the nearest plane and naturally the ones we are going to come over here.
The page contains text that is not legible due to the quality of the image.
I think that the consumption of 1,000,000 of American manufactured cotton goods would be more satisfactory. But I do not believe that it is possible to get cotton manufactured goods at a price that is substantially below that of the French goods. The first reason is that the American goods are not as good as the French goods. It is almost a matter of production ability, not with the French goods, but with the French goods, there is reason to believe that the French goods have better, and naturally the French are not likely to spend $1,000,000 for something that is not good, even if it is more or less expensive. It is a matter of fact, if the American goods are inferior in any way or better, they are not likely to spend the money. The next thing is, if it is better than the French goods, they will use it. The French goods are not much cheaper than the American goods, and if they get something better and get it within six months, and the original date of delivery was the first of July, and if they cannot get that delivered, and if they cannot get something as good or better than the American goods, they do not want it.

Secretary Cordell: I told you this before and I will tell you again, if they want them by the first of July they will never buy an airplane in this country. They cannot be delivered in that time.