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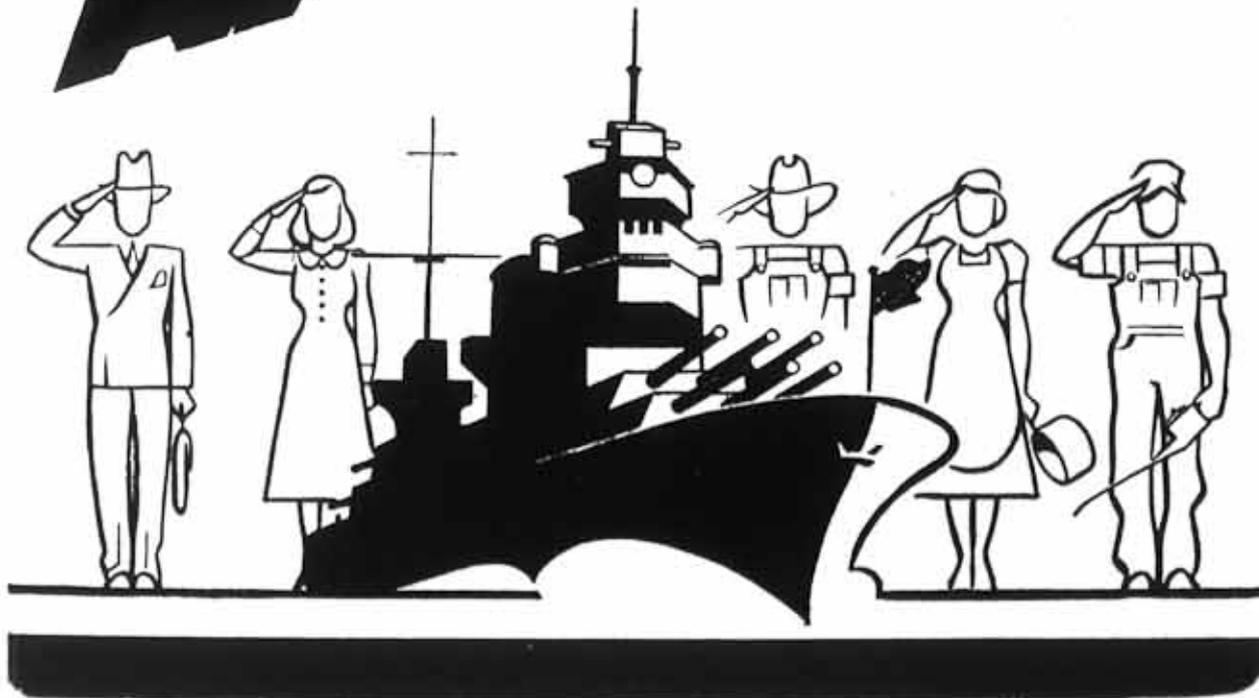
Carter, John F. March-Oct. 1941

Box 122

TEN CENTS

Exhibit B

YOU CAN DEFEND AMERICA





FOREWORD

by

THE GENERAL OF THE ARMIES
OF THE UNITED STATES OF AMERICA

THIS LITTLE book is aptly titled "You Can Defend America." No patriotic citizen can read it without feeling its inspiration. None can fail fully to indorse its ultimate objective—the preservation of our precious heritage. It invokes the principles of good citizenship and the spirit of '76 and of '17 in this new emergency confronting our great democracy. How each of us can do his part in the home, in industry, in every walk of life, is indicated clearly and forcefully. I commend its message to every American.



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ONCE

China built a wall

SHE LIVED BEHIND IT. She laughed at her enemies. She felt secure.

Soon an invader came from the north. Three times China found the enemy inside her gates. They did not storm the wall. They did not go around it. They simply bribed the gate-keepers.





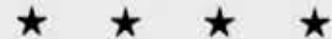
YESTERDAY

France built a wall

THE MAGINOT LINE. Steel and stone. She felt secure behind it. She put her faith in it.

Yet France fell. Why?

Something was missing. There was a gap through which an invader came. That gap was not only in the wall. It was in the spirit of the people.





TODAY

America builds a wall

A RING OF STEEL. Ships and planes and guns.
But is this enough?

Does America have what China lacked? What
France lacked? Does she have *total* defense?

She builds her wall. Does she build character?
Spirit? The will to sacrifice?

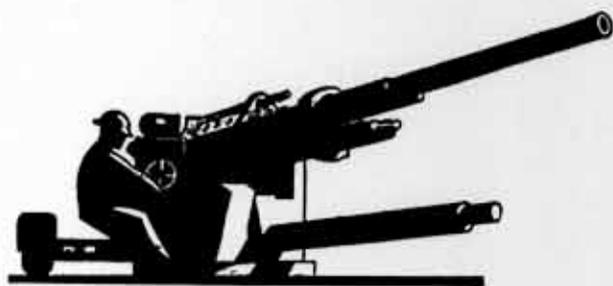
Does she build men? Men who pull together?

Before our eyes the world changes. Nations
collapse.

We in America ask: "What can I do?" What
can 130 million Americans do?

PLENTY!





BEHIND SHIPS PLANES AND GUNS
STAND THREE LINES OF DEFENSE

Sound Homes

Teamwork in Industry

A United Nation

THEY FILL THE GAP . . .



THEY MUST BE MANNED

THE FIRST LINE OF DEFENSE

Sound

WHY DON'T the nations get along like one big family? A humorist answers, "The trouble is they do!"

Homes are the cement of national life. The place where the nation learns how to live together. The non-stop assembly line of character which is the heart of national morale. If homes crack, the nation cracks.

Family life once made America great. Home building was an art. But it went out with the horse and buggy. For millions today home means only a filling station by day and a parking place at night. Divorce is rapidly becoming part of the American Way. And the birth-rate continues to go down.

Many of us would willingly die for our family, but sometimes find it pretty tough having to live with them. So Father pays the bills. Mother worries. The children do as they please. We like to sing "Home Sweet Home"—when we're away from home.

To defend America we need sound homes. Where the family hide nothing from one another and help one another to give their best. Where there is plenty of laughter and love. Where meals are not just gulp and go, but where the company and conversation are as good as the food. Where the welcome sign is always out. Where neighbors can drop in to borrow a cup of flour and find real friendship. And courage when times are hard.

Homes that pull together, pull the town together. And unite the nation.

Homes

Fathers who know how to unite their families will take that spirit into their jobs. If they can settle private strikes and lockouts at home, they know the way to industrial cooperation.

Mothers who teach their children responsibility, faith and discipline will build the nation's character.

Families who allow no waste in their kitchens will show the nation how to use all of everything. Their thrift will help make America secure.

Sound homes will produce not only the man power, but the will power to defend America.



THE SECOND LINE OF DEFENSE

Teamwork

WAR IN INDUSTRY has cost Americans three million dollars a day. It can sabotage any rearmament program. It can cripple a nation before an army gets into the field.

France failed in the factory before she failed at the front. Her people forgot how to pull together. Employers refused to sacrifice. Men refused to work. In her zero hour desperation was no substitute for preparation. She was lost.

America must win the battle for industrial cooperation if she is to be secure. Every man has a part. Every worker, every employer, every labor leader.

"If we perspired more in time of peace, we would bleed less in time of war," said Generalissimo Chiang Kai-shek.

Americans know how to work. We must work harder. Not every man for himself, but every man for his country, whatever his job.

We must work with all we've got. America is like a car hitting on half its cylinders—and there is a steep hill ahead. Much of her power is wasted. Waste in the factory, waste on the land. Waste of time, waste of money, waste of men.

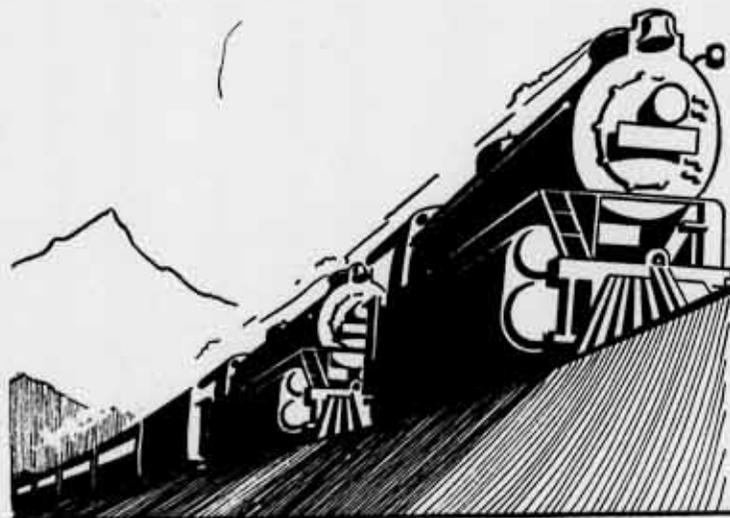
We must work together. Friction between men slows up work more than friction in machines. If employers or workers destroy team-work by their selfishness, then

in Industry

America is in danger. And the gains each fought for will be swept away.

The defense of the nation demands that all rise above self-interest. It means each faces up to his own mistakes. It means we join forces for the common good.

Then our industries will run at capacity. Our man power will be put to work. Together we all will produce the materials and morale to make America strong.



THE THIRD LINE OF DEFENSE

A United

AMERICA DOES not need to be divided and quarreling at home just to prove she is a democracy—any more than husband and wife need to get into an argument just to prove they have minds of their own.

A crack football team isn't all made up of quarterbacks. Every man has his part. Each depends on all the others. So with the nation. Unless we have national teamwork someone is likely to take the ball away from us.

Nations in Europe have gone down because they were at war inside themselves. Their people couldn't get together. They refused to face facts. They were caught unprepared. Even as the storm broke, men fought to get more for themselves.

National unity is the heart of national defense. If a nation is united, no Fifth Column can slip through and sabotage its strength.

A united people will have the spirit which no disaster will shake and no danger will weaken.

Unity is more than agreeing on what we like or whom we hate. Team-work cannot be built by high talking and low living; by fine ideals and selfish lives.

"Team-work," said Knute Rockne, "is a combination of self-sacrifice, brains and sweat." It means work-

Nation

ing together for America. Honest team-work between government and business, labor and management, union and union, republican and democrat, city and farm.

A united people will build the new America. A nation set free from fear, hate and greed. A nation that holds the secret of the new world.



What You can do —

AMERICA NEEDS GUTS AS WELL AS GUNS

NATIONAL CHARACTER IS THE CORE OF NATIONAL DEFENSE

CONGRESS  CAN'T VOTE IT

DOLLARS  WON'T BUY IT

IT'S YOUR JOB TO BUILD IT

How?

Change! Unite! Fight!

Change!

HUMAN NATURE is the bottleneck in the production of national morale. We need a new spirit in the country. But to get it we must start with a new spirit in every citizen. And that means *you*.

Either you sacrifice your personal selfishness for the nation—or you sacrifice the nation for your personal selfishness.

America needs a change of heart. We must *live* the American Way.

Americans are honest, unselfish, neighborly, clean and free.

Or are they? Always? Are you? All the time?

If not, what can you do about it?

A new spirit can grip your heart and mind and muscle—if you are willing. You can change. How?

The first step is to face the facts. The facts about yourself. Honest? Unselfish? Neighborly? Clean? Free? At home? In industry? In politics?

Our fathers looked to God for their direction. We've looked about every place else.

We still print "In God We Trust" on our money. Everybody carries the idea around in his pocket. Is it just an idea? Or is it the main point?

William Penn said, "Men must be governed by God, or they will be ruled by tyrants."

What are you governed by? Your wife? Your husband? Your desires? Your pocketbook? Fear of losing your job? Personal ambition?

Only God can change human nature. When you decide to be governed by God, then the change comes.

· THAT THIS NATION,
UNDER GOD, SHALL
HAVE A NEW BIRTH
OF FREEDOM



It's like joining the army. You decide there's something worth fighting for. You enlist. You put yourself under orders. Then you are given new equipment. You find new comradeship. Your way of living changes. And your whole outlook on life.

To be governed by God means to listen to a Wisdom beyond your own. And obey.

George Washington listened at a time of conflict—and gave a nation freedom.

Abraham Lincoln listened at a time of crisis—and preserved a nation's unity.

Lincoln said, "I have so many evidences of God's direction that I cannot doubt this power comes from above. I am satisfied that when the Almighty wants me to do or not to do any particular thing, He finds a way of letting me know it."

You don't have to be President to do as Lincoln did. When you take time to be quiet and listen, God will guide your thoughts. He will give you orders. And a plan. Directions how to put things right. Creative ideas about yourself, your home, your job, your community, your nation. How you can strengthen America's three lines of defense.

Make a note of the thoughts you get. Test them. Are they honest? Unselfish? Neighborly? Clean? Then put them to work.

As you act on them you will begin to change. So will your home and your community. The Land of the Free will be the home of the strong, and the spirit of our people invincible.

Unite!

WHEN YOU find the secret of change and getting direction from God, you can play your full part in a program of total defense.

You can overcome disunity wherever you find it. You will be a rallying point for all citizens who want to do their bit. Your home will be a recruiting center. Your neighborhood a sample of the new America—the America where democracy works.

Such national unity doesn't just happen. It begins with you and the fellow you don't get along with.

If you start changing, the other fellow will sit up and take notice. If you put things straight with him, maybe he'll put things straight with you.

Everybody wants to see the other fellow different. But everybody is waiting for the other fellow to begin. The secret of national unity is to have the guts to begin with yourself.

Honest apology starts team-work.

Try it at home. Thousands of families are making the experiment. Mrs. Jones who was "always right" apologizes. Mr. Jones decides to be honest too. The children say, "Gee, it's fun to be home now!" The neighbors keep up with the Joneses—in bringing a new spirit to their families. Backyard gossip changes to planning for the community. Planning for sound homes. Planning to defend America.

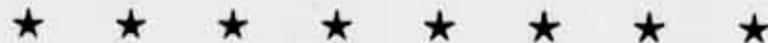
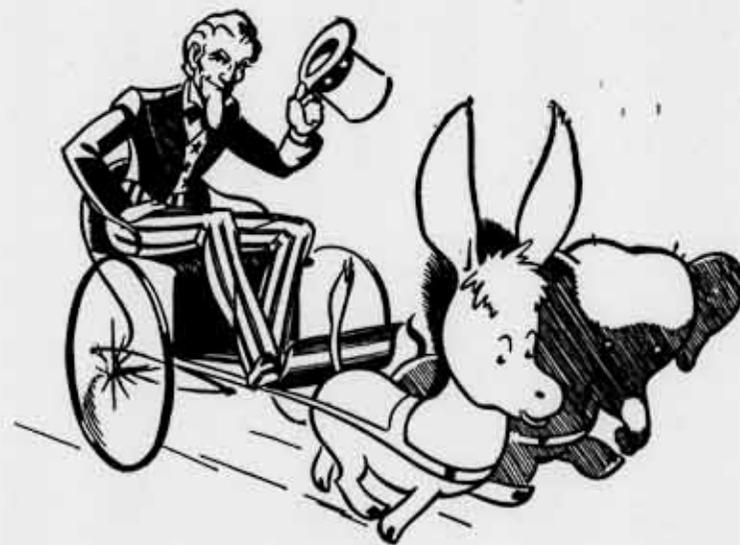
If boss and worker put *all* their cards on the table, in this spirit of honest apology, would strikes and lockouts be necessary? Or would we have team-work in industry?

If political parties admitted where they'd been at

fault, there'd be less mud-slinging and more of the honesty that builds a nation. There'd be more of a common loyalty to America, above party, class, race, point of view, and personal advantage.

That's not just the job of the politicians; or of management; or of labor. It is *yours*.

It is your job to work to make this country you love into One All-American Team.



Fight!

MUSKET AND POWDER-HORN once hung over the door of every American home. Our fathers were not afraid to use them. The Minute Men at Lexington and Concord seized them and ran to defend their country. Not a man in America would hesitate to do it again if invaders threatened his homeland.

But America has already been invaded. Like parachute troops in the night, fear, hate and greed have slipped into our homes, our industries, our communities. Like termites they are eating away our national character.

The fight is on. The fight against our softness, graft, laziness, extravagance, buckpassing, materialism—allies of the Fifth Column. The battle line runs through every home, every office, every factory, every farm.

It is a daily battle. It takes courage. Imagination. You've got to be tough inside. You've got to think hard, and live clean.

You and 130 million other Americans can enlist today in this fight. You don't have to wait to be put into uniform. You're in the army now.

First lick the enemy inside yourself. Then get the next fellow to join you in this battle for a new America. Get your newspaper, radio station and movie theater to fight for a new morale.

Fight to make your home and community a pattern.

Fight to bring team-work in industry.

Fight to unite the nation.

Then America will have what ancient China lacked. What modern France lacked. She will have

TOTAL DEFENSE



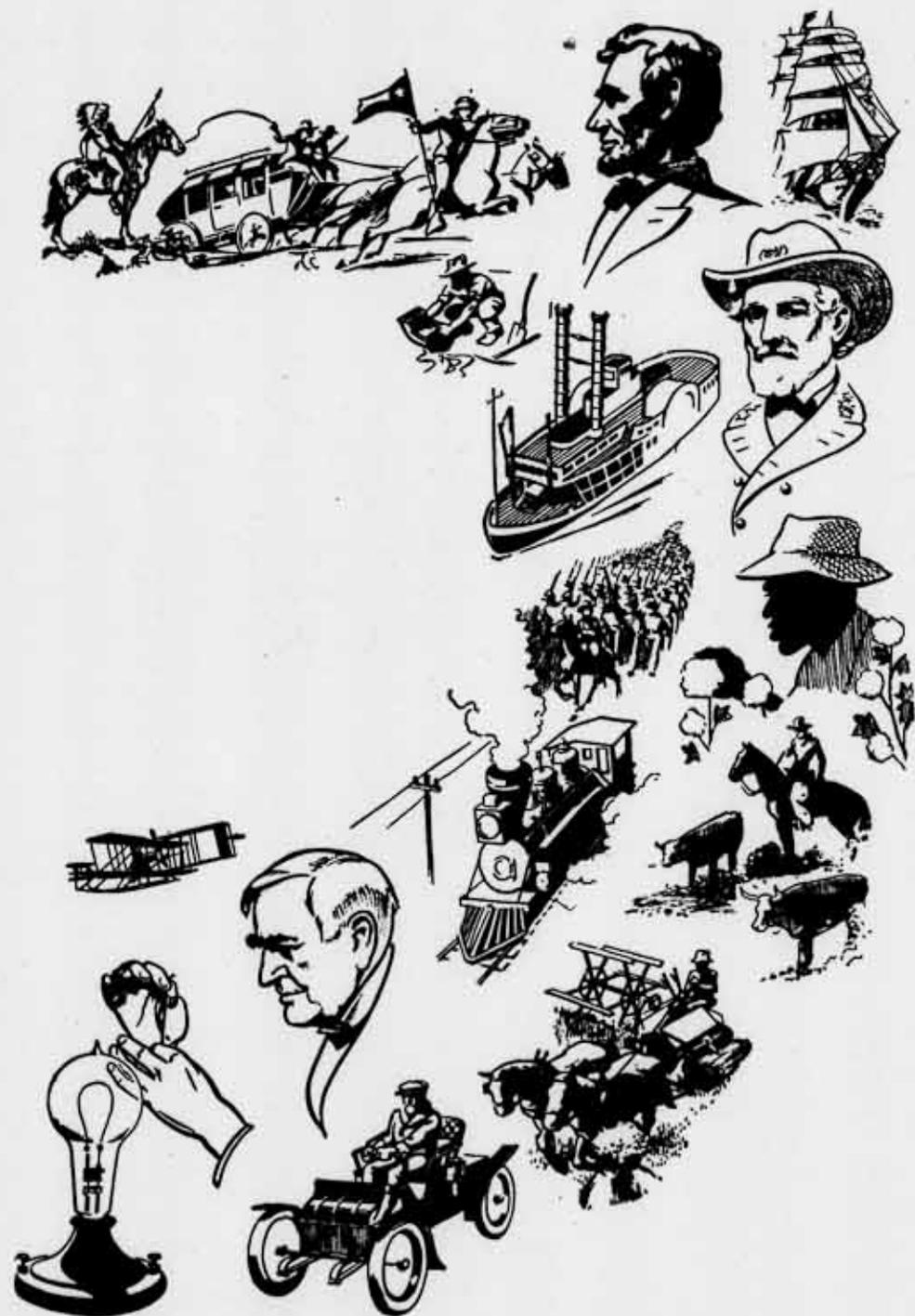


AMERICA ★ ★ ★

This land of towering cities and golden prairies, of great rivers and mighty mountains. This nation of Washington and Jefferson, of Lincoln and Lee and Edison, and countless thousands of ordinary men and women, who crossed oceans and plains, who toiled long for little reward, who sacrificed and built our heritage.

If this heritage was worth their lives to build, it is worth ours to preserve.

"And in support of this declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."



YOU CAN DEFEND

Verse

Tempo di Marcia

1. Chi - na built a big thick wall, France, the Ma - gi -
2. Ships and guns and planes we need, Our coun - try to de -

not. We must find a new de - fense, That
fend. But we must arm the hearts of men, To

none can ov - er - throw. A - mer - i - ca, the call rings out! From
win out in the end. Ban - ish fear and greed and hate,

Cal - i - forn - ia right a - cross to Maine, You and ev' - ry
Ev' - ry man and ev' - ry fam - i - ly. Un - der God we

moth - er's son can pi - o - neer a - gain.
then can build our na - tion's u - ni - ty.

AMERICA



A SONG FOR NATIONAL DEFENSE

Chorus

You can de - fend A - mer - i - ca, ——— You've got some - thing to do,

Clean up the na - tion from bot - tom to top, Start with your - self in the

home and the shop! You can de - fend A - mer - i - ca ———

No - bo - dy will if you don't. ——— So get go - ing and give, And we'll

all learn to live, To de - fend A - mer - i - ca!



THIS booklet comes to you inspired by those who desire to see realized the vision of the General of the Armies, that this message may reach "every American."

Its purpose is to enlist every reader as a partner in national service, to bring this spirit to every home, every workshop, every farm, every industry.

It is hoped that you will give your best thought in planning how this can be accomplished.

It may well prove that this booklet will become the basis for the national philosophy of total defense for America.

Information regarding additional copies may be obtained by communicating with

Moral Re-Armament

Judd & Detweiler,
Washington, D. C.

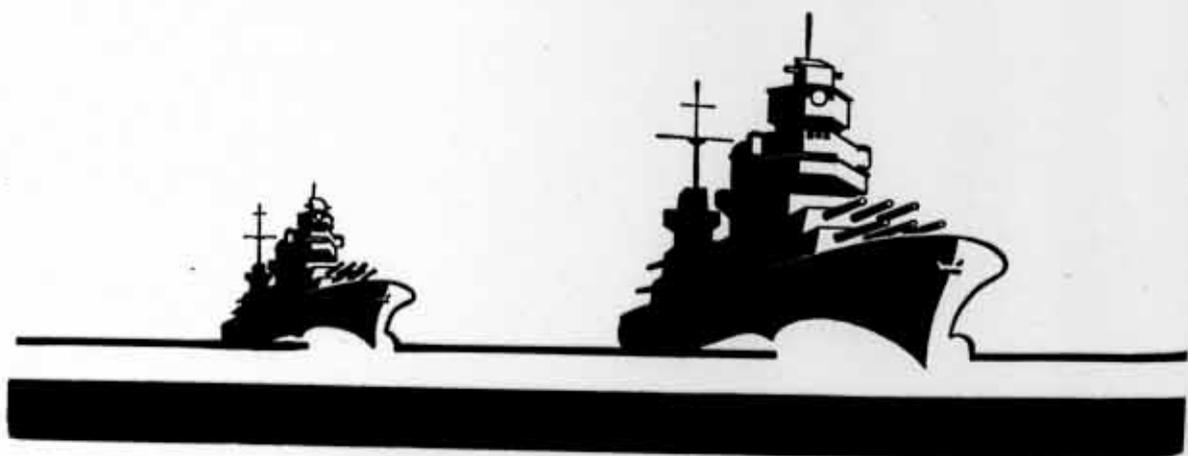
Fairmont Hotel,
San Francisco, Calif.



You

**can defend
America...**

Now!



PSF Jack Carter Folder
Room 5110 Drawers 5-41

file
Memorandum

THE WHITE HOUSE
WASHINGTON

March 3, 1941.

MEMORANDUM FOR
JACK CARTER

You should show this list
relating to the raw material
situation in Belgium to the
Army, Navy and State Department --
and also to the British Embassy.

F. D. R.

JOHN FRANKLIN CARTER

(Jay Franklin)

1210 NATIONAL PRESS BUILDING
WASHINGTON, D. C.

"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

March 1, 1941.

Raw Material Situation in Belgium, as reported by Antwerp factory manufacturing electrical equipment for the Occupying Authorities, January 2, 1941.

METALS

Iron and Steel--one-tenth of actual requirements for industries outside of utilities and communications.

Copper and Brass--about to be prohibited.

Aluminum--supply stopped, some prospect of getting more from France.

Zinc--no difficulties.

Pig Iron--plentiful.

Lead--very scarce.

Nickel--unobtainable.

Magnet Steel--sufficient supplies.

Precious Metals--adequate.

Coal--insufficient, supply rationed.

CHEMICALS, ETC.

Benzine--insufficient

Petrol--unobtainable

Gas-Oil--unobtainable

Oils--30% of normal supply, much of it unobtainable, substitutes.

Bitumen and Asphalt Compounds--scarce.

Boric Acid--pure stocks exhausted.

Nitric and Sulphuric Acids--50% of supply available.

Alcohol--scarce.

Trichorethylene--plentiful.

Copper Acetate--Belgian stocks exhausted, some obtainable from Germany.

Nickel Sulphate--unobtainable, German substitutes used.

Resins--unobtainable, synthetic substitutes used.

Oil Paints and Glues--difficult to obtain

TEXTILES.

Cotton--only 30% normal supply available.

Rubber--prohibited, bitumized paper substitutes.

Leather--very scarce.

Scrap and Reconditioned Materials--controlled.

LAMP BULB MATERIALS.

Glass Bulbs--adequate supplies, no colored bulbs available.

Glass Ware--adequate supplies from Holland.

Sockets--30% normal supplies available.

Tungsten--sufficient supplies.

Molybdenum--almost unobtainable, substitutes used.

Electrodes--delayed deliveries, some substitutions.

RADIO COMPONENTS

Tubes (American Type)--no supplies available.
European Type Valves--small supply available.
Cones--no supplies.
Various components--subject to general controls and rationing.

MISCELLANEOUS.

Mica--general European shortage.
Ball Bearings--fair supplies available.
Bakelite powder--adequate supplies.

Great difficulty reported in obtaining minor products such as drills and taps, packing paper, stationery, and many others whose use is absolutely necessary.

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March 6, 1941.

MEMORANDUM ON CONDITIONS IN GERMANY, AS REPORTED BY AN AMERICAN
BUSINESS MAN JUST RETURNED FROM THREE MONTHS VISIT TO BERLIN
ON COMPANY BUSINESS.

1. Serious labor shortage exists in Reich, despite use of Polish, French war-prisoners, Dutch and Italian labor.
2. Raw material situation far from desperate, thanks largely to seizure of war-materials in Poland, Czechoslovakia, France and Belgium.
3. Food situation perfectly adequate; German supplies rationed, more food available in Poland and Czechoslovakia than in Reich.
4. Transportation situation now Germany's greatest weakness. If R.A.F. could bomb railway lines from Czechoslovakia and Poland, serious situation would develop. Additional lines being built by French prisoners.
5. German morale reported good, on basis of Hitler successes.
6. Opposition to Nazi Party strongest among more intelligent groups. German Army very popular and widely respected by Germans. Wide fear of Gestapo holds criticism down.
7. Germans entirely confident of winning war, especially Party members.
8. Germans establishing particular regimes to suit psychology of various conquered countries; no uniform pattern of conquest or administration; for example, coffee allowed in Czechoslovakia, unobtainable in Germany unless bought with foreign exchange.
9. Determined effort being made by Germans to take over ownership of American plants, etc. in Germany.
10. Object of Germany's war-policy is stated (by Germans) to be unification of Europe along Nazi lines, not necessarily under ~~maxi~~ German political sovereignty.
11. Americans are officially popular in Germany, are privately hated by German authorities as obstacle to their plans.
12. No discussion reported of post-war plans of Germany outside of Europe, ~~being~~ the export of manufactured goods, which presumably means Latin American markets for German industries.

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March 6, 1941.

**PERSONNEL, RAW MATERIALS AND BUSINESS PROBLEMS OF I.T.&T. FACTORY
AT BUDAPESTH, HUNGARY. (As of December 16, 1940).**

Personnel--150 incompetents loaded on payroll, displacing former employees dismissed under terms of Aryan Statute. Further substitutions anticipated with disastrous effects on business efficiency.

Business---Hungarian business limited by raw-material shortage, mixed business subject to German pressure for centralized control, export business in Jugoslavia being cut off by German argument that country belongs to Germany as sales-field.

Raw Materials--Non-ferrous metals in stock cannot be used without release from governments.
Scarcity of copper, nickel unobtainable.
General rule obtains that articles containing copper and nickel cannot be exported without receiving an equivalent quantity of copper and nickel.

Nazi Competition--Germans trying to tie up the Balkans by obtaining orders for all sorts of equipment, without regard to deliveries. Increasing inability to make deliveries is reported.

Same distribution as previous memo. on Belgian raw materials.

JOHN FRANKLIN CARTER
1210 National Press Building
Washington, D.C.

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March 8, 1941.

NAZI ACTIVITIES IN THE UNION OF SOUTH AFRICA

(Excerpt from report received from Cape Town, January 19, 1941)

"Our main difficulty here is that the local Nationalists have assimilated enough of the Nazi technique to make themselves very objectionable. They make every use of the privileges of free-speech and the right to their own point of view. They have formed themselves into what was a large secret society, now forced into the open, luckily, which is said to number a quarter of a million of all sexes, shapes, ages and sizes...

"Their whole intention seems to be sabotage in a small way, comforts sent to troops disappear mysteriously along with letters, soldiers are set upon and beaten up in dark alleys, they are spat at by foul-breathed women, equipment is apt to go astray, inside the army equipment is sent to wrong destinations or orders are countermanded. In fact we have all the joys of Naziism, with none of its responsibilities. However, these elements (the active ones) only consist of a few thousand irresponsibles who hope to benefit by British soft-heartedness if we win, and by German gratitude if we lose."

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March 8, 1941.

SUMMARY OF REPORT ON SPAIN, PREPARED IN CONFIDENCE BY I.T.&T. MADRID
REPRESENTATIVE (As of September 1941-February 12, 1941)

1. Spanish press, official opinion moving away from Axis, in favor of British, as a result of British resistance and prospect of American intervention.
2. Italians generally despised, but great respect for German Army exists in Spain.
3. Franco is now regarded as holding whip-hand, Suner a laughing-stock.
4. A few extremists favor a grab for Gibraltar and Portugal as well.
5. Spanish transportation system still 40% destroyed as result of Civil War; local starvation due partly to difficulty of transporting supplies; railway stock insufficient to handle troop movements in addition to essential food and commercial goods.
6. Food supplies very short. Only eggs and potatoes are comparatively plentiful; marked lack of flour, beans, rice, coffee and meat. Working classes ripe for revolt, but lack weapons.
7. Expert observers, both Spanish and foreign, declare any declaration of war by Spain would be catastrophic to the country.
8. German march through Spain against Gibraltar not considered likely. Benefit to Germans believed doubtful, cost great. A German Army of Occupation would face vengeance and sabotage on a scale much worse than in Holland where German soldiers are being thrown into canals on dark nights.
9. German troops in Spain: About two German divisions in Northern Spain since arrival of German army on Spanish-French frontier; free movements of these troops back and forth across border is reported. No German troops went to Santander to help that city after the recent storm and fire.

jc

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"The Week in Washington"

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March 17, 1941.

MEMORANDUM OF CONVERSATION WITH LEONE FUMASONI-BIONDI, WASHINGTON
CORRESPONDENT OF STEFANI (ITALIAN) NEWS AGENCY ON POSSIBILITY
OF TAKING ITALY OUT OF THE WAR.

Fumasoni-Biondi is an old personal friend of mine, a highly civilized "good European" and nephew of Cardinal Fumasoni-Biondi, former Apostolic Delegate at Washington.

He said that he believed it important that the U.S. Government should know that the Fascist regime was extremely worried over the possibility of a wedge being driven between the ~~Axis~~ regime and the Italian people, whose passive resistance as warriors was making possible British victories in the Mediterranean.

He said that Winston Churchill's attack on Mussolini had the Rome authorities badly worried and indicated that, if the wedge could be driven now, the Italian people would clean up on Mussolini & Co. themselves. In any case, Italy cannot last beyond August, he believes.

One danger he sees is that Hitler will launch a full proletarian revolution in Europe, with State ownership of all property and the complete elimination of the middle classes, subjugation of the Church and drying up of the sources of European culture. He believes that if America acts swiftly and wisely we can anticipate such a movement and turn the current of European revolt into channels of freedom.

Fumasoni-Biondi said that relief of Spain, if discreetly handled, might serve as such a wedge. He warned that the Spanish leaders, like Petain, were peculiarly sensitive to appeals to their vanity. In this connection, he suggested that Spain might be led to believe that it would serve as the natural "link" between America and Europe in the post-war reconstruction.

He professed his eagerness to be of assistance, but did not feel that the time had come when he could effectively break his own relations with Stefani. Incidentally, he warned that as Italian-German relations grew worse (or Spanish-German) the Italian (or Spanish) press would become particularly loud in professions of loyalty to the Axis. He also stated that Italy's attack on Greece was made because Mussolini discovered that Hitler was willing to sell Italy short in the Western Mediterranean in order to get Spain into the war, and that Spain had deliberately put the price for intervention so high as to prevent the Suner negotiations at Berlin from being ~~xxx~~ completed by Spanish belligerency.

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March 20, 1941.

DIGEST OF REPORT ON BUSINESS CONDITIONS IN ANTWERP, AS EXPERIENCED
BY THE MANAGEMENT OF THE I.T.&T. FACTORY (As of January 6, 1941).

German occupation has had disruptive effect on the company's European business (i.e. with countries under German control or occupation). Due to strict exchange controls and the necessity of obtaining clearances through Berlin, collections are impeded between the Belgian factory and its customers in Holland, Bohemia and Moravia, Yugoslavia, Rumania, ~~Denmark~~, Norway, France, Switzerland, Poland, Spain and Portugal.

Accounts with Germany and Italy, by contrast, being currently liquidated, as is also true of Denmark.

Facts seem to warrant two conclusions: 1) that, where possible, the Germans seek to make Berlin the financial capital of Europe; 2) that, hitherto, Hitler's "New Europe" is being stifled by failure to simplify or give facilities for ordinary commercial clearances.

Germans are using political and financial pressure to compel factories in Belgium to maintain employment regardless of earnings.

Raw material shortage extremely serious. Excerpt from report states:

"....last December requests for iron for the month totalling about 200,600 tons had been cut to 35,000 tons. Another example is the report that the General Motors plant in Antwerp, which was manufacturing trucks for the German Army, was forced to shut down due to lack of raw materials."

Germans seeking to wipe out adverse German trade-balances with Switzerland, Holland, Denmark, Rumania and Spain, by promoting Belgian exports to those countries.

Raw material substitutes being used on a considerable scale, especially in Germany.

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MEMORANDUM OF CONVERSATION WITH E.S. HOGLUND, GENERAL MOTORS CORPORATION DIRECTOR, GERMANY (March 27, 1941).

Mr. Hoglund spoke highly of the German Army: "They have a darn good, hardworking Army. At the present time one sees relatively little evidence of the Nazi Party"

He said that the weakest point in the German political system was the terror, said that Nazis claim terror will be relaxed after the war.

He reported most serious shortage in skilled labor for Reich. "Despite highly organized labor offices important newspapers on Sundays still carry ten or twelve pages of advertising for engineers, accountants etc."

He spoke well of German consideration for American business firms: "Up to last Fall I think they tried to be about as square as they could, particularly if you were important in war economy." "Up to the first of the year it certainly was the policy of Government not to do anything which would antagonize American business". "Prominent men threw up their hands in horror" at the thought of a break with America, said that "after this is over we are going to do business with America--we don't want to do anything which might hinder the taking up of amicable commercial relations after the war". Hoglund is convinced of the sincerity of this attitude and believes that Germany will demobilize intense economic nationalism after the war. He is inclined to be sympathetic to the German point of view, but not in my judgment to a degree which would impair his loyalty to the United States.

J.F.C.
JFC

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MEMORANDUM OF CONVERSATION WITH E.M.VAN VOORHEES, GENERAL MOTORS
CORPORATION REGIONAL DIRECTOR, FAR EAST (MARCH 22, 1941)

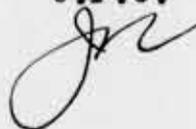
Mr. Van Voorhees said that "Japan will do everything possible to avoid war with the U.S." but cannot be expected to act logically due to "terrific" economic hardships: "No business of any kind. Few horses and rickshaws, no automobiles. Complete shortage of merchandise and raw materials. Not much going on except munitions factories".

He said he knew of Japanese men educated in U.S. "expressing themselves as certain war is going to ensue." "Food is primary essential Next thing they need is oil for merchant marine and for fleet." "People seem to believe that Japan will attack U.S. so as to divert aid from Britain. Japan won't do."

He said that Matsuoka's primary object is to gain prestige for Konoye Government, through recognition of Manchukuo. Also ~~xxxxxx~~ "wants to find out what Germany's attitude is if Japan should move towards Dutch East Indies." He believes Japan could take over easily as the Dutch East Indies Army is "a cardboard army that would fall before any attack". On the contrary, "if China can hang on she will win"

Best approach to Japan is through Navy, "best men in Japan go into Navy". Says "Japanese are falling into habit of bribery", particularly in China. Says Japanese have become much more pleasant to Americans since we cancelled commercial treaty, ordered Americans to leave Far East, etc. Says our "war on Japanese nerves" successful.

J.F.C.



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MEMORANDUM OF CONVERSATION WITH R.W. SEELEY, GENERAL MOTORS
CORPORATION MANAGING DIRECTOR, SWEDEN (March 27, 1941)

Mr. Seeley said "Sweden can't trade with U.S. nor with Russia. Germany biggest customer". Swedes don't like it.

He said that the German Army was the strongest political element on the Continent today, but reported instances of mutiny in Norway. "Don't think Norway venture was as good as reported to world. Losses were terrible in Kattegat (130,000 men drowned) and in taking of Oslo (30,000). Scared German troops regarding any sea invasion of Britain. Greatest difficulty to get them to practice with boats. Captains taking troops out for practice landings reported men got sick and scared."

Shortage of fats reported in Germany. No migration of ~~GERMAN~~ Swedish labor to Germany.

He said: "I heard from a reliable source that the German High Command has given up idea of winning war. They are going to get all they can in Europe and hold for bargaining for peace. They have taken practically all of Europe at very little cost."

He said Russia has 1,000,000 pretty good troops, 1,000,000 medium trained troops, the rest were poor as a fighting force.

He said that Germany was getting less than 5,000,000 tons of iron ore a year from Sweden, compared to pre-war imports of nearly 10,000,000 tons.

Seeley impressed me as an able man whose services would be of value to the Government.


J.F.C.

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MEMORANDUM OF CONVERSATION WITH V.C.GENN, GENERAL MOTORS CORPORATION
MANAGING DIRECTOR, SWITZERLAND (March 27, 1941).

Mr. Genn said that the German Army was unquestionably more popular than the Nazi Party. "Germans inherently look upon Army as strongest element in the life of the nation." German morale is strong and "will remain strong as long as Hitler can bring them either political or military victories."

He said Goebbels was very unpopular, suspected of Communism and of pro-Jewish leanings; Hitler's hold due to German demand for leader with "strength and brutality".

He said that Germany would crack with a few military defeats--"they haven't the guts to take it."

He believes that the German system possesses much more strength than generally assumed but a Spanish invasion impracticable--"Spain is in worse condition than unoccupied France. Hitler would have to transport all his food supplies and it would be impossible to get military equipment across Spain, due to ruined transportation facilities".

He reported thousands of Swiss workmen crossing from Switzerland into Germany, some for a week, some for a month, some commute. Italy is "hopelessly sick of the whole affair" but "Germans control Italy". "Spain is hungry but France hopeless. Some change in French morale due to Petain."

Genn does not believe Germany can conquer England, expects the war to last until 1943, when air-supremacy will count.

Genn impressed me as an able man whose services would be of value to the Government.

JFC
J.F.C.

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MEMORANDUM OF CONVERSATION WITH D.F.LADIN, GENERAL MOTORS CORPORATION
REGIONAL DIRECTOR, NORTH EUROPE (March 27, 1941).

Mr. Ladin attributed German strength to fact that "there is a Party, a strong support on the part of the people, backed by the Army, backing a leader they have confidence in." "The Party is backed by the Army. Hitler's promises kept so far".

He reported a headline from a Danish newspaper, after the occupation, "Our budget need not be so great as expected. Will be able to Save (very large figure) because we have no need for building up defenses"

He said that Germany is used "to getting along with limited supply of raw materials, using substitutes and conserving what it has and can get."

He said that Goering's popularity is because he is "typical German to look at, talk to, easily understood. "Ley is also very popular".

He said; "Sometimes I wonder how Germany can be beaten, yet we know in time those things have happened and will again. If Germany were victor we would find her not so bad as we think. If war over tomorrow, Germany would be victor. No question about that. The thing that gives me hope with regard to Germans is fact that basically they are businessmen and they want to get back to work and soon. They wish war over. Hope war will be over and world get back to nice place to live in and Germans have a little more."

Somewhat pro-Nazi--or defeatist--in his point of view.

JFC
J.F.C.

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MEMORANDUM OF CONVERSATION WITH E.W. ZDUNEK, GENERAL MOTORS
CORPORATION MANAGING DIRECTOR, BELGIUM (March 27, 1941).

Mr. Zdunek said that "the only possible means of ending the war would be a crack-up within Germany. First stop successes of Germans-- make them realize they can't have everything for asking. Second bomb the devil out of them--make them realize seriously at war and cannot win. Would take a couple of years to crack them, revolt would come in the industrial areas, particularly the Rhineland."

He said the Germans very strong and will take a lot of beating. "Germans are good winners and enthusiastic ones. Don't take beating very gracefully." Control too strong for anti-Nazi revolts at present.

He said oil and gasoline were most vulnerable spot in German war-economy. Labor shortage being met by 72-hour week. Productivity of labor low. Between 6,000,000 and 8,000,000 Germans mobilized, causing labor shortage. He said we should stop stuff getting into Germany.

He said "we ought to be careful in the way food is given Unoccupied France, unless we make them put something down on the dotted line. We can't buy Frenchmen's good will but by giving food might say--Now you play with us. We should use food as a weapon."

Zdunek is probably an able man who could be useful to the Government but I had a sense of caution in dealing with him.

J.F.C.

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SECOND INTERIM REPORT SUBMITTED BY JOHN FRANKLIN CARTER.

Political Conditions in Nazi Germany

• Economic Conditions in Nazi Germany

Reactions of American Businessmen to Nazi Germany.

Washington, D.C.
March 31, 1941.

SUMMARY OF CONDITIONS IN NAZI GERMANY (AND OCCUPIED COUNTRIES)
AS REPORTED BY AMERICAN BUSINESS MEN RECENTLY RETURNED FROM
EUROPE (As of March 31, 1941).

POLITICAL CONDITIONS.

The strongest and most respected element in German Europe is the Army, whose strength is generally underestimated by American ~~the~~ public opinion.

The weakest element in German Europe is the Nazi Party. However, the Army's military victories have tended to increase respect for the Party's political leadership and are popularizing the regime.

Morale is fairly good.

Reports on corruption vary. It is generally believed that Party members are open to bribery. Army officers in France and Poland are also said to expect and accept bribes. Perhaps this is only a form of loot and does not affect the Army's reliability.

Popular sentiment seems to hold that it is "now or never" for Germany to become a great nation. Many Germans fear post-war ostracism etc. if Hitler loses.

Heavy German losses in forcing the Kattegat during the seizure of Norway (reported at 130,000 men drowned) led to mutiny and refusal to support invasion plans for England.

There is general belief that the Germans lack "guts", that they love to win but are craven losers, that they can't take it.

Formula for cracking political unity of the Reich is stated:

- 1) Put an end to the series of German political and military victories;
- 2) Bomb the German cities.

J.H.C.

ECONOMIC CONDITIONS.

Food supplies in Germany are regarded as adequate for present needs. Conditions worst in Spain, where famine is sporadic, due largely to ruined railway system.

Raw materials in Germany are reasonably sufficient, except for rubber. Oil and gasoline are sufficient for military purposes. Substitutes for raw materials being widely developed.

Labor supply--especially skilled labor--is insufficient. Swiss labor now commuting to German factories, Swedish labor still untouched, much Polish and French (war-prisoner) labor, considerable Italian, Dutch, Belgian and Czech labor being utilized.

Financial exchange system is still demoralized and complicated by German occupation and by special controls calculated to force clearance through Berlin.

Transportation system is heavily overloaded: the weakest part of the entire German war-economy. Trains run slowly, civilian travel is sharply curtailed, rolling-stock depreciated. The Germans are systematically pilfering rolling-stock from occupied nations.

Blockade is most effective with reference to labor-supply and transportation system. Use of substitutes and inability to effect natural exchange of products increases the number of man-hours and the capital investment required to produce industrial goods. Inability to employ marine transport outside of the Baltic also increases the load on the railways. This also has important military effects: for instance, the Spanish railways have a wider gauge than the other European systems, making it impossible to use Nazi-controlled rolling-stock to supply a German expedition against Gibraltar or Morocco. JSC

REACTIONS OF AMERICAN BUSINESSMEN TO NAZI GERMANY.

Germans consistently talk "business as usual" after the war. German businessmen tell American businessmen that war between America and Germany is "unthinkable". Considerable efforts are made by the German authorities to respect the property and rights of American firms in Axis territory--some reports indicate a tendency to take over American-owned business concerns--by use of pressure.

Some American businessmen are sincerely impressed by German efficiency and the social achievements of the Hitler regime, such as low-cost housing and the Youth program. They uncritically give to the Nazis credit for things initiated under the Weimar Republic. A few American businessmen may regard Nazi success in social discipline as proving the decadence of democracy. One prominent American business leader is reported buying German industrial bonds as a hedge against possible German victory. This report is now being investigated.

Where American firms employ reputed Nazi agents in their foreign branches, it is possibly because these firms feel not business necessity to promote American national policy and because the Nazis have taken advantage of the opportunity to fill what they regard as a political vacuum. Here it is suggested that some informal arrangement be made by which the State Department investigate and if necessary veto the employment of such Nazi or Fascist agents by American firms with foreign branches.

The general reaction in the business circles investigated is one of eagerness to cooperate with the Government. There are a number of highly trained and experienced business executives, now recalled from Axis Europe, whose services ought to be utilized by the Government as early as possible, before their contacts and experience have lost their primary value.

J.F.C.

file personal

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April 11, 1941.

MEMORANDUM ON REPORT FROM I.T. & T. REPRESENTATIVE AT TEHRAN (IRAN)
CONCERNING POLITICAL AND ECONOMIC CONDITIONS IN PERSIA (Jan. 12, '41)

Iran is probably headed for a major crisis; dissatisfaction with the present regime is growing rapidly.

Construction of railroads, roads, housing and government buildings increases on a wide scale despite shrinkage in public revenue. Living costs have increased, causing fear of inflation, with resulting gold buying and demand for dollars. Twenty new German printing presses for paper currency should soon be in operation. Graft is rampant everywhere.

Iran's wheat reserve is low and bad crops have caused negotiations for food purchases from Indian and Soviet Russia. There is a meat shortage, due to transfer of livestock to the U.S.S.R. Anglo-Iranian oil exports sharply reduced, causing a decrease in oil royalties, necessitating a British guarantee for 1941 on royalty account.

Present Government now encourages poppy growing; foreign opium sales used to increase Iranian revenue, preferably in dollars paid in advance. Shah rumored to be transferring fortune to U.S.A.

Germany's Fifth Column is strong, with representatives in all key communications points. Able to take over country. Germany unable to deliver iron, steel, copper or aluminum. Iran Ministry of Finance urges placing all Government orders in Germany, regardless of price. No dollar credits are available. 250 Soviet Commissions recently arrived; Soviet movies encourage revolt among minorities, especially Armenians. General unrest throughout country, with many pro-German and pro-Soviet sympathizers is cause for deep concern.

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April 15, 194d.

MEMORANDUM ON NAZI NEWSPAPERS IN BUENOS AIRES, BASED ON LETTERS
FROM AN AMERICAN BUSINESS REPRESENTATIVE (as of March 20 & 28).

"EL PAMPERO", founded with funds supplied by German Embassy and maintained with German subsidy, was originally given away on the streets. Is now sold in B.A. with free distribution in provinces. Editor, Senor Oses, has been in jail several times. Paper has little influence but may have some effect on a "split-the-difference" basis in assessing war-news from British and Axis sources.

"TRANSOCEAN" (Nazi) NEWS AGENCY is supplied with Axis news via Transradio. This Nazi propaganda was distributed pretty widely at one time, is now used chiefly by "El Pampero".

"DEUTSCHE LA PLATA ZEITUNG", prosperous and well-edited, circulates among Nazi Germans. It uses "Transocean" news service.

"ARGENTINISCHES TAGEBLATT", less circulation than the Zeitung, is anti-Nazi and pro-British in politics.

"BANDERA ARGENTINA", now working for the Nazis, uses Transocean news service. Paper was founded in 1930 after Uriburu Revolution and was organ of the Legion de Mayo (semi-Fascist organization), which has declined in influence since the Justo Administration. Paper is nationalistic in tone, small circulation, and has recently gone completely pro-Nazi. Maximum printing is not over 5,000 copies. Average printing for past ten years about 2,000 copies. The difference probably represents German subsidy. Paper is not distributed by newsboys, but is carried by a few large news-stands and has a small amount of mail circulation.

"LA RAZON" and "NOTICIAS GRAFICAS" (latter founded by LA NACION) are not under German influence; latter is pro-Ally. JFC

*file
journal*

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MEMORANDUM ON SWEDISH-FINNISH-GERMAN-RUSSIAN SITUATION, REPORTED
R.W. SEELEY, MANAGING DIRECTOR FOR SWEDEN, GENERAL MOTORS CORP.

Mr. Seeley points to Swedish-Russian history as evidence that permanent hostility is assured, while Germany is developing Sweden and Finland as buffer-States against the Soviet. Germany much disturbed by Russo-Finnish War and by treaty providing for construction of railroad linking Salla to Kemijärvi and so to Haparanda (near Swedish iron-mines) and for naval base at Hangö, threatening Aland Islands. German reactions to this threat are listed by Seeley:

- 1) Germany sells Finland guns, ammunition etc.
- 2) German asks Sweden to increase her Eastern defenses.
- 3) German intervened in Finnish-Russian outbreak last June.
- 4) Last October, when fresh Russian attack on Finland was threatened, Germans sent seven transports of armed troops into Finland.
- 5) Germans have asked Swedish and Finnish press to avoid all reference to German-Russian relationships.
- 6) Germany taking all the nickel ore from the Finnish mine at Salmijärvi, despite agreement to divide output with Russia.
- 7) Swedish armament budget for 1941 calls for two and a half billion Kroner.
- 8) Germany raises no objections to imports into Sweden and Finland from America, *being anxious to strengthen their economy*
- 9) Sweden is not being sucked dry as Norway and Denmark have been.

J.F.C.
J.F.C.

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J.F. Carter

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April 18, 1941.

MEMORANDUM CONCERNING CONVERSATION BETWEEN WENDELL WILLKIE AND
~~XXXXXX~~ LORD HALIFAX.

Lord Halifax told me that he had had a conversation with Mr. Willkie in New York on April 16. He said that Mr. Willkie had observed that so many Americans considered you to be "indirect and tricky" (an interesting statement from such a source) that you ought to speak out directly, honestly and boldly on current issues.

Lord Halifax said that Mr. Willkie had observed that there were times when the President should go against public opinion, real or imaginary, and rely on time and leadership to win support.

Lord Halifax said that Mr. Willkie had also stated that it was desirable to introduce some further controversial measure into Congress, in order to give public opinion "something to chew on" and combat the present apathy.

My judgment was that all of these remarks had a bearing on the convoy issue and reflected a desire that this Government take further action in the Atlantic struggle. Lord Halifax seemed to be rather deeply impressed with the idea that Mr. Willkie is playing a very shrewd political game. The British Ambassador told me this under circumstances of confidence so I am not sending a duplicate to the State Department.

J.F.C.
J.F.C.

*file
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PSF

*Jack Conlan Folder
5-41*

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May 12, 1941.

MEMORANDUM ON CONVERSATION WITH MR. T.G. CORCORAN.

I saw Tom Corcoran for the first time since the election this morning. He had just returned from a business trip to the Mid-West, and made some observations which seem to deserve consideration.

He said that Lindbergh had won the "debate", so far as public opinion west of the Alleghanies is concerned, and that the only thing which could count against the isolationist mentality now growing would be action or catastrophe. Such action as the despatch of a real air-force to Chung-king or the seizure of Dakar was indicated, in his opinion; general catastrophe to the British might also have the same effect in galvanizing American action.

In this connection, he said that the slogan of "Aid to England" was no longer effective. For certain large groups of Americans, England is as unpopular as taxes or conscription. This includes not only the Irish, but the Poles, Czechs, Germans and some of the school-book Americans. He believes that they can be brought into unity by making the issue "Beat Hitler!" and allowing the necessary means--taxes, conscription, aid-to-England, etc.--to be regarded merely as ~~means~~ the necessary means to a national end. Since he has always in my experience been a shrewd interpreter of public opinion, I consider it pertinent to note that Mr. Corcoran feels the tide running against our foreign policy just as he felt it running against the Supreme Court Bill.

J.F.C.

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July 22, 1941.

MEMORANDUM ON THE STATE OF PUBLIC OPINION IN THE MID-WEST REGARDING THE WAR

The attached report was prepared for the use of my office by a representative of "Fortune" magazine, in the course of a recent trip to Chicago on assignment to report on the "America First" situation.

It is interesting, objective and seems to me convincing evidence that public opinion in the Mid-West is "fundamentally sound" (as Mr. Hoover used to say). I quote the concluding paragraph:

"I went West with the conviction that nothing short of the gravest sort of 'incident' could rouse the American People from their apathy. I'm not at all convinced now that the theory of 'public apathy' is correct. I gathered the impression, on my trip, that the country realizes war is not far off; that our participation in it is inevitable; and while there unquestionably exists a desire to make the most of present opportunities, I believe that desire is prompted largely by the awareness that this is the 'grace period', during which the wise will make provisions for the hard times ahead."

J.F.C.
J.F.C.

REPORT ON THE STATE OF PUBLIC OPINION REGARDING
THE WAR.

In order to sound out sentiment regarding the war, I drove to Chicago via Cumberland, Md., Pittsburgh, Pa., Cleveland, O., Toledo, O., Detroit, Mich., and Gary, Indiana. On the return trip, I took a different route, though Fort Wayne, Ind., Mansfield, O., Wheeling, W. Va., Clarksburg, W. Va., and Winchester, Va..

Strangely enough, not once, throughout the entire trip, did I hear the war mentioned, unless I myself brought the subject up. I am not certain that this can be ascribed to "public apathy". I am not sure that the public is APATHETIC. The vast majority of the people with whom I talked, gas station attendants, hotel porters and bell boys, business men, hitch-hikers, traveling salesmen, storekeepers, were convinced that it was only a question of time before we should be at war. They said so, not resentfully, though they admitted they would prefer to "keep out of it if possible"; but with the obvious conviction that the thing was unavoidable, a nasty job that in all probability would have to be faced.

The people I observed in restaurants and other public places, scanned the war headlines of the newspapers. Few of them, however, appeared to read much below the headlines. Few of them displayed any great interest in radio reports of the war; and that few belonged almost entirely to what is sometimes described as the "intelligentsia".

But the principal occupation of the masses seemed to be with their jobs. Workers, many of whom had suffered from long spells of unemployment, were profiting by the war market; were back at their jobs again, earning good money, better in fact than many of them had ever earned before. Their sole preoccupation seemed to be in making hay while the sun shone; in getting their debts paid off, their mortgages paid off. In short, they seemed to realize that the

present golden opportunity might not be open to them for long, and that they had better profit by it while they could.

But if I found little sentiment for war, it is equally true to say that I found little sentiment for "peace at any price". I got the impression that even the vast majority of isolationists, once they were confronted with the actual fact of war, would roll up their sleeves and go to work to get the unpleasant task of finishing it over as quickly as possible.

A conversation I had with a filling station attendant in East Liverpool, Ohio, was typical.

"How", I asked him, "do you folks feel about the war out here? Do you think we are going to get in it?"

I could see him bristle. Obviously, he felt that this was a reflection on the Middle West, and his back was up.

"We don't like war", he said, "and we're not looking forward to it. But if it comes, you'll probably find that we'll do our part a lot better than most of you people back East. We already are. You have only to look at the figures on the men who've gone into the Army and Navy from out here, and you'll find that we've sent a lot more of them than your Eastern States have."

A garage mechanic in a small town in Indiana gave me much the same kind of a response. He admitted that the people in his section didn't want war. "They're afraid it's going to boost taxes", he explained, "and we haven't yet got the last war paid for. But if it's got to come, we'll be just as much in it as anybody else. "

A Chicago business man, admittedly an isolationist, also admitted that war probably was unavoidable. Although he was of the opinion that everything possible should be done to keep out of it, he was equally certain that if we did get in most isolationists would "line up behind the President".

An old Army "buddy" of mine, a chap with whom I served in France during the last war, I found rabidly "America First". The reasons he gave were: the last war hadn't settled anything; the British were just trying to inveigle

us into fighting for them again; and that no matter what happened in Europe, the Germans couldn't come over here. But he confided, when I left him, that if we did get into this show, he'd rather like to get back in the same old outfit again.

I went West with the conviction that nothing short of the gravest sort of "incident" could rouse the American People from their apathy. I'm not at all convinced now that the theory of "public apathy" is correct. I gathered the impression, on my trip, that the country realizes war is not far off; that our participation in it is inevitable; and while there unquestionably exists a desire to make the most of present opportunities, I believe that desire is prompted largely by the awareness that this is the "grace period", during which the wise will make provisions for the hard times ahead.

XXX

THE WHITE HOUSE
WASHINGTON

May 15, 1941.

MEMORANDUM FOR

S. T. E.

Will you read this, thank
Jack Carter and return for my
personal files?

F. D. R.

Jack Carter Folde

PSF

May 19, 1941

Dear John:

The President has asked me to thank you for your thoughtfulness in sending him that memorandum on Japanese fifth column activities in the Philippines. He is delighted to have so full a report on this highly important phase of Japanese activities in our far eastern possessions and is most appreciative of your thoughtfulness in making it available to him.

Very sincerely yours,

STEPHEN EARLY
Secretary to the President

Mr. John Franklin Carter,
1210 National Press Building,
Washington, D. C.

wdh/mdg

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May 14, 1941.

MEMORANDUM ON JAPANESE "FIFTH COLUMN" IN THE PHILIPPINES.

The attached, lengthy memorandum, "Japan in the Philippines", was sent to the Life-Time-Fortune magazines by their Far Eastern correspondent. It contains a disturbing picture of Japanese intrigues in the Philippines, illustrated by similar intrigues in Manchuria, North China and Shanghai, French Indo-China, etc. Emphasis is placed on the special organization of the Japanese "colony" at Davao, Mindanao; on Japanese domination of the fishing industry; on Japanese retainers to Filipino politicians--between six and eighteen members of the National Assembly are on the Japanese payroll--and on the curious divergence between Japanese propaganda in the Islands and in Japan proper. In the islands, the Japanese emphasize friendship and peaceful economic collaboration. In Japan, the Filipinos are represented as savagely anti-Japanese and "incidents" showing Filipino abuse of the Japanese are freely reported in the Japanese Press.

While Mr. Fisher's report necessarily is a one-man view of an enormously complicated situation, it is interesting and informative. For this reason I have taken the liberty of submitting the entire memorandum in addition to this brief summary. Incidentally, Fisher reports coordination between German, Japanese, Italian and Franco-Spanish groups in Manila.

J.F.C.
J.F.C.

Research from William Fisher (Manila) to David Hulburt
undated - received April 8, 1941

JAPAN IN THE PHILIPPINES

A part of the material used in this report has been collected over a period of two years. Its basis, however, is information collected during my present stay in the country and includes interviews with Americans who have traveled widely in the archipelago or have made a special study of Japanese Fifth Column activities in Manila. The United States army has also been helpful in supplying certain information. In addition, I have combed various publications in the Philippines and the Far East to either support or suggest various conclusions.

It is my hope to make this piece the first of a series dealing with Japanese activities in southeast Asia, as I have kept files on this subject for some time as it is reflected in the Netherlands East Indies, French Indo-China and Thailand. In discussing Japanese Trojan horse activities in these countries it has been interesting to me to see how certain similarities and certain differences exist. Another angle which is of help in looking ahead to the ultimate aims of Japan in southeastern Asia is the opportunity offered at present to gauge the various stages of Japanese Fifth Column activity in the several countries concerned.

In a recent visit to Manchukuo I was impressed by the fact that here full blown Japanese imperialism was in force; in Manchukuo the Japanese had realized their aim in absolute control. The native population served as hewers of wood and drawers of water for the Japanese. I was frankly surprised to see that the Japanese had taken over all tasks that offered a reasonably decent livelihood and fairly acceptable working conditions. For instance, the Chinese and Manchus in Manchukuo do not serve as servants in the better hotels, they do not drive taxis, they infrequently work as clerks in Japanese - owned stores -- all these tasks and many like them have been taken over by the Japanese because they are "too good" for the natives. The natives are occupied with the low, the menial and the unpleasant

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tasks, with the exception of the small class among them with position and education willing to serve as puppets for furthering the aims of Japanese imperialism.

In North China I was struck by the fact that here was an excellent laboratory in which to see Japanese imperialism in transition. In Peking the hotel servants, taxi drivers and the like were still Chinese. A few Chinese merchants willing to play ball with the Japanese were still allowed to do business. Even a few American and European business men were hanging on in the hope that matters might change for the better. But over everything there hung the perfect pattern of Japanese imperialism - Manchukuo. Japanese stores were springing up like mushrooms along the main business streets. If a Japanese business man saw a property he wanted he would go to the Chinese merchant and demand occupation; the sale price was set by the Japanese and the Chinese took it and liked it. If he refused either the puppet authorities or the Japanese military saw to it that he got out. In this case he would probably get much less than was offered to him in the first place. This applied to private houses as well as business properties. Many Chinese families that had lived in Peking for generations and kept clear of politics were called on by the Japanese military or members of the Special Service Corps (the Japanese equivalent of the Gestapo) and told to get out. I know of no case in which payment was not made unless, of course, it could be proven that the owner was a Free China sympathizer and therefore "dangerous". Those Chinese who had thus far been allowed to remain in their homes lived in daily fear of being thrown out. Every few days another Japanese search party would pound on the red gate and demand admission to "examine" members of the household. Chinese women of the better class under fifty years of age did not dare venture on the streets of Peking for fear of being either mauled or "searched" by Japanese sentries or any soldier who took it into his head to have a little fun. Last October Peking presented a very interesting but tragic picture of Japanese imperialism in transition.

A ricscha coolie working for an American friend of mine sized up the feeling of the Chinese in Peking toward the Japanese in a few brief words of pidgin English one afternoon.

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He had been out with his "master" to view the Temple of Heaven, and on their way back to the city they were passed by several truckloads of Japanese soldiers singing uproariously some military song. The sun which was then setting behind the purple Western Hills beyond Peking's walls burnished their bayonets. My friend's man halted between the shafts of the ricksha, spat emphatically on the ground and muttered; "By um by cut off Japanese heads then no can sing."

In Shanghai the procedure of Japanese imperialistic jiu jitsu had not advanced as much as it had in Peking. The Japanese had about one more year to go there before things would be as tough as they were in Peking; but all the earmarks^{of} their usual procedure were evidenced. Foreign business was being subjected to petty annoyances that made it all but impossible to operate. Foreign residents were being subjected to all sorts of inconveniences in order to make life all but unbearable for them. Foreigners living in areas bordering the International Settlement found themselves barricaded in for several days at a time without access to food supplies. Chinese were being terrorized whenever the opportunity offered itself. Chinese business men were being made to come under Japanese control by threats of assassination. Foreign business men who could be bought off with promises of Japanese lenience in the future were "playing ball" with the Japanese military; in time they would wake up to the fact that the word of the Japanese is about as good as their bonds. The defunct administration of the French Concession was being dictated to by the Japanese, and the big sell out which has since taken place in the International Settlement was well under way. From a first hand acquaintance with the Shanghai problem for several years I am convinced that the unbearable situation which exists today is as much due to incapability and dishonesty in the Shanghai Municipal Council, the group composed of British, American Chinese and Japanese for the administration of the International Settlement, as anything else. The British leadership in the Council has been particularly to blame; there is only one thing to describe it "sell out".

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I stress this point here because the same thing is beginning to take place in Manila today. I have obtained reliable information through unimpeachable American sources that more than one leader in the American community here - but one in particular - is dealing with the Japanese because he is afraid that when the time comes for them to take over in the Philippines he will lose his meal ticket. The matter would not be so serious if this man were not in a position of high authority. I have been told by people working on civilian emergency committees that he is doing everything to hamper the unification of American opinion in the Philippines, thus furthering the interests of the Japanese and their German and Italian colleagues in their present Fifth Column campaign here.

Japanese Plan: I have been a little tedious in this introduction in an effort to put over the point that the Japanese do have a plan of preliminary or Fifth Column activity leading to ultimate imperialistic control such as now exists in Manchukuo. This point is not generally appreciated among Americans in the Philippines, and it may have escaped many of them at home. The fact of the matter is that the Japanese are no less astute than the Germans in this matter. In my visit in French Indo-China I saw clearly the groundwork of Japanese Fifth Column activity there two years ago; but no Frenchman would believe it. The Japanese show a marked ability to adapt their activities to the requirements of any particular country in which they happen to be working. In French Indo-China they concentrated primarily on creating unrest and anti-French sentiment in the agrarian population. They also bought as many officials in the government as they could.

The effectiveness of these two phases of operation in French Indo-China were proven when the Japanese army was ready to march in last fall. The peasants, who had good reason to hate the French, rose up and created trouble, thus diverting a part of the army which might have been useful in fighting the Japanese along the China border. Secondly, "bought" officials in high places helped the Japanese from the inside. The greatest assistance which they rendered was in calming the French colonials by assuring them that the Japanese presented no threat and would never march into French Indo-China.

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I cite this example in relation to the Philippines problem because the same sort of thing is being carried on in this country today. The Japanese are fomenting unrest in the Philippines provinces, in some cases under the guise of "communism". The Manila papers in the last few weeks have also been full of reports of uprising among the Moros in Mindanao, where the big Japanese colony of Davao is located. These Moro "outlaws" are for no apparent reason attacking buses on the roads and shooting up innocent Filipinos in their homes and villages. There has been sufficient proof that the Japanese are in some way back of this for the Manila Daily Bulletin to devote a full editorial to the subject. In the Philippines the advance guard of Japanese imperialism is also doing everything possible to buy up highly placed Filipino officials, something which I want to deal with more fully a little later on.

All this so closely approximates the plan in French Indo-China, with certain allowances for local conditions, that you can almost tell from one month to another what move the Japanese Fifth Column will make next.

This respect for local conditions is a surprising part of Japanese Fifth Column activity, for on the whole we have generally accused them of doing things "by the book". The general outline is similar in all places, it is true, but there is lots of leeway left for local conditions. In Bangkok I found through direct contact with many Siamese pretty much how the Japanese work there. When I was in Bangkok Japanese Fifth Column activity was pretty much in the propaganda stage; there was not any substantial evidence that they had gotten into the government. That was two years ago and since then they have been able to buy up some highly placed officials, although I am convinced that the bulk of the Siamese people are learning to fear and hate the Japanese, and this is true of a large class of intelligent and patriotic Siamese in Bangkok. Whether the pro-Japanese cliques or the unimpeachable few that still have some say so in Siamese affairs will come out on top still remains a question of serious moment in Asia.

The Japanese Fifth Column plan was operating in British Malaya and the Dutch East

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Indies, again with due respect to local conditions, in a similar manner. In the latter country there was one native political party subsidized by the Japanese, and efforts were being made to buy up the vernacular press. Japanese spies in the form of Barbers, photographers or tradesmen were stationed in every city; in fact I seldom found a town in Java of over 2,000 people who did not have Japanese photographers and barbers.

Before dealing with the Japanese Fifth Column in the Philippines I would like to summarize these various methods of operation in their various stages:

I - PRELIMINARY WORK

- 1 "Educational" work in Japan to interest the public in a given field of proposed operations. This is done by filling the papers with articles on the countries in which eventual conquest will take place.
2. Propaganda work in the victim country to assure government officials there that the interests of the Japanese are purely "economic".
3. Secret propaganda work carried out by Japanese agents among the native population. The people are told that when the Japanese take over they will be freed from their white oppressors. The Pan Asiatic idea is used extensively.
4. The establishment of secret agents as barbers and photographers in important centers and at towns near airfields or other places of military interest. Barbers and photographers are often high ranking army and naval officials.
5. The arrangement of student tours to Tokyo in which young college graduates are taken to Tokyo and treated to lavish hospitality and cultural talks. Efforts are made by the Japanese at this time to buy off a few of the more intelligent ones or those likely to rise to high places quickly or exert influence in some other way.
6. The purchase of vernacular papers by Japanese or when this is not possible, the subsidizing of native editors so that they will use pro-Japanese stories and omit news on what the Japanese are doing in China.

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II - LAYING THE FOUNDATION

1. Efforts to buy up colonial officials or, as in the case of the Philippines, government officials. Either outright payment is made or these contacts are promised soft jobs after the Japanese get full control.

2. Inciting the Japanese public at home to believe that either the colonials officials or, as in the case of the Philippines, that the native populations are anti-Japanese.

3. The promotion of strikes, riots or fake communist movements to ruin morale and give the Japanese an ultimate excuse for stepping in.

4. The creation of incidents that will endanger local Japanese communities so that the Japanese will have to intervene in their protection. This occurred at Peking and is likely to occur at Davao in the Philippines.

III - THE IMPERIALIST STRUCTURE

1. The march in at the most auspicious moment when internal unrest is at its height, sabotage by bought officials has ruined morale and when the international situation is ripe.

2. The creation of puppet regimes and the ousting of foreign interests. The terrorization of native populations and assassination of individuals formerly disloyal to the Japanese. The creation of Japanese schools, full control of the press, finances, business and banking. The debasement of the native population whereby all but a few puppets are deprived of the means of making a decent livelihood.

This program is full blown in Manchukuo. In occupied China it is entering stage III. In French Indo-China it is in the last part of stage II and the first part of stage III. In Bangkok it is in stage II. In British Malaya and the Netherlands East Indies it is well along on stage I. In the Philippines it is well along on stage I and entering stage II with considerable rapidity.

Japanese Propaganda About the Philippines: In the course of my work I sell all the English language newspapers printed in Japan as well as numerous other English language

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periodicals printed there. I also have access to translations from various vernacular papers and other reports. It is surprising with what frequency the Philippines problem is stressed. The Japanese are being educated on every possible phase of the Philippines, and for this purpose the larger Tokyo newspapers as well as Domei news agency (official) maintain correspondents in Manila. The resources of the Philippines are described in glowing terms to Japanese readers.

The Japanese have for several years been sending experts in various fields to study Philippines resources. One of the highest Japanese government railway officials, for instance, spent six months some time ago studying the transportation system in the islands. He went back to Japan with full consent of the railways. A mining engineer has told me that Japanese mining experts wandering through the wilderness of Mindanao have found out more about the latent mineral resources there than American engineers have been able to after more or less intensive research lasting several years. The reason the Japanese have been able to do better is that they have sent more men and they have spent more time in the jungle.

Historical Interest: Through different kinds of propaganda being carried out in Japan the people there are being convinced that Japan has a real historical claim to the Philippines. It is pointed out that in the 17th century Japanese settlers stopped at three points in the Philippines, including Manila, San Miguel and Delao. This will in time give Japan an opportunity to renew her claims in the Philippines.

In general, present propaganda work carried out in the Philippines attempts to prove that the Japanese have nothing more than an economic interest in the country and welcome the advent of independence because at that time the Filipinos will be independent from their American oppressors.

However, the Japanese are somewhat outspoken in their plan for the development of the Philippines after 1946. One of the best known Japanese experts on the Philippines question is Viscount Tadashiro Inouye. He is also an expert on Formosa and tropical colonization among

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the Japanese in general. He takes a great interest in golf and this brings him to the Philippines to play at tournaments at the Wack Wack country club in Manila. This is, of course, a mere coincidence.

Viscount Inouye's ambition is to bring the Japanese system of rice culture to the Philippines, just as it has been brought to Formosa. The Philippines, he claims, produces only 1,000 kilograms of rice per hectare, while Formosa produces 2,700.

The Viscount also raises a point that has become very popular with the Japanese when he states that the great reason why Japan can't do more business in the Philippines and consume more of the economic resources of the islands is that the currency is too high and too stable. This can, of course, be easily remedied after 1946.

"Japan is the best friend and tutor of the Philippines," says Viscount Inouye. "This is shown in the case of Formosa". Japanese methods are better suited to a small country like the Philippines than the large scale American methods." The Viscount made these statements in a speech in Tokyo, and he is careful to repeat such friendly sentiments during friendly golf games at the Wack Wack country club in Manila. He can cite the case of Formosa with a degree of assurance that he won't be interrupted in Manila, because most Filipinos are so interested in their own politics that they have had no time to investigate the tragic plight of the enslaved Formosans, who are among the most wretched of Japan's subject peoples.

Until about a year ago Japanese officials, among others the former Foreign Minister Arita, were busy assuring the Filipinos that Japanese aims in the archipelago were purely economic. There is less of this sort of thing heard in Tokyo these days; the Japanese are being a little more frank about it. Without putting the Filipinos into a panic they are gradually making them understand that Japan wants to assume control after America gets out, but of course the Japanese rule which will be imposed at that time will be a beneficent one and all Filipinos who are nice to the Japanese now will get their reward.

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Japanese Sine Qua Non: It is not necessary to do much theorizing about Japan's aims in the Philippines since these have been put down in black and white on several occasions by the Japanese themselves. The most interesting example of this sort of thing I have run across is a memorandum which they submitted to the Joint Committee of American and Filipino experts that came out to examine economic prospects in the islands at the independence legislation was first coming into effect in 1935. I want to quote rather fully from this report as it is a statement coming from the Japanese themselves on what they intend doing in the Philippines.

The report leads off by saying that Japan, the U.S. and the Philippines offer a good illustration of the sort of triangular trade arrangement which Mr. Cordell Hull fervently advocates. By this, the report states, is meant that the surplus merchandise balance in favor of the Philippines in its trade with America is offset or contracted by a balance against it in its trade relations with Japan. Philippines purchases of cotton textiles from Japan help to finance Japanese raw cotton purchases from the United States, whereby in return the United States is able to buy more from the Philippines. The report states that the Japanese do not want to upset this status, as would be the case if the customs tariff were raised on Japanese imports.

The report then states that in the Philippines Japanese and American goods have their own respective fields in the market. The Japanese goods, it is claimed, are more attractive to the common people, while American goods make an appeal to people who are able to afford to buy automobiles, trucks, better quality cotton cloth, tobacco, canned goods, leather and paper. The Japanese specialize in low quality cotton cloth, rayon, lamps, porcelain, knitted goods, toys, bicycles and accessories.

"In order to bring about the prosperity and welfare of the laborers of the archipelago, for which President Quezon and the Filipino people are both working, we have to, first of all, supply them at reasonable prices with such articles as they are most desirous of obtaining. For this purpose, we believe, there will be none better than Japanese goods," the report continues.

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"It is quite advisable for the Philippines to put in force the so-called economic control in the archipelago through Japan, America and the Philippines as to capital, machinery and labor, adapting an ideal policy of open door and equal opportunity for all nations. Only in this way can she foster her national industries and increase the purchasing power of her people and thus benefit these three nations concerned, and in the long run perhaps all the nations of the world."

This is rather amusing in the light of the fact that at the time the report was made Japan was preparing to pounce on the whole of China and slam the Open Door in the face of all nations there.

The report now goes on to say that the geographical positions of Japan and the Philippines will naturally affect the economic relationship of the two countries. The Philippines, it is pointed out, produces abundant agricultural and natural products, especially minerals, which she can sell to other countries. On the other hand, Japan, being an industrial country, will have to purchase her materials from abroad. This means that Japan and the Philippines are in a satisfactory position to co-operate with each other, continues the report.

"No one will deny, we believe, that there is a possibility of Philippine raw materials, such as mentioned above, finding a promising market in Japan as the development of natural resources in the islands is accelerated. We therefore are of the opinion that economic control and independence can be better attained among other things by taking advantage of the tremendous possibilities offered by the Japanese market. As is shown statistically, we have been exerting our efforts and will do our utmost to attain a trade equilibrium between the Philippines and Japan, but there lies a stumbling block in our course toward that goal; that is a constitutional restriction as to the development of the natural resources in the archipelago. If this restrictive ban be either completely or partly lifted our course will be clearer and our pace much accelerated."

This report was presented by the Japanese Chamber of Commerce in Manila to the Joint Commission of Filipino American experts, but it has the earmarks of official sanction from

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Tokyo. It is important to remember that it was presented some years ago, when the Japanese were most anxious that nothing should happen to frighten the Filipinos out of their hopes of independence. But the earmarks of the basic Japanese policy toward the Philippines are still there: note how clearly it is brought out that Japan must have a free hand in developing the natural resources of the Philippines. The restrictive ban which provides that in so far as is possible the Filipinos themselves should share in the development of the natural resources is tremendously irksome to the Japanese.

Buicks versus Ricshas: The other day I asked a Filipino what would happen if the Japanese took over after 1946 - or before. "Well, he said, "we'd have ricshas instead of Buicks and it isn't hard to guess who would be pulling the ricshas." He was indicating that the Japanese idea of a sort of new kind of industrial slave economy is getting across. In other words, Japan-imperialism entails hard work for the conquered people in order to supply Japan with raw materials which she can turn into manufactured goods and sell back to her colonies.

If the Japanese are to bring the Philippines into their sphere of economic influence, and ~~that~~ is their expressed intention now, they will have to do two things. First, they will have to depreciate the currency and reduce the standard of living. Second, they will have to do away with present laws which protect Philippine economic resources from foreign exploitation.

After independence the natural resources of the Philippines will present a temptation to the Japanese to allow for much delay in taking over. The Philippines iron reserves present a desirable complement to the coal which Japan has already taken over in northern French Indo-China. In the Philippines there is iron, chromium and manganese. The mountain province of Luzon now produces more gold than Alaska. Japan already takes a great deal of lumber from the Philippines. The Japanese control the hemp industry in Davao and they

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intend to expand in the near future.

Hemp from Davao: Their largest Japanese colony in the Philippines is located in Davao, the famous hemp raising region in Mindanao. The island of Mindanao is in the extreme south of the Philippines archipelago; it is the largest and richest island in the group. In and around Davao there are about 20,000 Japanese, comprising a close-knit and well organized community. The Japanese have brought with them their temples, their manner of dress, their language and their customs. The men have brought Japanese wives and they seldom intermarry with the native population.

A favorite quip you hear around Manila is that whenever President Quezon goes down to Davao he has to get a visa from the Japanese Consulate-General in Manila.

Some years ago an American congressional party visiting the islands made a side trip to Davao. The Congressmen did not know much about Philippines geography and when their boat docked at Davao one morning they all thought that the captain had made a detour and was taking in one of Japan's own islands.

While I was obtaining information for this report I was able to obtain proof, through American official sources in Manila, that the Japanese Consulate-General Davao is not under the Japanese Consulate-General in Manila, but reports directly to Tokyo. In other words, the Japanese think Davao is so important that it has a separate system of keeping in touch with that colony; Davao is so important that the ordinary channels of diplomacy will not suffice there.

The total population of Mindanao is now about two and a quarter million people; Davao province itself has been showing an increase of population that is nothing short of remarkable in the Philippines. In twenty years the population has increased seven times. The port of Davao holds fourth place among the ports of the Philippine islands, shipping hemp, copra, logs and lumber. Davao has produced more than 86,000,000 kilos of hemp in one year, most of this through Japanese enterprise.

The present Japanese colony at Davao is, however, looked upon by most Americans who have

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studied the problem as but a stepping stone to further development of the island by the Japanese. There are several interesting elements that come into the picture. In the first place, Mindanao is largely inhabited by Moros, who do not like the Filipinos and feel that they have been let down by the Americans. It would be very easy for the Japanese to create incidents between the Moros and the Filipinos and thus get an excuse for coming in and taking over. After independence the Filipinos will not be able to prevent the Moros from making occasional forays against Japanese residents. The Japanese can then take full control on the pretext of giving temporary protection to their nationals living in Davao.

Fabulous Mindanao: Americans who have had long experience in Mindanao and an unquestionable integrity in their opinions have told me that on the whole the Japanese know more about this great southern empire in the Philippines than we do. I have already mentioned the manner in which the Japanese have investigated latent mineral resources in Mindanao. One American government official in Manila tells me that there is proof that recently the Japanese government has dispatched road experts, agriculturalists, botanists and others to study the island. In addition, the Japanese have made thorough surveys of the coastline. An American adviser connected with the Philippines Commonwealth Government told me that the Japanese have better maps of the interior of Mindanao than either the American or the Philippines governments.

American engineers and others who have been in Mindanao always come back raving about its wealth of natural resources. They usually speak of it as "America's last frontier". They claim that for its development it needs the capital and technical knowledge which the Filipinos do not possess as yet. An example of what can really be done is the successful pineapple plantation owned by an American company which also operates in the Hawaiian islands. A third of its product comes from Mindanao but is sold as Hawaiian pineapple. The Philippines product is just as good but the American public has been sold on Hawaiian pineapple. The agricultural and mineral resources of Davao are said to be practically

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endless. It is no mere co-incidence that the Japanese have located their largest colony in the Philippines there.

An important fact to be noted in passing is that at Davao are found the only successful examples of large scale farming in the Philippines, with the exception of the American-run sugar and pineapple plantation in Mindanao or other parts of the archipelago. In other words, the Japanese have beaten the Filipinos on their own soil and compare favorably with the best run American projects.

The Japanese look upon their colony at Davao almost as Japanese soil. This is indicated by the consular arrangement they have there, already described. It is also indicated by an interesting little drama that has been worked out there in the last few weeks. On March 2 last, Count and Countess Kocho Ohtani made their second visit to Davao on board a Japanese vessel. The count and countess went ashore and received the enthusiastic plaudits of the Japanese populace there. They stayed at the Japanese consulate, visited Japanese schools and engaged in other activities which gave rise to a great deal of flag waving. The flags which were waved were white flags with red spots in the center.

All this would not be of very much interest if it were not for the fact that the count and countess are directly related to the Imperial Household of Japan. Countess Ohtani is the sister of the Empress of Japan. The count is the Chief Abbott of the Buddhist religion in Japan. Their tour in this part of the world included a visit to North Borneo and the Celebes. But the point of the trip was doubtless that call at Davao. Its purpose was to help keep the tide of patriotism there running high.

Japanese Get Iron Ore: In the past the Davao proposition has probably gotten more publicity than any other angle of the Japanese question in the Philippines. But there are other problems almost as serious. The Japanese are making heavy inroads in the lumber business, they practically control the fishing industry, they are a potent factor in the Manila retail trade and they buy nearly all the iron ore that the Philippines produce.

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In Korea and Japan proper, Japan can produce only about one third of her iron ore requirements and therefore has to look elsewhere for supplies. The Philippines rank very high as one of the sources of supply making up for Japan's iron ore shortage. The iron mines in the country supply Japan over 1,000,000 metric tons per year. This is about one fourth of Japan's total requirement from foreign sources. The difficulty here is not so much in getting enough ore out of the Philippines mines but in getting enough freighters to ship to Japan. The Philippines iron ore is of a better grade than that found anywhere else in the Orient. It is about 60% iron.

Japan has a fair supply of coking coal but an insufficient supply of iron ore. The iron ore resources of the Philippines are extensive and practically inexhaustable. In answer to the United States scrap iron embargo Japan has merely begun taking more iron ore from the Philippines.

According to the American Chamber of Commerce Journal the iron mines in the Philippines employ about 5,000 men. Several of the mines are well run and operated boasting "model" towns for the workers.

Other mineral resources which interest the Japanese in the Philippines are chromium and manganese.

Lumber and Fishing: In an address before a Tokyo audience Viscount Tadashiro Inouye, whom we have had occasion to mention before, remarked: "The resources of the Philippines are not only agricultural, but there is forestry, fishing and mining, which also have a great future but are still in primitive stages, with the exception of mining. Immense forest resources are situated not far from the sea, a favorable factor which rarely occurs in other parts of the world."

Japan has very little timber. There is almost none to be had in China. That which is obtainable in French Indo-China is so inaccessible that it will be generations before it can be gotten out. The almost untouched timber resources of the Philippines are a temptation

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hard to resist. As a matter of fact, the Japanese have not lost much time in getting hold of big timber holdings in the Philippines.

The words of the Viscount in Tokyo recall an interesting little drama which is taking place today. At Dingalan Bay on the north coast of Tayabas it is possible to see numerous Japanese ships dropping anchor. From all appearances the place might be one of the minor ports in Japan itself. The ships in the bay are all Japanese and the town ashore has the atmosphere of Japan about it. Inland there are large resources in timber, some of the best timber that the Philippines produce. The region boasts fourteen lumber mills controlled and operated by Japanese. There is an example of more Japanese penetration in the Philippines; and there are other examples.

The timber holdings of the Japanese in the islands are impossible to estimate. In every case the Japanese register their holdings through a dummy Filipino owner. This sort of thing is difficult to check in a government that is honeycombed with graft and nepotism.

However, it is in connection with the fishing fleets of the Philippines that the question of dummy ownership reaches its most serious stage.

Let us illustrate this point with a little story. In Manila there is a very charming woman who has some Spanish blood in her veins and extraordinary social ambitions. She is well connected, that is to say, she knows most of the powerful politicians, entertains them lavishly in her household. She arranges matches between promising young politicians and the daughters of wealthy mestiza families. In other words, she has a salon, a sort of political salon for in Manila politics is something which occupies nearly all the time of the so-called better classes. This woman, of course, needs a large income upon which to operate, but until not long ago she was without great means. Here is the answer: she possesses through inheritance or some other means, a number of sizable deep sea fishing boats. If she operated these herself she could hardly make enough to exist on, but by the sub-leasing of them to the Japanese she acquires a small fortune annually. The ships are still registered in her name

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and the Japanese get by the alien ownership law by renting them from her.

This woman is just one of many prominent figures in the Philippines obtaining small fortunes from the Japanese through covering up for them on the rental of "fishing" vessels. It is no wonder that when this matter comes up before the National Assembly it is usually squashed after a half hour or so of frantic speech-making. There are some Filipinos who appreciate the seriousness of the situation. They would like to do something about it, but they cannot.

Down in Palawan, the Japanese operate fishing boats that can do 32 knots an hour. I have recently talked with an American who has spent some time in that part of the archipelago. He has seen as many as 64 of these boats at one time. They are a type of boat that could be readily armed - if they are not armed already. The Filipinos cannot ever get near enough to them to find out. These boats give the Japanese a serviceable mosquito fleet in that part of the islands if they ever wanted to make a landing there. And there is something amusing about this somewhere. For several years General McArthur has been trying to get the Filipinos to provide themselves with a mosquito fleet. At the present juncture of the world's international crisis the Commonwealth Government has two mosquito boats ready for action. The Japanese already have a bigger navy in Philippines water than the Filipinos have themselves.

I have heard it estimated by apparently reliable individuals that the Japanese today control through dummy registration 90% of the fishing fleet in Philippines waters. It is no wonder that they have been able to map and survey every harbor in the archipelago.

But the Japanese also go fishing. They have fish canning plants at various points. In this way they are in competition with the big new plants that the Commonwealth Government has erected in Manila for the canning of fish. Or it might be better to say the Commonwealth Government is trying to compete with the Japanese. The fact remains that the Japanese catch the fish, can them in the Philippines, send them up to Japan to have the labels stuck on and then back down to the Philippines again to be sold at a price less than that of the

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Commonwealth Government canning company.

Before leaving this fisheries problem I would like to relate it to the incident which occurred the other day up in the Batanes islands, which are north of Luzon and within a stone's throw of Formosa. It was reported in the usually reliable Manila Daily Bulletin that about 60 Japanese clad in blue jackets raided the town of Itbayat and carried off some chemical being used for a mining project there. It was some days before the report reached Manila as the islands are so far away and without means of communication.

This report was no surprise to Americans in Manila who know the way the wind is blowing in these northern islands. The Japanese are said to have virtual control of the local governments there. They are a base of operations for fishing fleets manned by Japanese. In some places the Japanese have come ashore and settled down. They have come ashore to marry the natives and thus get a claim on their land.

Manila Retail Trade: I am not going to devote very much space to the fact that the Japanese have a large interest in the retail trade of the Philippine Islands, especially in Manila. I view this as perfectly legitimate, as the Chinese also have a large interest in this type of business. In other words, I do not believe in crying wolf at the sight of the Japanese shopkeeper. I have tried to show that the Japanese control of the Philippines fishing fleet constitutes a real menace. I have tried to show how the colony in Davao can be used to stir up trouble. I have objected to the establishment of small Japanese colonies in outlying islands as a real menace to the future safety of the Philippines.

The Japanese are active in retail trade in Manila and the other centers of the islands. They are not as good businessmen as the Chinese; they are not as numerous or as widespread, but the one field in which they are first rankers is cotton piece goods imports. The figures for cotton piece goods imports are not available for the whole of 1940 as yet. In the first seven months last year the Philippines took 67,186,000 square meters of cotton

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piece goods. Of this total the United States supplied 43,212,000; Japan 17,427,000; China 4,224,000. The bulk of the rest came from Hongkong and Europe.

The Philippines still remain the largest foreign outlet for cotton piece goods manufactured in the United States.

It is a sad but interesting fact that a great deal of the Japanese cloth is sold through Chinese merchants in the Philippines. The Japanese produce a low price cloth that American manufacturers cannot compete with, and so generally speaking they are not a serious handicap to American trade in this field.

The Japanese bazaar is a familiar sight in Manila. In fact, the first store on the Escolta, the most important business street in Manila, is a Japanese bazaar.

These bazaars are filled with cheap goods of every size and description from children's pianos marked "Gland Piano Made in Osaka" to the thousand and one novelties which the factories in Yokohama, Osaka and Nagoya are still producing despite the stress and strain of a war economy in Japan.

An adequate testimony to the extent of Japanese trade in the Philippines is found in size and splendor of such institutions as the Yokohama Specie Bank in Manila. The Yokohama Specie Bank stands next to the National City Bank of New York. It is equally large and equally imposing.

There are only 9,000 Americans in the Philippines; there are 29,000 Japanese.

Japanese Undercover Work: This angle of Japanese activity in the Philippines has interested me more than any other. But it is something that is more difficult than anything else to obtain accurate and reliable data on. However, the United States army has been helpful in giving me certain information on Japanese publications and propaganda work and other material has been available from Americans and Filipinos here whose interest in the subject is deep and whose opinions and information are to be trusted.

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To begin with, I should like to point out that at the present time the Japanese campaign in the Philippines is this. On the surface of things they are doing everything possible not to alarm the Filipinos; undercover they are doing everything possible to spread damaging propaganda, to obtain valuable military information and to weaken the morale of the Filipinos.

On the surface of things they assume an air of absolute innocence. They want to do everything possible to allay all suspicion and these tactics are successful with some Filipinos.

A short time ago a new Japanese Consul-General arrived in the Philippines. He immediately called on the High-Commissioner, as is customary for foreign representatives of his rank sent to serve in Manila. One of his first questions put to the High Commissioner was: "What can I do to keep out of trouble - I do not wish to do anything that might displease the American authorities here."

Every Japanese business man in Manila is expected to carry on propaganda work with all Filipinos that they may come in contact with. The nature of this propaganda is laid down for them. They are told what to say and when to say it. The general tone of their statements must be that one day the Japanese will take over the Philippines but they will be nice about it. At that time they will be rewarded for loyalty to Japan now. Any Filipino who helps the Japanese now will be rewarded.

"We have learned our lesson in China", the Japanese say. "We are going to be kind to the Filipinos."

The Pan-Asiatic idea is also worked overtime in the present propaganda campaign in Manila. "We shall teach you to behave like Asiatics," say they Japanese laughingly to their Filipino friends.

Buying the Politicians: The big Japanese firms in Manila of course need legal advice from time to time on their legitimate transactions. If they happen to have transactions that

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are not legitimate they need even better legal service, and they need inside influence in the Philippines government.

Most of these firms maintain Filipino lawyers and these lawyers are concurrently members of the National Assembly. Altogether it is a very nice set-up. The retainers that the Japanese firms offer are fat. They make it possible for the Filipino politicians to buy cars thirty feet long, marry their daughters into the best families and lead lives that are high, wide and handsome. I do not know how many politicians in the National Assembly are retained by the Japanese. The most conservative estimate that I have heard is six. I have never met a Filipino in a position to know something about such things who could say that there were fewer than that. A few say that there are twice or three times that number. At any rate the men that the Japanese do maintain, and the most important among them are easily identified, are in a position of importance. Is it possible that this has any connection with the fact that for the last two months the assembly has been fiddling around without passing any more than one bill? Some of the best informed Filipinos think it has. They point out that in the last few years the Assembly has been constantly reducing the defense budget of the Commonwealth Government. It does a lot of talking about the dummy fishing boat question. But it never does anything about it.

"Some of our assemblymen have been eating too much sukiyaki lately," a Filipino newspaperman remarked to me the other day.

Mysterious Mr. Quezon: A good many Americans and some Filipinos think that Mr. Quezon is pro-Japanese. But I think that the answer I got the other day from a man who knows Quezon intimately and is familiar with his political character may size the thing up as well as any single statement that could.

"Is Quezon pro-Japanese?" I asked.

"Quezon is in nobody's hands", he answered. "Quezon isn't even in his own hands!" I asked him what he meant by that. "Well, he said, I mean by that one day Quezon talks like a

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monarchist, the next like a Fascist demagogue and the third like a do-or-die democrat. Quezon isn't in his own hands because he doesn't even know his own mind."

In the last elections Quezon heard that one of the candidates in the provinces was pro-Japanese. In fact, the man had been running on a pro-Japanese ticket. In order to avert a possible incident Quezon ordered the man to withdraw from the campaign at once.

But there are several things which make Quezon hedge on the Japanese question. He seldom if ever mentions it in his political speeches simply because he is afraid to. He knows that independence spells Japanese control and that he will be out if he offends the Japanese. His frequent trips to Japan used to worry Americans in the Philippines. He would always make stop-overs on his way to the United States. It was thought that he might be hatching some plot with the government, at the very least a guarantee of Philippines integrity after independence. Personally I do not think that there is anything to indicate that Quezon has come to terms with the Japanese through either a formal or informal understanding. Say what you want about the man, he is at least an intense patriot. He would not intentionally sell his country out, although he will probably end up by doing just this thing quite unintentionally because he thinks that it is too late now to go back on the ideal he has been fighting for the last forty years.

He has always tried to smooth over the Japanese question. Once he went down to Davao on an inspection trip and came back to make the most appalling statement of his political career. He said that there was no Japanese problem in Davao.

The Japanese know only too well Quezon's great weakness: personal pride and vanity. They flatter and cajole him at every opportunity. They arranged an audience with the emperor on one of his trips, they always wined and dined him when he passed through Japan. They dubbed him the saviour of the Filipino people from the terrible American oppression under which they had been suffering since the Spanish-American war.

Buttering Up Mr. Quezon: The most beautiful piece of flattery with which the Japanese

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have ever attempted to endow Mr. Quezon is in the form of a book which was prepared by their official propagandist in the Philippines, G. H. Enosawa. We shall deal with Mr. Enosawa a little more fully later on. The book is called "From Nipa Hut to Malacanan." It is a biography of the president and was first written in Japanese and later translated into an English edition which has had very widespread circulation in the Philippines. It is an excellent piece of propaganda, Mr. Enosawa is a very adept propagandist.

"From Nipa Hut to Malacanan" gives the whole of Mr. Quezon's life from his boyhood days to his election as President of the Philippines. It is filled from cover to cover with flattery, but what is even more interesting, it contains numerous sidewipes at America and the part it has played in the Philippines. It leaves the impression that Mr. Quezon single-handed freed the Filipinos from the sly and avaricious ways of American rule. It gives neither the United States nor any of its able representatives in the country any credit whatsoever for the part it or they played in making possible the creation of a free and happy people in the Philippines today. Mr. Quezon gets all the credit.

The book is published by the Japan Publicity Agency and has an introduction by Hachiro Arita, formerly Japanese Minister of Foreign Affairs.

In connection with his Quezon biography Enosawa takes pains to trace the course of early Japanese influence in the Philippines. As early as 1889 Japan was formulating a southward expansion policy in the Philippines. Sadakaze Suganuma was the pioneer in these activities. He was a native of Kyushu, the most southerly island of Japan, and he made an intensive study of the commercial possibilities of the Philippines while the Spanish still ruled here. Enosawa also makes considerable capital of the manner in which the Japanese played a part in the Philippines insurrection of 1899. At that time a relief ship was organized in Japan without the consent of the government. It was sponsored by the Progressive Party. The ship failed to reach the Philippines, having gone to the bottom off the

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China coast. The leader and organizer of the volunteers sent to assist the Filipinos was a certain Colonel Tei Hara, who died before the revolution came to a close. On his deathbed he made the request that his nearest relatives should come and report the victory of the Filipinos and the end of the revolution to his grave. Enosawa produces documentary proof to show that a few Japanese officers resigned their posts to come to the aid of the Filipinos and he makes great capital of this assertion. He gives the impression that the Japanese came to fight side by side with the Filipinos engaged in the insurrection. This makes good propaganda but hardly deserves the all but lavish attention which Enosawa accords it in his book.

The Busy Mr. Enosawa: Mr. Enosawa is in the front line of Japanese propaganda in the Philippines. He does his work out in the open and makes no bones about it. Among other things, he is editor of a magazine called Philippines-Japan. It is published in English and is to be had in both countries. It is, of course, mainly directed at the Filipino reader. He spends most of his time in Manila. He is suave and rarely if ever makes a false move. All his activities are apparently within the confines of legitimate propaganda work. He has lots of money to spend and gets about with the wealthy Filipinos of Manila. He also has many friends in the powerful Spanish community. He entertains frequently, usually at the Cherry Blossom restaurant, a replica of some of the best Geisha houses in Tokyo. His guests cross-legged on the tatami (mat floor) at the Cherry Blossom and partake of the best Japanese food. Mr. Enosawa likes mixed groups, preferably with a goodly number of Americans along just to show that everything is above board. The editors of the American and Filipino newspapers in Manila usually get invitations to these affairs.

Somewhere in between this overt type of propaganda and the secret service network which Japan maintains in the Philippines is a type of activity which has gone far to give the Japanese some good casual connections in the islands. Nearly every Filipino newspaperman of any

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position whatsoever in Manila has been cautiously approached by the Japanese and it is claimed that a few have been bought over. On the whole, I have a great deal of respect for most of the Filipino newspapermen I have known. They are idealistic and most of them are inclined to combine patriotism with pro-Americanism. On the whole, they are poorly paid. It is not surprising that the Japanese have been able to get at some of them.

The Japanese have used the goodwill tour idea to good advantage in the Philippines. The goodwill tours are usually comprised of Filipino newspapermen or students. They are sent to Tokyo for a few weeks and later given an opportunity to tour the country. They come back well impressed with the beauty of Japan and the sincerity of the Japanese. The good impression thus fostered can later be fortified with money spread about in places where it would be most useful.

Japanese Press in Manila: The Japanese either own or subsidize a number of publications in Manila. I have this on the very best authority available and have also seen the publications herewith described. "Oriental Art and Culture" is a monthly magazine that helps to build up the kind of goodwill the Japanese want. It stresses cultural similarities - of which there are actually few, if any - between Japan and the Philippines. "The Eastern Recorder" more boldly assumes a political tack. For some time the weekly "Sunday Informer" was an outright political propaganda sheet. It got so bold that the American authorities had to issue a warning to its editor.

The papers combining Japanese-Axis leanings are more in evidence and more powerful. This brings up a point that I want to deal with more fully later on, that is the question of the widespread co-operation in the Philippines that is taking place between the Japanese, Germans, Italians and Spanish community here.

The "National Outlook" combines Japanese and German interests. It has an excellent section in Spanish, well illustrated and nicely gotten up. The magazine "Youth" outwardly praises the German system, while "The Torch" is another strong Fascist organ. "Ang Sulu", a vernacular, is subsidized by the Japanese and finds its way into the provinces.

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In addition, the Japanese find it convenient to work through various Filipino-Japanese organizations in Manila which pose as cultural or musical societies. It must also be pointed out that the once powerful pro-Japanese GANAP party is not dead, although this is generally believed to be the case in all but the most thoroughly informed quarters in Manila. There is also a new group known as the Pan Asiatic Party. It has not had much time to stir up trouble yet, but informed quarters here say that it bears watching.

The pro-Franco Falangista Group publishes a magazine called "Contact." The Falangistas sponsor a blue shirt youth movement in Manila and I have seen pictures in their magazine showing ceremonies in which these uniformed youths are participating. Another Spanish rightest magazine here is "Yugo", which is a large and impressive monthly. It waves the swastika and the Franco banner and supports Japan.

In this particular report I do not want to go into the question of Fifth Column activity in the Philippines as carried out by the Spanish rightest groups and with German and Italian influence other than to stress the relationship which these bear to Japanese undercover activities.

"Fatty Arbuckle" and the Japanese: The Japanese find it convenient wherever possible to work through foreigners. In the Philippines it is very difficult for a Japanese to approach a Filipino or anyone else directly, so the way out of this difficulty is to obtain a go-between. For some unknown reason the Spanish rightest of the pro-Franco clique are becoming increasingly pro-Japanese. They have sent two delegations to Tokyo and though it is not known what transpired in their discussion there, it is believed that some sort of arrangement was made. In their childish trust of the Japanese, the Spaniards do not realize that they would receive the same sort of treatment in the Philippines as the White Russians received in Manchukuo. Japan would grab in a minute the great Spanish tobacco interests in the Philippines.

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rec'd April 8, 1941.

A few of the Spanish rightest are optimistic enough to believe that if the Japanese take over here that some sort of agreement will be reached whereby the Philippines will be returned to Spain. Franco maintains paid spies and propagandists in the Philippines. One woman working on behalf of Franco here (it is not know whether she received pay for her activities) attained to some notoriety in Manila some time ago by giving a big dinner in the American Army and Navy Club. Franco's portrait and flags were draped all over the dining room.

With such fertile ground to work on in the Spanish community, the Japanese have one very valuable avenue for information and undercover work in the Philippines.

I have recently been told an interesting account of the sequel to the Romero case by an American who has resided in the Philippines for a great many years and has an inside track on the Hispano-Japanese activities in this country.

It will be remembered that at the time of Romero's arrest (Captain Rufo Romero of the Philippines Scouts was charged and sentenced on an espionage count) Gonzalo Beaumont, Chancellor of the Spanish Consulate in Manila, was arrested because it was alleged that he had given a check for Pesos 10,000 to Romero. This caused a great hustle and bustle at the Spanish consulate to explain; the whole matter was covered up by sentencing Beaumont to prison on the score of embezzling the money from the consulate. Beaumont said that the money had been turned over on a gambling bet. It is generally believed that Beaumont took the rap for the consulate with the understanding that he would be pardoned. Beaumont, who was called "Fatty Arbuckle" around Manila because of his great size, was soon pardoned and now he is in Spain.

Angel Maldonado was the Spanish Consul-General in Manila at the time of the Romero case and he was soon eased out of town, reportedly at the request of the office of the High Commissioner, and he is now serving Franco in Shanghai. Shanghai, by the way, has become a center of considerable importance where Italians, Germans and Spaniards from Manila work in close co-operation with the Japanese.

I do not have enough evidence to vouch for this story on the Romero case, but the

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received Apr. 8, 1941

circumstances would seem to give it some weight. Nor do I say that all Spaniards in Manila are potential allies of the Japanese although it is safe to say that any Spaniard who favors Franco is a potential enemy of the United States here and very likely to side with the Japanese to attain his ends.

At the present time I am trying to obtain a full story on Spanish Fifth column activities here; it is not a very easy task. Most people know nothing of this subject and those who do are afraid to talk.

A rather remarkable indication of the degree of co-operation which is going on here between the Japanese and Germans is the fact that in the first two months of this year copra and coconut oil has been shipped to Germany on a scale never known before. In January and February, 1941, the Philippines shipped Pesos 1,600,000 in copra and oil; the bulk of this went to the Reich via Shanghai and Vladivostok. This is more than was shipped to the Germans during the whole of 1940.

Japanese Everywhere: In every place of importance in the Philippines there are Japanese. They act as tradesmen or photographers. They know everything that is going on and they report it to their higher ups. If the Philippines adequately supported the number of Japanese photographers throughout the country, it would mean that every Filipino in the land would have to have his picture taken at least once each week.

The answer is that these photographers receive a subsidy. Most of them are educated and speak a better English than most hinterland Filipinos.

A friend of mine who is the head of a big American photograph agency in the Philippines recently went to Mindanao on an inspection trip. Every town he stopped in boasted its Japanese photographer and he was surprised to find out on how little business they were able to eke out what appeared to be quite a good living. Some of those he questioned had had shops in four or five towns in the southern Philippines during as many years.

It is an oddity that most Japanese photographers in the islands manage to get back to Japan every few years despite the fact that the trip is an expensive one.

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The other day a friend of mine, an American woman who is very much interested in the Chinese co-operative movement, gave a benefit performance to raise some money to send to China. The show which she gave was a presentation of some new motion pictures of the Burma Road. Just after the forthcoming performance was announced she was approached by three Japanese, all of whom wanted the best possible seats at the highest prices.

The Cavite navy yard near Manila held an auction of scrap iron last week. In this morning's paper it is revealed that one of those who attended the auction was a Filipino hired by a Japanese to bid on the scrap iron. The Japanese admitted that he intended to ship the scrap iron home.

Examples like this are so common that they crop up almost every day.

A couple of weeks ago the editor of a Japanese newspaper was questioned by intelligence men when it was found that in his home he had a powerful receiving and transmitting radio set. A large number of coded messages were found.

Propaganda in Japan: In winding up this report I want to call attention to the fact that in Japan the vernacular and English language newspapers are just commencing a campaign that will have a far reaching effect on the Japanese public. This officially inspired press campaign is making an effort to show that not only Americans in the Philippines but the Filipinos themselves are becoming anti-Japanese. There is, of course, more than a grain of truth in this as the activities in the Far East of the Japanese are beginning to impress the Filipinos more and more. The Filipinos are impressed more and more as the distance between them and Japanese aggression becomes less and less.

But the Japanese newspaper campaign is dealing in lies calculated to raise the temper of the Japanese people against the Filipinos so that any sort of action in the future may be justified. I have before me some recent clippings from Japanese papers. One is a story that alleges that the Filipinos are going to the extent of abuse and violence against the Japanese. The story states that robbery of Japanese in the Philippines and violence against Japanese

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farmers are daily occurrences.

Other stories emphasize the alleged Japanophobia that is rising in the Philippines. Americans are accused of fostering this Japanophobia for their own interests.

The creation of an "excuse" for aggression is one of the important phases of the Japanese program of conquest. It is just another sign that the program is being carried out according to schedule.

In the meantime, the Filipinos sleep about the same as the small nations of Europe slept last year, and the politicians pursue their petty, selfish ends. But there is no sleep among the Japanese undercover men and propagandists, or among the Spanish and German Fifth Columnists that are gnawing at the foundations of democracy in the Philippines.

PSF Jack Carter Folder
Drawer 541

THE WHITE HOUSE
WASHINGTON

PRIVATE

May 19, 1941

MEMORANDUM FOR

NELSON ROCKEFELLER:

Please show this to nobody.
You might speak to me about this at
your convenience.

F.D.R.

Memorandum from John Franklin Carter, 1210
National Press Building, Washington, D. C.,
5/1/41, in re South American Communications
Holding Company. Attached is a carbon of
memorandum, dated 4/8/41, "Hemisphere Communica-
tion South of the U.S.A."

JOHN FRANKLIN CARTER
(Jay Franklin)
1210 NATIONAL PRESS BUILDING
WASHINGTON, D. C.

file personal PSF
Carter File
5-41

"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

May 16, 1941.

MEMORANDUM ON REPORT FROM STOCKHOLM TO A CHICAGO INVESTMENT TRUST.

The author of this report is a member of the Swedish Parliament who has the record of being 60% right (his own estimate) on all developments since Munich.

He says that the Germans have mobilized almost all their troops (April 26, 1941) and have massed millions of them all along the Soviet frontier. Maps of Russia are being printed in huge quantities. It is believed that this activity is designed to frighten Russia, but it is considered a ~~fix~~ toss-up whether there will be a war. Invasion about June 1 is considered probable by many observers, who point out that this would minimize damage to Russian crops. The Germans are reported confident that they can beat Russia in one or two months.

It is argued that Germany will take on Russia before Turkey, in order to get control of enough raw materials for a five or ten years' war and to prevent a later Russian attack. It is believed a fifty-fifty chance that the Turks will either let the Germans march through on the way to Suez or that the Germans will fight them for a passage to Syria.

J.F.C.
J.F.C.

*file
Personnel*

"We, the People"
"The Week in Washington"

*PSF
Carter*

JOHN FRANKLIN CARTER
(Jay Franklin)
1210 NATIONAL PRESS BUILDING
WASHINGTON, D. C.

Metropolitan 4112
Metropolitan 4113

May 21, 1941.

MEMORANDUM ON CONVERSATION WITH MR. RODE, INTERNATIONAL HARVESTER
MANAGER IN OCCUPIED FRANCE AND BELGIUM. (May 19, 1941)

Mr. Rode had just returned to this country, after managing the International Harvester plants at Lille and Brussels under the German occupation.

He reported that German efforts to coordinate French heavy industry in the Nord (Pas de Calais) had been dismal failures, due to incompetence of German officials and demoralization of French operators and managers. The Germans had drawn a "frontier" along the Somme and then to the Belgian border and would not permit goods to enter or leave this district without a special permit. To deal with French heavy industry in this region they had organized the OCMINord (Mineral Organizing Committee of the North), a subordinate committee whose name was similarly synthetic, and a producing committee, the Mechanord. The Vichy Government had a Coordinating Commissioner at Paris, but the whole thing was terribly botched, between fear of Vichy, desire of certain French industrialists to ingratiate themselves with Germany, and inexperienced German economic personnel. Rode said that finally his plant, which declined to take any responsible part in this organization, found that he could persuade the German military authorities to make sense. He said that none of his factories were manufacturing munitions, as the Germans considered agricultural machinery as equally important.

Rode recommended tightening the blockade and bombing German Rhineland cities to smitereens as quickest way to drive a wedge between the Nazis and the mass of discontented Germans and conquered peoples.

J.F.C. J.F.C.

"We, the People"
"The Week in Washington"

*file
personal*

JOHN FRANKLIN CARTER

(Jay Franklin)

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*PSF
Carter*

Metropolitan 4112
Metropolitan 4113

~~xprrt~~ May 21, 1941.

MEMORANDUM ON CONVERSATION WITH MR. G.W. WOLF, PRESIDENT OF U.S.
STEEL PRODUCTS CORP.

Mr. Wolf had just returned from a business-trip in South America, especially Brazil and the Argentine.

He reported that there was a racket in Brazilian ~~visas~~ visas for non-residents of the Western Hemisphere, whose entry into Brazil is prohibited by law. He said that if a European (chiefly Jews) wished to enter Brazil, all they had to do was to purchase \$20,000 of Brazilian currency from the Bank of Brazil. This \$20,000 was then frozen and the alien was admitted to high-priced asylum.

He also reported that the French colony of Buenos Aires was exceedingly bitter towards the British.

Mr. Wolf told me that his Lisbon representative (Mr. Kean) reported that last March Hitler had sent Hess to persuade Franco to have Spain enter the war on the axis side. Franco told ~~Spain~~ Hess to go and take a look at Spain, he would be given every facility and then tell him (Franco) whether any patriotic Spaniard would wish his country in the war. Hess went and saw, in addition to starvation and complete disorganization of transport and economic production, the serious typhus epidemic in Spain. He returned to Madrid shaken and gave up the effort to bring Franco into the war. From this point on, said Mr. Wolf, it is permitted to speculate. Am arranging ~~xprrt~~ separate interview with Kean.

J.F.C.

*file
personal*

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"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

May 27, 1941.

MEMORANDUM ON INTERVIEWS WITH BUSINESS MEN RECENTLY RETURNED FROM EUROPE.

There are enclosed three interviews by Curtis Munson, of this project, with business men recently returned from Axis Europe.

I. Was with Mr. Rode, of the International Harvester, and includes a diagram of the economic organization set up by the Germans in Occupied France and Belgium.

II. Was with Mr. Kean, Lisbon representative of the U.S. Steel Products (export) Corporation. Kean knows a good deal more than he has yet told us and will be interviewed again. He is slated to go to Rio de Janeiro for his company.

III. Was with Mr. Lowndes of the General Motors Export Corporation, recently stationed in Sweden. There are also some additional notes (IV) on conditions in German-occupied Norway.

Mr. Munson reports that many American business men contacted are anxious to help and thoroughly patriotic but are becoming restive under the multiplicity of governmental contacts, labor problems, official questionnaires and reports.

J.F.C.
J.F.C.

I

Company B

Man 3

Location: All over Europe; especially Occupied France and Belgium.
Arrived U. S. -- May 12, 1941

Type: High class executive type. Best B. has to offer for these interviews. Would judge shrewd and intellectual. Dry, able and pure.

Believes: The strongest thing in the Nazi Economic situation is that all Army, business politics and objectives are directed by unified purpose from Berlin.

The strongest thing in the Nazi Political situation is seeming successes. Though people are unhappy and dissatisfied in occupied countries and in Germany itself the apparent success is the thread that holds the whole together. The two strands of this thread are Hope and Fear. The Hope is natural. The fear is a Gestapo product. One method is picking-up inconspicuous individuals for very minor offenses, letting the culprit know they have followed his every move for weeks and then releasing him to scare the others. It creates the impression that they know everything about every one no matter how insignificant. (Eleven D. for the Scandinavian countries thinks the least, even minor suspicion causes immediate and complete supervision by Gestapo).

The weakest thing in the Nazi Economic situation is dominated France and Belgium and other, occupied, contiguous areas is lack of German personnel to properly organize industry. Executives and men

of executive experience are lacking due to wide dispersion. ~~The~~ work is done by young men fresh out of executive schools woefully lacking in experience. Millions of German men are really idle in the Army and in Political and Economic supervision, and in policing over a wide area. This results in a terrific strain on the actual workers. (including supervisors and executives of real experience)

The weakest thing in the Political situation is the promises which have been made by the Nazis to their people only part of which have been carried out (i.e. Britain would capitulate on the fall of France. .A short war). Must keep going and must add new promises in order to do so. To keep idle army and economic personnel~~s~~ from rusting they have to keep moving them around which consumes fuel and energy. They used to move a lot by truck. Before he left this had almost ceased. Believes this indicates shortage of oil.

Relation of Army and Party--does not know.

Relation of Industrialists and Party--does not know.

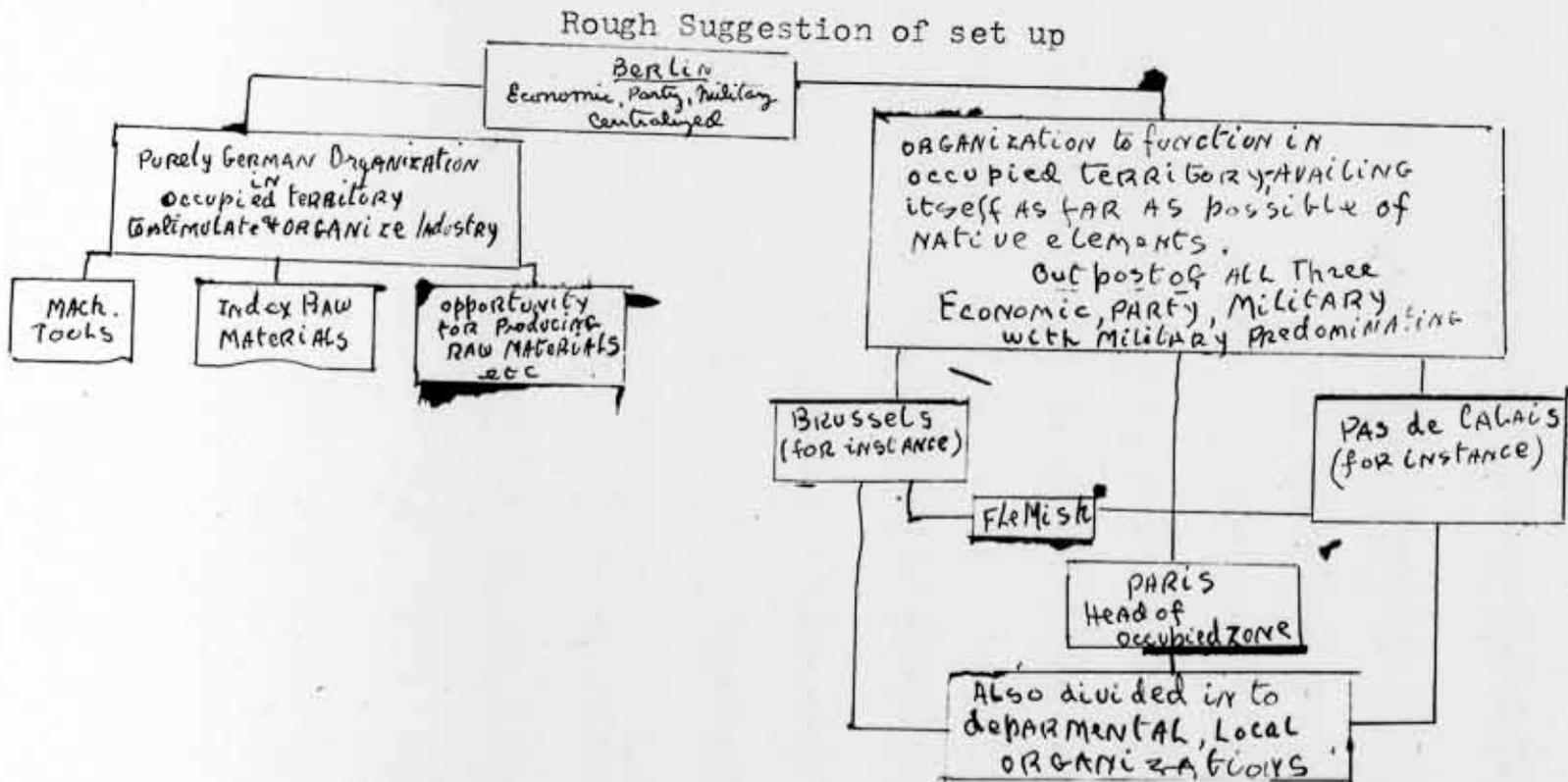
Suggestions for Attacking:-Hope in Germany progressively dwindling in spite of victories because so many promises not matured. The German is ^{R PRONE} ~~proved~~ to an inferiority complex. He begins to doubt. Suggests driving home the doubt to the people by R.A.F. announcing systematic wiping out of German cities in a certain order and then starting in with a complete consecutive progressive wipe out of city by city. This to bring home to German people seriousness to them and doubt of the course they are pursuing. It would give German business men and

others not in accord with Party a chance to assert themselves.

Bring it home to the Germans by some German defeat that they are really inferior as they fear themselves to ~~be~~ and the whole would collapse.

Bribery:-Had heard rumors Nazi officials were bribable, but never ran on to even a suggestion of it. If there had been a possibility of bribery he would surely have received knowledge of it from some of his men. (with a like stress on obtaining freight cars and raw materials ⁱⁿ U. S. he undoubtedly would have heard of an existing possibility for bribery from some of his many employees) Human nature is the same U. S. or ~~P~~as de Calais. The assumption is there was little there.

General impression:- Whole German picture held upright by centrifugal force. First impetuous promises, followed by successes which surprised German people. The top is whipped but it loses speed, and any lashes subsequent to the fall of France and Dunkerke are losing force. When the top ceases to ^{SPIN} ~~spring~~ it falls.



Beautifully worked out plans, by young men, beautiful theory but
 no men ^{of a piece} to carry it out. No go ahead signal could be seen. Though
 in theory the local French ~~were~~ supposed to cooperate with the local
 German, there was actually no connection because the local German
 could or would assume no responsibility. The only way ^{any} thing could
 be accomplished was through Berlin, an impossible tedious route. French
 industry was in a mess, all production including steel and mining
 way down. Everybody had to contact Berlin--no cross contact. On top
 of this French started in to organize themselves and did not hook in
 with the Germans.

Terrific amount of questionnaires to fill out.

P.S. This ^{was} man a bit long winded and I find he has contaminated me.
 Please please.

II

Company C

Man 9

Portugal 8 years left April 28, 1941.

Type: Liverpool Irishman with touch of ancient grudge. Observant, shrewd and once under skin very helpful. Knows a lot. Knows most officials personally.

Portugal: Salazar complete dictator. Absolutely honest. Every other Portuguese official bribable and corrupt. This is Portugals chief weakness. Portugal's chief strength is Salazar's complete hold, ability, honesty and what he has done for the Portuguese people and Portugal.

Advises Spain to keep out of war. He is working very closely with Spaniards and advises them not to get in war. Franco turns to him for considerable advice.

Portugal is strongly pro British. If the Germans march into Spain, Portuguese government intends to fall back to Azores.

Azores:--If driven to Azores Portuguese would welcome American and British help. But they would strongly resent our taking over Azores before hand. No suggestion of U. S. taking Azores ever arose in Portugal. They never even thought of it before and realize it is only some American newspaper story.

Attitude toward Americans: No. 9 feels we should cultivate Portuguese. Our attitude in past has been one of suspicion toward

them. They would welcome friendly closer relations with U.S. and deserve it. It would strengthen British sentiment.

Salazar has full support of the people and the aristocrats. Aristocrats are poor.

Certain elements of business men are opposed to him. This opposition will be found here and there in the following industries:

Sardine Packers

Table Wine

Oil (Mendoza)

Shipbuilding

Textiles

He refused to give specific names of companies opposed to Salazar but evidently knows them. (Believe could get it mounted)

Spain: The people do not want war. They want to be left alone. There is considerable Typhus. He believes Spain is a very difficult country to invade if people are against the invasion. Does not believe Hitler will invade till people are willing and people are not willing now. Good food obtainable if you pay for it in good restaurants, but none elsewhere.

Franco's chief weakness is nepotism. He is not nearly as able as Salazar--in fact is a somewhat stupid little man in many respects.

III

Company D

Man 11

Sweden 1935 left March 19, 1941.

Type: Ruddy faced, Danish born American. Mother in Denmark.
Wily (some traces of peasant ~~arming~~^{cunning}. Inclined to whisper and confide)
honest and able. Gives impression knows more than he tells-probably
a habit acquired by coming up from ranks, but may be due to mother
in Denmark and jitters in Sweden.

Says: He reported almost daily to Sterling in Stockholm.. Says
Sterling should know a lot. National Socialists in control in Sweden.
Has new line up in trunk in Pittsburgh. Will send it on but will not
be in Pittsburgh for 3 or 4 weeks.

Relations: Army and Party in Germany definitely not good. Army
did not want any part of Gestapo. Rorich refused to have Gestapo in
Army. No. 11 says he has it on highest authority,-close man of
Mannerheim's in Germany that Heinrich Himmler organized beer hall
bombing of Hitler as Army then had charge of Hitler's protection,
to prove Gestapo should be in Army and protect him.

Relation Industrialists and Party--does not know.

Attitude toward America and American Business men: Common man
in Sweden thinks U.S. should have gone in with England in start.
Intimates intelligent business men know better.

Chance of Revolution in Germany:--Many Swedes returning from
Germany all quite definite no chance of revolution in Germany due
solely to Gestapo. Younger generation up to 35 years of age in

Germany completely sold on party. Germans very well organized and efficient.

Strongest thing favoring Germans in Sweden: -- Fact that Germans could grab them over night.

Weakest thing in German position in Sweden;--People have seen what happened in Norway and are inclining toward the British. Pinned down on this statement says Swedes are about 50-50 whereas last war they were preponderantly pro German. Lots of Swedes talk pro-German through fear. Swedes do not want to loose their freedom.

Norway:-- Strongest thing on German side--Gestapo

Weakest ~~thing against Germans~~: Norweigan sabotage.

Denmark:-- Strongest thing on German side:--Gestapo and military occupation.

Weakest ~~thing against Germans~~:--Hatred of people for Nazis.

General Impression:--he gives is that there is a very different psychology in Sweden, Norway and Denmark. Sweden can be raped and is jittery; Denmark has been raped and though acquiescent through weakness doesn't like it; Norway sees red and is fighting tooth and nail. The psychology differs in just this way.

IV

Company D.

Man 12.

HEARSAY; Norwegian, large contact with Norwegians in England
says complete radio and telegraphic communications between
Norway and England.

Norwegians see ^{all} red and practically are engaged in some kind
of sabotage against the Germans.

JOHN FRANKLIN CARTER

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June 10, 1941.

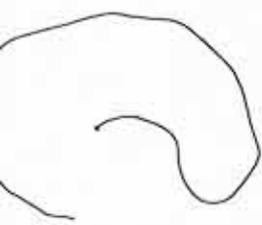
MEMORANDUM ON FOOD MISSION TO MARTINIQUE.

The attached memorandum from Secretary Ickes is returned.

The man picked to go to Martinique is Curtis Munson, of Chicago. Munson is an old friend of Wayne Taylor, has visited Martinique in the past, and fought in the French Army (aviation) during the last war. He is a competent, level-headed business man, untainted by politics and without a record which could embarrass him.

Paul Appleby is entirely willing to play ball in sending him as Special Representative of the Department of Agriculture. Adolph Berle is working out the practical details of financing the travel end of his mission. Munson is ready to leave the moment arrangements are completed on this end.

JFC
J.F.C.



THE WHITE HOUSE
WASHINGTON

June 7, 1941.

MEMORANDUM FOR

JOHN FRANKLIN CARTER *JAC*

FOR YOUR INFORMATION
AND RETURN.

F. D. R.



THE SECRETARY OF THE INTERIOR
WASHINGTON

June 5, 1941.

My dear Mr. President:

I enclose a memorandum that has just come from Alfred
Bergman.

Sincerely yours,

Harold Z. Parks
Secretary of the Interior.

The President,
The White House.

Enc.



June 2, 1941

MEMORANDUM

I have just received the following confidential information on Martinique. Unfortunately, since I wrote some months ago on this question, our position in Martinique has gotten much worse. All the white people who were for us; the Mayors of the towns, etc. have been put in prison, and the food we have sent them there is now stored up to be used against us. They have about a two-year's supply of food now. In other words, it's going to be a difficult thing to take. If we wait any longer, Vichy France will be deeply entrenched there through the efforts of Captain Benes, who was formerly the Naval Attache of the Vichy Government in Washington, and who, apparently, is well-informed on all our ideas.

If we don't take it soon, it will be an abcess for that part of the Western Hemisphere, and a jump-off place for parachute troops to the surrounding islands.

Every hour counts. Please act.

Please pass on
to The President.
Thanks
A. B. [Signature]

1

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MISCELLANEOUS NOTES BEARING ON AXIS ECONOMICS AND POLITICS,
BASED ON INTERVIEWS WITH SHIP CAPTAINS, BUSINESS MEN ETC.

June 10, 1941.

Silesian-American bonds (Anaconda Copper) which stood at 50, June 4, jumped to 80. Evidently somebody thinks these bonds will be paid off this coming August, at 100.

Young Norwegian reports that Nazis are getting control of big stores, etc. in Norway by purchasing from German wholesalers at prices which produce insolvency, whereupon the Germans take over.

In Norway the Nazis have revived old Norse law permitting you to kill a man who has insulted you or defamed your character. It works only one way: for the benefit of the Quislings.

Sea-captain in from Sumatra reports that entire white population is in armed forces; average white man in Dutch East Indies despairs of U.S. Naval aid arriving in time to save islands from Japanese, in the event of Japanese attack.

J.F.C.
J.F.C.

Anaconda Copper

Silesian-American Bonds (7 %)

June 4th - Last week 5 bonds were traded in. The high 50, low 45 - last 50.

Monday, June 2nd Five bonds sold at 55.

June 3rd, One bond sold at 60 and two bonds at 67.

June 4th, One bond at 70; Two bonds at 75; one Bond at 79 1/2 and 3 at 80.

There is just as much mystery attached to these bonds on the street as there was at the time of my last report.

Evidently somebody thinks the bonds will be paid off this coming August at 100.

Company 10

Man 12

ADDITIONAL INTERVIEW

Clean cut efficient, young Norwegian - England only but his contacts many with Norwegians in England fresh out of Norway.

Says: Sweden friendly to Germany because afraid of Russia.

Big stores (businesses) in Norway (i.e. Oslo) taken over slowly by Nazis by following method. These stores purchase from the wholesaler (Germany) and prices are so arranged that the stores become insolvent and are taken over by the wholesalers (Germany).

In Norway, Germans have brought to life old Norse law (Magnus Lagabuter) which allows you to kill a man who has insulted you or defamed your character. This works one way only. It helps the ~~Swislings~~ Swislings in case they are accused of being pro Nazi.

June 6, 1941

Walker

Sumatra talk with Capt. N Ship MC ISSC

Sailed direct to New York from Belawan-Deli with general cargo and no passengers.

Summary of talk:

All Germans and German sympathizers in the Belawan area have been interned by the Dutch authorities who found that Fifth Column activities had been organized but succeeded in arresting all participants.

All of the white population in armed forces. Dutch have natives under excellent control and Japanese merchants -- much in minority -- are only possible trouble-makers. Chinese and Hindo merchants far outnumber the Japanese.

There has been no apparent reflection in the Belawan area of receipt of war materials resulting from activities of the Dutch East Indies Purchasing Commission in the United States.

The average man in the area is looking despairingly to the United States for aid in the event of Japanese aggression because he feels that any help the U.S. could send would be too late if the Nipponese arrive in force.

No shortages of goods were apparent at time of sailing.

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June 10, 1941.

MEMORANDUM ON SYRIA BY ANNE H. FULLER.

The attached memorandum, on Syria is compact and reliable.

It contains only the basic facts, for background information.

Miss Fuller has lived in Syria for many years, at the American College in Beirut, and has traveled extensively through the country as an archaeologist. Henry Field collaborated with her in preparing this material.

J.F.C.
J.F.C.

PRIVATE AND CONFIDENTIAL

MEMORANDUM ON SYRIA

by

Anne H. Fuller

June 9, 1941

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June 9, 1941

MEMORANDUM ON SYRIA

This information complements the previous memorandum on "Syria and American Prestige" submitted by Miss Anne Fuller on June 3.

The British should be able to conquer Syria relatively rapidly, unless Hitler provides adequate support.

Among pro-Allied factions in Syria are the de Gaulists and such pro-British groups as the Druzes (80,000). If the Assyrians, imprisoned on the Khabur River, were released they would almost certainly fight for the British.

GEOGRAPHY

Area of Syria.--206,999 square kilometers.

Geographic Divisions.--Syria falls into two main geographic divisions: 1) the desert; 2) the sown.

1. The desert plateau of the interior is by far the more extensive region.

2. The more westerly and fertile strip, however, bordering on the Mediterranean is the more important area. It is divided into four belts which run parallel to the coastline.

(a) The narrow littoral plain, well-watered and fruitful.

(b) The Lebanon range whose mountains rise sharply from the littoral zone, and attain altitudes of more than 10,000 feet.

(c) The Buqa'a, an elevated tableland of 3,000 feet, which divides the Lebanon range from the anti-Lebanon.

(d) The anti-Lebanon range, dominated by Mt. Hermon, rising 9,000 feet. The eastern flanks of this range join with the desert area.

Climate.-- The coastal plain is subject to the sea breeze, and in general has a Mediterranean climate. The rainfall is fairly heavy, averaging about thirty-five inches near Beirut.

The mountainous regions have a colder climate and a heavier rainfall. Some of the higher mountain ranges are snowcapped during a large part of the year.

The interior plain, or the Būga'a is characterized by cold, severe winter, and exceptionally hot summers.

The desert rainfall averages about two inches a year.

Rainfall in Syria, however, is not well-distributed throughout the year; but occurs almost entirely during the latter part of the autumn and all of the winter months.

POPULATION

1932

Population of Syria

State of Syria	1,562,000
Sanyak of Alexandretta	186,000
Lebanese Republic	854,693
Government of Latakia	320,849
Government of Jabal al-Druze	63,883
Total	2,987,425

Density of Population

1932

State	Area in km.	% of total area	Population	% of total pop.	Density
State of Syria	177,800	85.90	1,562,000	52.28	8.79
Sanyak of Alexan- dretta	4,000	1.90	186,000	6.23	46.50
Lebanese Republic	9,199	4.45	854,693	28.60	92.91
Government of Latakia	6,500	3.15	320,849	10.74	49.76
Government of Jabal al-Druze	9,500	4.6	63,883	2.14	6.72
Total	206,999		2,987,425	Aver.	14.44

Density of Population.--Although the average density for all Syrian states is some fourteen inhabitants per square kilometer, it is somewhat misleading to speak of mean density of population as certain regions are thickly settled, while large tracts of land are totally uninhabited. The inhabitable portions of the various states, moreover, form only about one-third of their total area.

Urban and Rural Population.--The population of Syria can be considered a largely rural. The presence, however, of a certain number of large cities creates an urban population, which reaches a total of 34.42%. The rural population falls into three divisions: 1. Peasants; 2. Nomads; and 3. Semi-nomadic groups. The nomads number some 150,000. The semi-nomadic groups are estimated at 100,000.

Population of Cities Above 20,000

State of Syria	
Alep	232,000
Damas	216,000
Homs	65,000
Hama	50,000
Deir ez Zor	30,000
Sanjak of Alexandretta	
Antioch	30,000
Lebanese Republic	
Beyrouth (Beirut)	179,360
Tripoli	51,220
Government of Latakia	
Latakia	23,876

General Culture of Country.

Illiterates

	Per cent
Lebanese Republic	58.85
State of Syria	63.00

Literacy varies considerably in different districts. In and about the cities illiteracy is at its lowest; while in purely rural districts, illiteracy reaches its highest point, as in Hama and Hawran. As might be expected, the percentage of illiteracy is higher among women than men.

General culture standards also vary enormously. The city of Beyrouth (Beirut) is to be compared to any large Mediterranean port; and is more Occidental than Oriental. The same holds true of its upper classes.

The Christians, in general, are better educated than the Moslems; they are also less bound by tradition.

The masses, however, both Christian and Moslems pursue a life much in accordance with that of their forefathers; are dominated by the traditions of the past, are parochial in their viewpoint, and are deeply attached to their lands and their families, and to their respective religious communities.

GENERAL ECONOMY

Agriculture---Syria is primarily an agricultural country. Sixty-two per cent of its population is directly engaged in agriculture. The transformation of agricultural products into manufactured or semi-manufactured goods constitutes the major part of the country's industry.

Major crops.(in order of importance).

1. Cereals - about 75% of the total area under cultivation is planted with cereals.

(a) Wheat - most important crop. Half of the cultivated land is given over annually to its production.

(b) Barley - next important cereal. More than one-fourth of cultivable land is planted with barley.

(c) Indian millet or sorghum.

(d) Maize. - - -

(e) Oats. - - -

2. Fruits

(a) Olives

(b) Vineyards

(c) Citrus trees

(d) Apricots

3. Industrial Raw Materials.

- (a) cotton
- (b) silk - worms fed on mulberry leaves
- (c) tobacco
- (d) sesame

4. Vegetables and Leguminous Plants.

Consumption of Crops.--Local production of wheat has nearly always supplied local demands.

Most of raw silk exported (chiefly to France).

Tobacco exported to England, and consumed locally.

Olives are consumed locally as food. Greater portion, about 75% is pressed into oil. Of the oil about one fourth is exported; one fourth is consumed at home, and the remainder is manufactured into soap for local and foreign markets.

Grapes are consumed locally. Palestine is the most important export market.

Oranges are for the most part consumed locally; the remainder are exported, chiefly to Egypt.

Apricots form a major item in Syria's exports.

INDUSTRY

Since Mandate control there has been a decrease in the number of independent craftsmen and an increase in the number of artisans employed in workshops and factories.

But industry on the whole resembles that of Europe at the time of the Industrial Revolution.

Major industries

1. Weaving
2. Silk-spinning
3. Soap manufacture
4. Tanneries and Shoe-Making
5. Knitting and Lace-Making
6. Cement and Construction Materials
7. Food industries
 - (a) milling
 - (b) production of macaroni
 - (c) preservation of jams, pastes, candies

Imports and Exports.--For thirty years or more, Syria has imported two to three times as much as she has exported. The disproportion between imports for domestic consumption and exports of domestic consumption is even greater. Here the proportion is about fourfold against Syria.

Most of the trade deficit is met from other sources of national income such as emigrants remittances, services in connection with transit and re-export trade, tourist expenditures, philanthropic funds, expenditures of the mandatory Government in

Syria and revenues accruing to Syrians from their property abroad.

The popular idea is that Syria produces a surplus of raw materials which it exports to manufacturing countries. On the contrary not enough raw materials are produced to supply local needs. The lack must therefore be supplied from abroad.

RELIGION
Religious Sects

Moslems	
Sunnites	1,075,816
Alaouites	227,930
Shiites	110,002
Druzes	86,125
Ismailites	14,882
Total	1,514,755
Christians	
Maronites	186,676
Greek Orthodox	151,326
Greek Catholics	68,762
Armenian Gregorians and Catholics	69,049
Jacobites	8,896
Protestants	8,887
Syrians	6,997
Latins	3,455
Chaldeans	1,267
Nestorians	104
Total	505,419
Jews	16,526

Distribution of Religious Sects.--The Moslems form two-thirds of the total population of Syria. They inhabit for the most part the interior i.e. the region that lies east of the Lebanon range. Damascus is their cultural center.

The Christians in contrast are largely concentrated within the Lebanese Republic, particularly in the mountainous regions between Beirut and Tripoli.

The lesser sects of the Moslems also find a certain spatial distribution--the Alaouites and Ismailites are largely confined to the mountainous regions east of Latakia. The Druze, aside from their heavy concentration within their own territory of Jabal al-Druze, southeast of Damascus, are distributed about the western flanks of Mt. Hermon, and in certain of the valleys that penetrate the Lebanon range between Beirut and Sidon. The Shiites are found in greatest number in the hill country to the east of Sidon and Tyre. A certain number are also to be found in the region of Baalbek in the Buqa'a.

The Significance of a Religious Affiliation.--Religious issues break the country into a number of factions. The various religious groups are distinguished not only by their differences in belief, but social custom, general standards of cultures, and political outlook. Christians and Moslems, each form a community apart, - they do not intermarry. This holds true as well for certain of the sects within either of the greater religious bodies. They too, form endogamous communities. Within each religious group, furthermore, the religious officials are the

recognized leaders of their respective communities. Religious belief in Syria thus forms a variety of religio-socio-political bodies; and is the basic cause for the continued internal disharmony and lack of unity within the country.

Religion and Internal Politics.--Because of the opposing religious camps, each with its own specific background and viewpoint, there has been no singleness of purpose in Syrian political aims. The Christians, as a minority, fear domination of the country by the Moslems; and thus rigorously refuse to co-operate with Moslem aims. The Christians, living for the most part on the seaboard, have also come to identify themselves with the Western and Christian world. They want no part in an essentially Oriental and Moslem state.

Various sects, moreover, within either of the major religious groups, have their specific quarrels. The Druze, for instance, object to Sunni Moslems possessing the greater number of official jobs within the Government of Jabal al-Druze. Or to give another example, the Maronites among the Christians of the Lebanese Republic, feel that they should possess greater political power for the first and earlier boundaries of the Lebanon State set up under the Ottoman Empire were created specifically for the benefit of this minority.

Religion and External Politics.--Opposing views held by the various religious orders likewise exist in relation to the larger

world; i.e. to the whole question of Mandate control and sympathies toward foreign powers.

The Moslems with Nationalistic aims picture the several states of Syria combined as a single unit, which in turn will be set up as an independent nation or as part of an Arab Federation of states.

But the Christians of Lebanon have little desire to exist as a small minority within a Moslem bloc. Instead the Nationalists among the Christians want a Lebanese Republic detached from greater Syria, and at the same time receiving some guarantee for its security by a European power. The Maronite sect in particular has felt close bonds with France; while both its prelates and those of the Greek-Catholic Church look to Rome as their religious center.

Religious Divisions and the Present Crisis.---Certainly no unity of action nor of opinion can be expected of Syria in the present crisis. The peoples are too divided among themselves.

The majority of Moslems have objected to French mandate control. The repercussions of the Arab struggle in Palestine have created among many of them strong anti-British sentiments. Both Germany and Italy, meanwhile, have for the last four or five years assiduously cultivated Moslem sympathies in Syria. In 1938, for example, one of the lesser Nationalist groups was almost entirely financed by the Fascist Government.

Previous to the outbreak of the war, scholarships and free tours for students were organized to both Italy and Germany by the Axis powers. It must also be remembered that the Grand Mufti spent sometime in Syria after fleeing from Palestine in 1938, and previous to his recent arrival in Iraq. It is not to be doubted that while in Syria he built up strong pro-Axis sympathies among his numerous followers.

It must thus be recognized that pro-Axis sentiments exist among the Syrian Moslems. These sentiments, however, do not spring primarily from any deep feeling of sympathy for the German or Italian régime. The reasons for pro-Axis sentiments have arisen indirectly and through lack of faith in French and British promises and policy in the Near East. True the Nationalists among the Moslems do not wish to see the country controlled either by Italy or Germany. But their thinking is far from long-ranged. They are concerned primarily in bringing an end to their mandate status and do not look beyond this goal. If, moreover, the Axis powers promise Syria freedom, it is worth considering the promise. Certainly the promises of France and Britain have failed.

But not all of the Moslem groups are pro-Axis. The secret sect of the Druze, for instance, has always considered itself a distinct people. In 1925 this body of hardy and independent mountaineers instigated the rebellion against French Mandate control. Yet the Druze have strong British sympathies. These reach back

to the religious wars of 1860 when Great Britain secretly supplied the mountaineers with arms. The New York Times of June 8, 1941 reports: "the sentiments of the tribesmen of Jebel Druz is understood to be entirely pro-British." But the Druze number only some 80,000 persons.

Christian sympathies within the country are less well defined. The Christian element is prone to identify itself with the Occidental world, and has sought European assistance as a counter-measure against being engulfed by a Moslem majority.

Since the time of the Crusades the Maronite sect, containing roughly 190,000 adherents, had strong affiliations with France. But to date there has been no report as to whether Maronite sympathies lie with Free France or with the Vichy Government.

Pro-Italian sympathies may well exist among certain of the Christians. For Italy has let no opportunity go by to court Maronite and Greek Catholic favor on occasions of church dignitaries visits to Rome. Italy, moreover, using the Church as a tool, has established numerous missionary schools and charitable institutions throughout Syria. The Italian Government has helped to subsidize these institutions.

The Protestant groups, however, (a congregation of approximately 9,000) are probably anti-Axis. They have been educated largely in British and American mission schools; while many of the Protestants have been to the United States as emigrants.

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Jun3 16, 1941.

MEMORANDUM ON CONVERSATION WITH LEONE FUMASONI-BIONDI.

Mr. Biondi (nephew of the Cardinal and ~~former~~ former Washington correspondent of the Stefani Agency) has, as you know, applied for American citizenship. He reports confidentially that great pressure was brought on him through his family to return to Italy. That is to say, his family urge him to stay here but the Italian authorities fear the effect of his decision, due to his uncle's prominence.

Biondi believes it urgently important to start organizing a Plan for a New Europe, under freedom and justice, to offset the current Nazi propaganda that they are creating a "United States of Europe". He says Nazis now regard the rest of Europe as the New Englanders regarded the west after the Civil War. They are engaged in peaceful penetration, are placing Germans on boards of directors of French and other non-German companies, are beginning to create vested interests. He says the German system is the unity of a prison-camp but that the Europeans are so weary, leadership is so disintegrated, and there is such hopeless fatalism that the movement is dangerous (Witness, recent Nazi success in establishing a French and Italian automobile cartel).

Biondi has no plan in mind but believes a small committee, perhaps private, should be organized to counter both this tendency and the axis propaganda that the Anglo-Saxon "plutocracies" are deliberately prolonging the war--propaganda which he says is effective in the case of hungry European workers.

J.F.C.
J.F.C.

file personal

P5F

Franklin Carter Folder

JOHN FRANKLIN CARTER

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June 18, 1941.

MEMORANDUM ON MUNSON'S INTERVIEW WITH JOHN QUIN, RECENTLY RETURNED
ROUMANIAN MANAGER FOR THE I.T. & T. (interview as of June 16).

The attached memorandum contains three items of particular
interest:

1) Confirmation of the report that one major concession by
which Stalin staved off German attack was to put the Communist organ-
ization in the U.S. under Nazi direction;

2) Report that the Nazis for at least six months have completely
discounted the practical, moral and psychological effect of American
intervention.

3) Report of the ~~many~~ magnificent German organization of
their military-political policy and its weakest link: desire for
freedom on the part of the conquered peoples.

Quin is coming to Washington this week and I shall have a
more detailed talk with him on these and other points before sending
him on to the State Department.

J.F.C.
J.F.C.

Rough summary interview with JOHN QUIN

Absolutely sure from many highly placed Rumanian sources that German attack on Russia through Rumanians was all set and the hour set. Report from this country to Hitler convinced him that Nazi propaganda itself was not acceptable to the American people and that in addition they were not well organized in this country - many obstacles due to prejudice against Germany. He also realized from his reports that the Comunist had a very effective sabotage and propaganda set-up in the U.S.A. Also that it was more acceptable or less repulsive to a large proportion of the American people.

The attack was called off with the understanding that the Nazis should be in complete control of the Comunist propaganda and sabotage set-up in U.S.A.

Is immensely impressed by efficiency of the German machine. Says the whole Balkan political situation has been planned and manouvered by Germany over a period of 8 years or more, using every device to set up one element in the countries against another with clock-work precision.

Says the Germans have completely discounted for at least 6 months past, the entry of the U.S. into the war. And they have discounted this in every way practically, psychologically and spiritually. These are not observations on his part but are based on many facts and interviews and personal contacts.

The weakest link in the German position in occupied countries is the desire for freedom of the peoples conquered. This is purely dependent today on the U. S. It is the last forlorn hope of all the abused peoples. Finally, you cannot too much over emphasize the magnificent efficiency of the German organization as exemplified in its military machine and its parallel organization of non-military works.

The Germans have so many men under arms for whom they have no fighting, that they possess a great store of experienced executive types and they rotate these from army to civilian life and back again.

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June 21, 1941.

MEMORANDUM ON CONVERSATION WITH MR. JOHN QUIN, FORMER ROUMANIAN
MANAGER FOR THE I.T.&T.

Mr. Quin stated that the Germans in Roumania had made no secret of their intention to take over not merely the Ukraine but all European Russia up to the line of the Urals. The Nazis want the oil of the Caucasus and the coal and iron of the Donetz Basin. Nevertheless, he does not expect a Soviet-German War and believes that the Germans can get what they want from Russia, up to the somewhat narrow limits of Russian ability to cooperate.

Quin said the Germans in Roumania were making distinct headway among the masses, who have been rather badly treated by their economic and political masters. The Nazi "New Europe" offers an end to unemployment, higher wages, higher prices. The Germans are delivering on this, thanks to a peculiar "lend-lease" program of their own. This works as follows: The Nazi Todt Road-Building Company (constructors of the big Nazi highways and the Siegfried Line) get a contract for fifteen billion lei from the Roumanian Government for future road-construction. The contract calls for the delivery to Todt of 100,000,000 lei a month, irrespective of when work is begun. Similar contracts for harvesting-machinery etc. thus augment the totals of Roumanian exchange in Nazi hands.

The Nazis use this money freely, buying up control of department stores, lumber companies, and buying commodities freely at the first asking price (which in Roumania is two or three times the expected sales-price). There is, naturally, price inflation but in the meantime all classes of Roumanians believe themselves benefited. The future German proposal is that Roumania shall supply Germany with oil, wheat, corn, lumber, beef, etc. and shall be forbidden to make shoes, cloth, machinery etc. since Germany will sup-

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QUIN INTERVIEW (continued)

ply all Roumanian needs. Competition will be eliminated and money will become a mere token of exchange, without positive value of its own. The metallic backing for currency will not be gold but steel--in Nazi armaments

Quin gave an example of how this worked. The Roumanian Government bought out the I.T.& T. properties for 250,000,000 lei. Quin requested that this sum be converted into dollars and paid in New York but the Roumanians said that this was contrary to their economic agreement with Germany. Quin then proposed that the money be converted into Belgian francs to pay off the indebtedness of the Bell Company in Antwerp to a Belgian bank. This was arranged by the German banks on telephonic instructions from Berlin. Quin heard the orders given verbally to the Bucharest branch of the Reichsdiskontogesellschaft. "Give 110,000,000 lei to General Blank in command of the Luftwaffe in Roumania. Give 110,000,000 lei to the commander of the German Army in Roumania. Keep the balance for your own use." A week later, Quin says, the New York Office of I.T.& T. received a ~~receipt~~ receipt from the Belgian bank, acknowledging payment of the equivalent of 250,000,000 lei in Belgian francs.

J.F.C.

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June 24, 1941.

MEMORANDUM ON CONVERSATION WITH ULRIC BELL.

Bell told me that the chief obstacle to effective cooperation between the "Fight for Freedom" Committee and the Committee to Defend America is the insistence of the latter's chairman, Clark Eichelberger, on holding on to the latter and resisting proposals to merge the two organizations. I suggested that the most desirable solution would be to send Eichelberger on a good-will trip to Patagonia. Bell replied more seriously that if Eichelberge could be given a diplomatic post in New Zealand, it would help the cause mightily.

Bell also said that Wendell Willkie is extremely anxious to sit down with you and have a heart-to-heart talk. Bell has seen a lot of Willkie recently and believes that he is doing a good job but needs some coordination and advice.

*J.F.C.
J.F.C.*

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June 24, 1941.

REPORT ENCLOSING SEVERAL MEMORANDA ON VICHY-FRANCE ATTITUDES AS
COMMUNICATED BY RECENTLY ARRIVED REFUGEES.

1. Memo. on Martinique. Island is reported completely dominated by pro-Vichy officials, mass of people (including Negroes) anti-American. Armed forces weak. Our Navy could take island easily but at cost of civilian casualties, increasing anti-American sentiments.
2. Memo. on France. Nation is now pro-British, food-shortages are growing. French officials are conniving at outwitting German authorities.
3. German submarine-crews are reported in Marseilles.
4. Colombian diplomat recently returned from Spain reports entire country pro-British, anti-Nazi and anti-Franco. Food conditions are terrible.

With the exception of this latter memo, all of the other reports come from Jewish refugees.

JFK
J.F.C.

June 23, 1941

MEMORANDUM ON FRANCE

Levi-Straus, sociologist and leader of two anthropological expeditions to Brazil on behalf of the Trocadéro Museum, Paris, submitted the following information.

1. Although he is a Jew he observed that the French people in Unoccupied France were not anti-Semitic and disliked Vichy's anti-Semitic decrees.
2. Food shortages at Montpellier and in Marseilles.
3. French civil servants are assisting unofficially the civilian population to outwit the Nazis in every possible manner. For example, if a Frenchman wishes to cross into Occupied France he can obtain a false Birth Certificate registering his place of birth across the frontier so that he can theoretically visit his family.
4. Occupied France is almost entirely pro-British now, although after the Battle of Oran the reverse was the case.
5. Regarding propaganda nothing in the press nor on the radio is believed in Occupied France but in the Unoccupied zone a certain amount is accepted because the French feel that they are partially free from Nazi influence.
6. WRUL is received clearly in Unoccupied France and is listened to by a great many people. The consensus of opinion is that the B.B.C. news and propaganda talks are much better than those from WRUL.

Main objection is that the announcer from WPUL is a Swiss with a pronounced accent, which causes suspicion.

Programs would be far more effective if read by a Frenchman.

June 23, 1941

MEMORANDUM ON MARTINIQUE

Levi-Straus, French Jew, sociologist and leader of two anthropological expeditions to Brazil, from Trocadéro Museum, Paris, reached Martinique from the south of France during latter part of May with forty refugees of different nationalities, all of whom had visas for one of the American Republics. Upon landing at Martinique Levi-Straus and all others were given tickets to concentration camp. He protested and after much difficulty he was allowed to proceed to New York after about two weeks delay.

His observations in Martinique were:

1. French Naval Officers were completely in control; they are pro-Darlan, pro-Vichy and anti-American.

2. French Navy would unquestionably oppose U.S. occupation but their strength is weak. They have the naval units reported in the press including an aircraft carrier, 1 cruiser, and several destroyers. A few TB's are on shore but there are no heavy shore batteries.

3. Entire population anti-American.

4. 'Negroes not opposed to Nazism or Fascism. He attributed this to their love of mysticism.

5. That the administrative officials of small districts were more tyrannical than the Nazis would be.

CONCLUSIONS

U. S. Navy could capture Martinique easily but bombardment would cause civilian casualties and thus increase hostility of population toward the U.S.

June 23, 1941

MEMORANDUM ON GERMAN SUBMARINE AT MARSEILLES

M. Schuster, German Jew, has just arrived in New York from Unoccupied France. During April in a café in Marseilles a group of fifteen or twenty Germans in civilian clothes, obviously sailors were discussing in German their exploits in a submarine. A German officer appeared to tell them that they would not be sailing until 9 A.M. so that they did not have to return until early in the morning.

June 23, 1941

MEMORANDUM ON SPAIN

Hernandez de Alba, former Colombian Vice-Consul in Paris, spent April in Madrid, Burgos and Bilbao.

He found everyone to whom he talked in every walk of life pro-British, anti-Nazi and anti-Franco.

Royalist Officers told him that regardless of Franco and Suñer they would oppose any German penetration. They planned to conduct guerilla warfare in the mountains and to make a good account of themselves.

Food conditions are dreadful; far worse than anywhere in Occupied France.

*file
personnel*

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June 25, 1941.

MEMORANDUM ON INTERVIEW WITH MR. W.H. THORESEN, NORWEGIAN AND GERMAN REPRESENTATIVE OF GENERAL MOTORS (Returned from Germany last of May).

The first half-page of this report covers material already submitted.

Thoresen reports extensive graft among lower Nazis, Gauleiters and Gestapo, but not on a scale which conflicts with their loyalty to Hitler. He reports extensive arrangements in Berlin against a possible uprising, and has confirmatory impressions of extensive homosexuality among the upper Gestapo.

He says that German war-weariness was pronounced until the capture of Crete and has yielded to a mood of cocky world-conquest.

He gives interesting data on serious German shortages in Gasoline, Rubber, Copper, Tin, fuel oil and food, and also on breakdown of internal transportation.

He believes that Moscow will be taken by the Nazis but that the Russians will keep Hitler's armies busy much longer than the three weeks allotted for the conquest of European Russia.

JFC
J.F.C.

Walker
GMEC Reich

June 23, 1941.

In February and March of 1941 prominent Germans, who have apparently embraced all of the Nazi ideologies, were quite open in expressing the belief that Germany lost the war when the promised invasion of England failed to materialize in the early Spring of the year.

Prominent among them was Dr. Hoepfner, a native German, formerly legal adviser to the Norwegian Embassy in Berlin and through that connection counsel for a number of Norwegian and Swedish business firms doing an active trade in Berlin.

He so expressed himself to Waldemar Husby Thoressen, Norwegian and German representative of the General Motors Export Corporation who returned from Germany the last week in May.

Thoressen said that a fairly comprehensive Norwegian "Underground" has been established which would be of great value to any invading army and would form the nucleus for guerilla warfare against the Nazis.

He said that friends of his, who have moved freely between Oslo and Berlin in the last five months, report that the Nazis have increased the expenses of department store operation to such an extent that they now own two of the largest and that they have Gestapo agents in all of the important manufacturing plants throughout the country.

The chance for a revolutionary movement in the event of invasion of Norway by Great Britain are excellent and that the established "Underground" provides an excellent opportunity to rearm groups there that would prove invaluable to any landing forces sent to Norway.

He pointed to Sweden's flat refusal to place her Baltic fleet at the disposal of the Reich, to admit Nazi troops within her borders and to supply all of her excess foods for Nazi consumption, accompanied simultaneously by full mobilization, should be of particular significance now that Hitler has invaded Russia.

Turning back to Germany Thoressen said that while all of the under-executives in the Nazi setup are grafters, and many of the higher-ups are also buyable, the rank and file of the Gestapo, while willing to accept graft will only do so by selling for exorbitant prices, such things as perfumery, fine furs, silk stockings and the like and that, from the men and officers of the secret police he was able to meet on friendly terms, nothing can swerve them from a completely fanatical loyalty to Hitler as a God and to Himmler as some kind of a super-being.

Of a dozen men of the Gestapo he met and entertained all gave him the impression of homosexual leanings although they were all recklessly and ruthlessly involved with women and in one instance a young officer showed him with great pride a silver ring inscribed inside with the words "To My Darling Wilhelm from his Himmler." Thoressen described the ring as decorated with swastikas interspersed with three plain bands similar to the bands worn on one shoulder of Gestapo uniforms.

That the Gestapo is prepared to meet any possible development of revolutionary forces within the Reich, he said, is proven by the fact that the secret police have taken over all of the strategically located hotels, apartment houses and business buildings, located in positions of command over broad avenues, parks and plazas throughout Berlin. These, he said, are heavily armed with heavy machine guns

GMEC 2.

and lighter sub-machine guns.

Since the Nazi successes in Greece and Crete, Berliners, who had been openly sour on the war situation and apparent stalemate in the invasion of England, and were quite openly asking each other why Hitler and Churchill did not get together to talk peace terms, have again become very cocky and talk of World domination openly.

Regarding the properties and investments of Americans in Germany and Nazi captured countries the story follows a general pattern.

All of the American-financed and built operating properties in Germany and the captured countries swarm with guards and Gestapo operators and have as their titular heads the Gauleiter--who is similar to the Governor of one of our States -- The Gauleiter is the complete boss of the factory or the public utility and he can only be overruled by Goering or the Gestapo.

The Gauleiter refuses to let American representatives get at the papers covering the business being done and the only recompense has been various types of Reich securities of extremely dubious value. In many cases nothing has been paid.

All of the Gauleiters are grafters both for themselves and for their superior officers but buying them secures no more than small personal favors such as securing luxury items, radios and things of no value as recompense for properties taken by the Nazis.

The Reich is short of all necessary materials such as gasoline, rubber, copper, tin, diesel oil, and foodstuffs.

All railroad rolling stock is old and so far as he could discover no new freight cars or locomotives are being produced. In many instances huge fleets of gasoline trucks which had been used to haul raw materials to defense factories when railroad equipment failed, now lie idle and many war factories are closed down for lack of raw materials.

Thoressen specifically mentioned the closing down of a large steel plant in Brandenburg and a tool making plant in the same district.

Thoressen is a sincere Norwegian-American who ~~came to the United States~~ came to the United States in 1923 and took out his first citizenship papers a few years later. Most of the intervening years have been spent travelling in Norway and Germany representing GMEC. He now expects to get his final papers and become an American citizen unless he goes back to Europe as a soldier in the fight against Hitlerism.

He said that quite a lot of the information contained in this report he has given to no one else because he felt that it would not be believed.

He has been interviewed by Naval and Army Intelligence in the United States and British Naval Intelligence at Bermuda.

He expresses the belief that Moscow will fall before the Nazi Blitzkrieg but feels that the Russian Bear is so big that it will keep Hitler's armies busy much longer than the three weeks allotted for the campaign.

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June 25, 1941.

MEMORANDUM ON INTERVIEW WITH MR. CALDWELL, I.T.&T. REPRESENTATIVE IN SPAIN (As of June, 1941).

Caldwell reports Franco shifting from pro-Axis camp and becoming ~~more~~ alarmed by French shift to Axis, as indicating probability that Spain will not get any colonies out of the "New Order".

He reports a good wheat crop but an eventual shortage of about 400,000 tons by the middle of next winter. Nazi influence prevents proper acknowledgement in Spanish press of American gifts of food, medicine, etc. Germany has taken all Spanish olive oil. He believes Spain will stay out of the war on almost any terms.

JFK
J.F.C.

CALDWELL of International Telephone and Telegraph:

In Spain from 1925 to early June, 1941. Ten days in Lisbon on way out.

Col. Calarzo, personally loyal to Franco was suddenly made Minister of the Interior; so unexpected was this that the former Minister, a henchman of Suner's had actually taken his seat when Franco walked in and announced the change. It was a curb to Suner's power and a shift toward personal loyalty to Franco and away from Nazis.

The Minister of the Interior's duties included full charge of the National Police and Foreign relations both of which had previously been controlled by Suner.

Reports of German divisions on the Spanish border have varied from 5 to 15. This is naturally reflected in the Spanish attitude. Though Franco and the people are completely opposed to getting into war they have to soft pedal their attitude by concessions from time to Nazis.

Though the Spaniards have a good crop of wheat this year, they will be short about 400,000 tons sometime in the middle of next winter. Lack of cotton is very serious and would give work to the people.

No work has been done on Gibraltar for a long time. It has little military value today, only of sentimental value to the Spaniards. What they would like would be more African colonies. Thus France getting on the German side is becoming more and more unpleasant to the Spaniards as it precludes their chance of enlarged colonies.

Gifts which America makes to Spaniards of medicines, etc., are not properly advertised for Nazi controlled Spanish press plays up Nazi gifts and plays down ours. But the individual Spaniard is beginning to become conscious of our gifts. Caldwell considers Spaniards are ready to appreciate us and suggests shipping some wheat even though some slipped through to Nazis as it would have big effect on Spaniards and keep them neutral. However, he seems to consider Spaniards so hate any thought of war that they will stay out anyhow.

Caldwell says Germany has taken all Spain's olive-oil.

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MEMORANDUM ON INTERVIEW WITH WILLIAM MCKINNON. (CITROEN CO.)

June 30, 1941

McKinnon reports that there is a strong underground organization of young Frenchmen in France who would be helpful in the ~~any~~ event of an invasion of the Continent.

He says that Petain is senile and that Weygand has aged terribly.

He says that the Germans have got control of most big French corporations by either confiscation, purchase of stock through worthless marks, and in some cases have got Germans named as directors and have then voted large issues of shares giving themselves voting control. Among the companies so affected are: Gobain Glass Works (affiliated with Corning Glass), Gnome and Rhone Aviation Motors, Phcheney Cie. ~~the largest~~ (largest bauxite and aluminum producer), Westinghouse, etc.

J.F.C.
J.F.C.

Walker
William McKinnon

June 27, 1940.

The Mr. W. Mack, mentioned in another report, is William McKinnon, who has lived in Paris for 25 years, although a Canadian by Birth.--Toronto. Is about 55 years old and has been over those 25 years financial adviser to Citroen--French Henry Ford-- and the Patron bankers for Citroen.

He stayed in Paris until the day before the Nazi occupation and then went to Vichy for seven months. From Vichy he went to Marseilles for two months and returned to the United States about four weeks ago.

McKinnon was introduced to me by our mutual acquaintance Carlisle, who incidentally brought us together. He is very fat and extremely suave but impressed me as being sincere and reluctant to give anything but actual facts in discussing conditions in France.

He said that the younger men in France have already established an efficient underground and expressed the opinion that any invading British or American forces would find that underground of valuable assistance in trained men under arms of which he said he believed there is a considerable hidden store.

Regarding Marechal Petain he said that senility has set in while Gen. Weygand has aged ten years in the last ten months. Petain is accompanied everywhere by a secretary and a physician who dominate him completely physically, although at times the Marechal shows flashes of independent thought and issues rulings which are entirely independent.

The Nazis, through the Gestapo, have gained complete control over all of the important industries in occupied and unoccupied France either through outright confiscation or cloaked thinly by an exchange of worthless Reichmarks or other securities and that in some instances they have had themselves made directors and then have voted share capital increases -- pure water -- but giving them voting control.

Among the companies so affected have been the Gobain Glass Works --Affiliated with Corning Glass in the United States; the Gnome and Rhone Aviation Motors plants; Phcheney Cie, largest miners of bauxite and makers of aluminum products in France, Westinghouse, and many others. He said, that as far as he was able to determine the Nazis have captured control of all of the important manufacturing units in France and are following their usual custom of letting securities of those companies decline to low points, then buying in enough of them to insure control after the war is ended.

We succeeded in catching McKinnon on the eve of his departure for Canada where he said he hoped to receive appointment on one of the War Commissions.

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July 10, 1941.

MEMORANDUM ON INTERVIEWS WITH INTERNATIONAL HARVESTER OFFICIALS
RECENTLY RETURNED FROM NORTH AFRICA.

Donald F. Clancy ~~and~~ (North African Manager for Motor Truck and Industrial Equipment) and Frank H. Fowler (Manager of Algiers Branch) were recently interviewed in Chicago by a representative of this project.

Both men were in substantial agreement on the following facts:

- 1) Plenty of food in French Africa, with rationing due to heavy exports to France, including much olive oil shipped via Marseilles to Germany. Shortage of manufactured goods, fuel and clothes. Daily steamship service from North Africa to France.
- 2) Population loyal to Petain but strongly anti-Darlan. Many officials are appointees of Radical Socialist regime in France and out of sympathy with drift to Fascism in France. Germans are trying to win support of Arab population but latter are waiting to join the winner. Strong pro-American feeling is reported and it was felt that, if notified in advance, the population would refrain from fighting an American expeditionary force and would welcome it.
- 3) French military forces are numerically strong, including aviation, but lack ammunition and have few tanks. Numbers of French troops estimated between 100,000 and 300,000; number of planes, 2,000; much artillery was hidden from Nazi Armistice Commission.

Clancy also reported possible pro-American contacts with several strategically placed French officials.

Originals of detailed reports sent to State Department.

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July 10, 1942.

MEMORANDUM ON CONDITIONS IN MARTINIQUE (reported by French refugee recently detained on the island)

The refugee (Levi-Strauss, ex-curator of Tracadero Museum) reports:

"It appears the French Navy are extremely Fascist and very pro-Hitler. Saw no Germans in Martinique. Believes attitude is a combination of pro-Nazi French Navy in control of official situation and the fact that they are scared to death that the U.S. will cut off their food supplies. Says official Martinique has 'gone crazy'. They have a wonderful little kingdom far away from all war, absolutely in their own hands, and do not wish this situation to be upset in any way. The colored people of Martinique have been persuaded that if the U.S. takes over the island, instead of having complete equality with the whites as they do under the French, they will revert to the position of the negro in the American South."

JFC.
J.F.C.

July 9/41

INTERVIEW WITH LEVI-STREUS

About 32 years old. Ex-curator of a museum in Paris who arrived as a refugee on a French boat in Martinique and has recently arrived in New York.

Conditions on the refugee ship were very bad. Due to the fact that at one time before the war he had been in the Intelligence Service of the French and had known the officers of the French boat on which he sailed, he was one of two refugees who were given a cabin. The rest were herded in the hold of the ship with no toilet or washing accommodations. The food was very poor.

On arrival in Martinique they were boarded by French Naval officers and these treated them in a very brusque and discourteous manner. He attributes this to two things -- that they did not like refugees anyhow and the United States had accused them of allowing the refugees to slip through Martinique so they took no chances on it and herded them like cattle. After the ships officers had put up a considerable fight on his behalf, he and one other man were allowed freedom to Fort de France. The others were herded into one of two concentration camps, either one across the bay from Martinique or one back in the country which is a set of military barracks. The water was bad in both these camps. Sanitary conditions poor and food worse. They slept on the ground. Refugees only remained in Martinique three to five weeks and then went on supposedly to South America. He does not believe that by this time there are any refugees to speak of left there.

It appears the French Navy are extremely Fascist and very pro-Hitler. He saw no noticeable Germans in Martinique, though he does not doubt that there are a number of undercover Nazis there. He believes the attitude at Martinique is a combination of the pro-Nazi French Navy being in control of the official situation in Martinique and the fact that they are scared to death of the United States because they would starve were we not feeding them. He says anything that America requests in Martinique is done immediately. He says official Martinique have absolutely "gone crazy". They have a wonderful little kingdom far away from all war, absolutely in their own hands, and do not wish this situation to be upset in any way. The colored people of Martinique have been persuaded that if the United States takes over the Island, that instead of having complete equality with the whites as they do under the French, they will revert to the position of the negro in our South.

CBH

THE WHITE HOUSE
WASHINGTON

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July 11, 1941

MEMORANDUM FOR

JACK CARTER

Please see Sumner Welles
and ask him if he can push through
Curtis Munson's visa quickly.

F. D. R.

JOHN FRANKLIN CARTER

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July 10, 1941.

MEMORANDUM ON MUNSON'S MISSION TO MARTINIQUE.

As the attached memorandum from Curtis Munson shows, the French authorities in Martinique have delayed approximately a month in issuing him a visa for his mission to the island for the Department of Agriculture. The State Department is not hopeful that the Commander at Martinique will observe the agreement as to admitting U.S. officials in this case. Since Munson's services are too valuable to permit him to be held indefinitely in idleness, waiting action from the French, I am requesting a decision as to whether he could be allowed to take other assignments, submitting to this French violation of their agreement as to visits of U.S. officials to Martinique.

J.F.C.
J.F.C.

July 9th 41

On June 9th I was instructed to report to Mr. Appleby, Undersecretary of the Agricultural Department, as they desired me to go to Martinique for the purpose of looking into food shortages there, especially in relation to deficiencies which might cause ill health. Mr. Appleby immediately sent me to Mr. Leslie Wheeler, Director of the Foreign Department of Agriculture, and I was given an appointment on June 13th as Collaborator of the Department of Agriculture. By that time I had found that the most feasible method of transportation was via Pan American Airways which would leave once a week on Wednesday for Miami, hence to Puerto Rica and Martinique. Mr Wheeler was extremely efficient and rushed through everything including lists of United States surplus food commodities, letters from Dr. Parrin of the Health Department to the doctors in Martinique and various other miscellaneous information and instructions pertaining to my work. As far as the Department of Agriculture was concerned, I was prepared to take the plane on June 18th.

On June 16th it became apparent that the French visa would not be forthcoming as they had to communicate with the Commander of the Islands and this would necessitate a delay of a day or two. This meant that I was not able to leave on June 18th and set back my departure date to June 25th when the next plane would be going.

On June 23rd it appeared that there would be some delay in getting the French visa. This threw my departure to July 2nd. On June 30th it again appeared that there was some difficulty in securing a visa. This threw my departure to July 9th. On July 7th I called Mr. Rieber of the State Department and he told me that they were encountering many difficulties in the matter of securing my visa and that I would not be able to leave on July 9th.

I feel it is time I report to you in writing as I have now been almost a month in the service of the Department of Agriculture which service has consisted purely of being on tap twenty-four hours of the day awaiting my visa, and in order to be available to the French should they desire to interview me personally. I desire to clear myself of any suggestions that I was not prepared to leave at a moment's notice or that my superior, Mr. Wheeler was anything but prompt and efficient in this matter.

Yours truly,

Curtis B. Munson

Curtis B. Munson

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July 11, 1941.

MEMORANDUM ON SENATOR WHEELER'S ICELAND INFORMATION.

This information was supplied in confidence by Eddie Cooper, the Jewish boy Wheeler has hired to prove that he (Wheeler) is not anti-Semitic.

Information on Iceland expedition was supplied by a number of Boston mothers who wrote Wheeler protesting that their sons were being loaded on board transports with equipment, etc., which suggested a Polar type of expedition. Wheeler also is believed to get some information from the Navy--both officers and enlisted men--where there is said to be hostility to Secretary Knox. Neither the mothers nor the Navy men seem to realize that by these actions they are endangering the lives of their own sons and their own comrades. This condition seems to call for tighter regulations of some sort to prevent leakage.

JFC
J.F.C.

JFC
Wheeler

Wheeler's office claims they get their information from letters through the mails. For instance, they had no less than three letters from Boston telling of ships loading for the North outposts.

Letters come from Mothers. And letters from sons in the services to their families.

And in addition to this the isolationists claim that Knox is despised by the Navy people. I was even informed that the chair I was sitting in held up an Admiral not long ago who viewed Knox with great alarm. Thought he was off his base and thought we would make a great mistake in moving away from our own shores in any fighting.

They hold that it is easier to defeat Hitler when we get him away from home and at us. In other words they say just reverse Dunkerque. It was hard enough getting out let alone trying to go back in.

It was told to me that Lindbergh is not so sharp. That he sweats over his speeches and allows no one to see them any more.

Wood was held to be a man with the flag in one hand, the constitution in the other and a hard business head in between.

Their alarm comes from the fact, like Wood--who sees a fascism or socialism coming--that they believe we will never pull out of this with the same system of government--no matter what.

Here is where Wheeler links up the Supreme Court battle. They do not hold that trusting Roosevelt is enough--there will be other government heads. And they hold that once government comes by decree there is no going back.

I could detect a feeling that they are ^{going} around to the point that the moves by the President are defensive while offensive. That is we are in a situation of moves between Hitler and Roosevelt and Roosevelt may win

(2)

by his ~~\$\$~~ strategy.

However here is the strong argument. My informant told me he personally does not want to live to see the day when the man in the street will say "Wheeler and Lindbergh were right". Well, hell, any prophet of doom knows of that day--of course it wont all be rosy and there will be those who say that. But again they are basing their logic on the last war. Wheeler evidently sees himself another Bob LaFollette, Sr.

They say--why doesn't the President come out and ask for a declaration of war in all honesty instead of his sliding policy. Then they will, if he wins, go out and support him.

They fail to see that their objections come from Roosevelt hate--they wont admit it and much of it they probably do not realize.

On the Iceland affair, they claim the tip-off came in the message of the President to Congress on May 27. In this message Iceland was, they say, mentioned four times. So with their outside information they put two and two together. Their hate of Knox also would lead you to believe that the Navy itself, some components, is not above supplying them with information--and that goes all the way through all ranks.

One one side of the picture however there is this fact that if some people think they are too clever for others and actually hide things from Congress from an official standpoint naturally Congress resents this when some members of Congress know what is happening but cannot get confirmation from the government, or be taken into the confidence of the government. And it is this condition that make some of the members of Congress rave and rant.

Of course, tho' I would not swear to it, they are weary. And naturally they think themselves abused. They forget all the lousy things they have said and the attacks they have made and feel the President, Churchill and others are persecuting them.

It might be of interest to note that the brilliant Helen Essary yesterday back tracked away back.

(3)

They speak with contempt about McWilliams and the others. And base their opposition on civil liberties, one man government, centralization of power and abuse through power. They point to the needs here in America, etc.

In a way it is like going fanatic on religion. All energies are in one line of research and they prove every point. It is all consuming and so it gets to be one sided.

Confidentially, Charles Murray told me he was at a hearing in the War Department the other day. Wheeler came in a right away started on the s--b--. And whispering "that so and so is getting us into war" et cetera, et cetera.

JOHN FRANKLIN CARTER
(Jay Franklin)
1210 NATIONAL PRESS BUILDING
WASHINGTON, D. C.

file personal
Jay Carter
PSF

"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

July 16, 1941.

MEMORANDUM ON "LITTLE SHIPS"

There are a number of things about the "little ship" program which I do not like. I have been asked not to report them, in order that the "case" may be made perfectly clear, but do not feel justified in wasting time in order to prove a point:

1) The bonus (\$2,000 approximately) offered by the Secretary of the Navy for the early completion of the first small unit is being charged up against construction-costs on the second full-size unit being built in Texas out of Lend-Lease funds. This does not seem to be fair to the British or a fair measure of actual costs.

2) The keel of the second full-size unit was not laid until six weeks after the completion of the trials of the first unit.

3) No preparations, either as to sites or materials or personnel, have been made for the construction of the twelve full-size units on the Great Lakes.

4) Mr. Hancock seems to have been pretty thoroughly pushed out of the picture.

I request that this report be kept confidential, as otherwise it may make matters difficult for my source of information in the Navy Department. I understand that your naval aide is pretty fully informed as to the actual facts.

J.F.C.

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

July 17, 1941.

MEMORANDUM FOR
THE SECRETARY OF THE INTERIOR

FOR YOUR INFORMATION AND
RETURN FOR MY FILES.

F. D. R.

*Very interesting
H.T.P.*

DECLASSIFIED
By Deputy Archivist of the U.S.
By W. J. Stewart Date MAY 1 1972

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5-41

JOHN FRANKLIN CARTER
(Jay Franklin)
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"We, the People"
"The Week in Washington"

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July 16, 1941.

MEMORANDUM ON SENATOR WHEELER AND THE GREAT NORTHERN RAILWAY.

In the course of investigating foreign commitments of American corporations, I have come across information to the effect that the Great Northern Railway ^{has been} ~~is~~ largely dependent for its revenues on trade with Japan. The G.N. silk-trains have been special ^{by furnace} and it is reported that in recent times the G.N. has been doing a big business shipping scrap-iron to Seattle for export to Japan.

G.N. is extremely potent in Montana politics along the so-called "high-line". It is understood that some of Senator Wheeler's support at the Chicago Convention last year came from G.N. influence in Minnesota. It is also further reported that Senator Wheeler was active in helping the G.N. obtain from the Interstate Commerce Commission a reduction of freight-rates on petroleum shipped from Cutbank, Montana, west to Seattle and East to Fargo. This was done in the face of bitter opposition from the other railroads and oil companies.

The suggestion is offered that Senator Wheeler may command some substantial economic and political support from this and similar interests with a commercial stake in trade with the Axis.

JFC
J.F.C.

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

July 17, 1941.

MEMORANDUM FOR
THE SECRETARY OF THE INTERIOR

FOR YOUR INFORMATION AND
RETURN FOR MY FILES.

F. D. R.

Memorandum from John Franklin
Carter, dated July 16, 1941, re Senator
Wheeler and the Great Northern Railway.

DECLASSIFIED
By Deputy Archivist of the U.S:
By W. J. Stewart Date MAY 1 1972

JOHN FRANKLIN CARTER
(Jay Franklin)
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"We, the People"
"The Week in Washington"

Metropolitan 4112
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July 22, 1941.

MEMORANDUM ON CONDITIONS IN INDIA AND THE DUTCH EAST INDIES.

Capt. Edward Sutton, in command of SS "Honolulan", in from Rangoon, Bombay, Calicut, Singapore and Dutch East Indies with general cargo, reports,

Political divisions of native population of India about what they were before the outbreak of the war, no Fifth Column activities reported.

Singapore is an armed camp.

Dutch have situation well in hand and able to offer stiff resistance to Japanese. Some Fifth Column activities in East Indies, due to internment of all who express sympathy with Germans or otherwise arouse suspicion.

Only food shortages affect European population with respect to European food such as beef and table delicacies imported in past.

Sutton sighted only one naval vessel--a British cruiser off the Cape of Good Hope--on his voyage from Singapore, until he sighted the U.S. patrols off the East Coast of the United States.

JFC
J.F.C.

Capt. Edward Sutton
ISSO Honolulu
Walker

July 16, 1941.

Capt. Edward Sutton, native of Los Angeles, brought the Honolulu, chartered to Isthmian into New York today.

He had just completed a voyage covering Rangoon, Bombay and Calicut, India, Singapore and the Dutch East Indies carrying a general cargo.

He reported that in India some shortages of European foods, such as beef and items which have been considered as delicacies, have appeared.

The Whites in India he said were 100 per cent pro-British while the native Hindus are split about as they were before the war with some factions against the British and some for them strongly.

He said that he had heard of no fifth column activity although Nazis have been arrested and interned along with other German sympathizers.

At Singapore he said that the city is an armed camp with soldiers teeming in the streets, bomb shelters completed, and a good sized fleet of naval vessels at anchor.

With the exception of Singapore he sighted no other naval vessel on his trip save a British cruiser when he rounded the Cape of Good Hope. He did see some patrol boats of the US in the Atlantic near the United States.

Regarding the Dutch East Indies Capt. Sutton said that the Dutch apparently have the situation well in hand and promise a stiff resistance to any Japanese aggression, much stiffer than it would have been a year ago. He reports that the people of Java are looking to the United States for supplies such as trucks, aeroplanes and guns and ammunition and much is expected to flow there in coming months according to the Dutch inhabitants he talked with.

He reports that the possibility of Fifth Column activity is extremely small in the islands because the Dutch continue to arrest and intern all of those who express sympathy with the German cause or arouse suspicion in any way. He also said that the number of Japanese merchants seems to be smaller than a year ago.

He also reported a shortage of foodstuffs in the islands about the same as he observed in India but said that in neither case was the situation anything more than inconvenient to the white population as the natives in both countries live off the land.

PSF: Carter

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"We, the People"
"The Week in Washington"

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July 22, 1941.

MEMORANDUM ON THE CHICAGO SITUATION AND THE "AMERICA FIRST" SET-UP.

Attached herewith a confidential memorandum prepared by a representative of "Fortune" magazine, who was recently assigned to Chicago to investigate the general situation with relation to the "America First" organization and the general state of public opinion. This memorandum was prepared for background guidance and not for publication and is of such interest that I forebear to summarize it.

JFK
J.F.C.

Although Chicago is the home of the AMERICA FIRST COMMITTEE and reputed to be an isolationist "stronghold", it is, in all likelihood, no more isolationist than any of the other great American cities. It has its British-hating Irish minority; and its pro-Nazi German minority. It has its sections, corresponding to New York's Yorkville, where Bundists sometimes appear in the khaki uniform of the Sturm-Abteilung and where motion picture news reels of German victories are greeted with cheers and "heils".

It is from these Irish and German minorities, as well as from the ranks of the dyed-in-the-wool native isolationists that the America First Committee recruits the bulk of its membership. But the backbone of this Committee are the vitriolic Roosevelt-haters associated with "big business". It is they who supply most of its funds; they who shape its policy; and they who, with the support of the Chicago Tribune, have made it virtually impossible for any prominent Chicagoan to assume the leadership of an interventionist drive.

Various attempts have been made to lead such a drive. But in almost every instance the interventionist in question has been forced to withdraw, yielding to the pressure brought to bear upon him by business associates or to the fear of a Tribune "smear campaign". Such, for example, was the experience of Adlai Stevenson, one of Chicago's most promising young lawyers, whose law partners made plain to him the impossibility of retaining in their firm a man whose interventionist activities were antagonizing so many of their clients.

That does not mean that no prominent citizen of Chicago dares to be an interventionist. On the contrary, the interventionist group is strong. It includes men like Clarence B. Randall, vice president of the Inland Steel Corporation; Laird Bell, one of the best-known Chicago attorneys; such well-known Episcopal clergymen as the Rev. Dr. Duncan H. Browne and the Rev. Dr.

John Timothy Stone. It includes even citizens of "Axis descent" such as Judge John Gutknecht and Judge George Quinci; and despite the attitude of Dr. Robert Hutchins, the so-called "boy president" of the University of Chicago, it includes the great majority of the members of the faculty of that institution. Yet, none among these interventionists dares raise the standard and rally the others round him.

The result is that, whereas the AMERICA FIRST COMMITTEE is functioning as a local committee, under local leadership, supported largely by local funds and appealing to local pride, the only attempts being made to cultivate interventionist sentiment are being made but half-heartedly by the "Committee to Defend America by Aiding The Allies" and the "Fight for Freedom Committee".

AMERICA FIRST vs. THE INTERVENTIONIST COMMITTEES

In a section where local pride is strong, where there exists a strong undercurrent of jealousy of the East and especially of New York, this is important. The average Chicagoan, like the average citizen in most other sections of the Middle West, resents Eastern leadership. However isolationist he may be, he feels that he is just as patriotic, just as good an American as the average New Yorker, and perhaps a better one. The mere fact that some of the leaders of the "Committee to Defend America" were associated with the old "Geneva Internationalist Group" makes him suspicious; because he still believes that the United States should avoid "foreign entanglements". Hence, compelled to choose between the leadership of a man like General Wood, a former officer of the United States Army and a Chicagoan of unquestioned standing, and the leadership of comparatively unknown Easterners some of whom may be suspected of having axes to grind, it is understandable if the average Chicagoan follows the standard of General Wood.

Soon after I reached Chicago I visited both the local and national offices of the "America First Committee" on the pretext of obtaining a copy of one of Colonel Lindbergh's speeches. Both offices were alive with activity. I not only got the speech, but was urged to take along other America First "lit-

erature". I then sought out the office of the "Committee to Defend America". It was not listed in the telephone book and I was obliged to ask "Information" for the address. The office staff comprised two young girls, with a young man in charge. He was Paul Lyness, who, I was informed, had just taken his Master's degree and was working on his first job. Lyness struck me as being competent and alert, if somewhat young for so important a post.

From conversations with him, I gathered that there existed a feeling of rivalry between his Committee and the "Fight for Freedom". In fact, he admitted that such a feeling existed, and said how regrettable it was and how urgent the necessity for working together. Albert Parry, a Russian by birth, appeared to be the guiding genius of the "Fight for Freedom" group. Parry, also, struck me as highly competent; but he spoke with a strong Russian accent, and I found myself wondering what would be the effect of that accent upon 100 percent native Americans in need of conversion to the interventionist cause. I was told at the "Fight for Freedom Office" that the "Committee to Defend America" was on its last legs in Chicago and undoubtedly would soon fold up.

Both the "Committee to Defend America" and the "Fight for Freedom" Committee seemed to be handicapped by lack of funds. The America First Committee, on the other hand, obviously was well heeled. Generous contributions undoubtedly are being received from German-American, if not actually from Nazi, sources. Since such contributions frequently were handed in at meetings in sealed envelopes, it was not easy to trace their sources. But, in addition, General Wood is reported to have made large contributions; and the same is true of Mrs. Janet Ayer Fairbank, whose desire to "beat Roosevelt" had caused her to campaign for Landon in 1936; Sterling Morton, of the Morton Salt Company; William Regnery, well-to-do window shade manufacturer, who, until recently, it is said, had a large picture of Hitler hanging on a wall in his office. Regnery resigned as a trustee of Hull House in what amounted to a protest over the issuance by Hull House of an Anti-Nazi pamphlet. Morton, incidentally,

endeavored, a few years ago, with other Middle West business men, to found a labor-busting organization known as the "Builders of America".

I could get no factual evidence of Nazi contributions to the America First Committee, although it is generally believed that they are being made. In any event, the February issue of the German-American National Alliance's "News Letter" published an appeal to its membership to support America First and the "Citizens Keep America Out of War Committee" both "financially and morally".

Whereas, thus far, the "Committee to Defend America" and the "Fight for Freedom Committee" have had difficulty in obtaining important speakers, or even unimportant ones for that matter, the America First crowd are well supplied. Their list includes General Hugh Johnson, whose fee is \$750. per lecture; Major General Paul B. Malone, who gets \$290.; William R. Castle; General Thomas Hammond; John T. Flynn; Phil La Follette; Kathleen Norris; Oswald Garrison Villard; and Major Alford Williams.

At the recent graduation exercises of the the Dale Carnegie Public Speaking Institute in Chicago, I was informed, seven of the graduates chose as their "thesis" the need for keeping America out of war; and when interventionists conceived the idea of getting some of the "students" at the Institute to speak on behalf of aid to Britain, they found that virtually the entire "student body" was working for America First at \$25. per speech.

ARE THE NAZIS INFLUENCING AMERICA FIRST POLICY?

The chief purpose of my mission was to ascertain, if possible, whether there is any direct link between the Nazis and America First and Colonel Lindbergh. The striking parallel between some of Lindbergh's utterances and Berlin propaganda statements would seem to indicate that, if nothing more, the "guidance memoranda" of the German Foreign Office or Propaganda Ministry are being made available to some chosen few adherents in this country. But the most responsible persons with whom I talked in Chicago all agreed that if there is a link, it exists unbeknown to General Wood and other leading lights

in America First. Wood, himself, has declared that if the United States enters the war the country will have his loyal support. Clarence B. Randall, Laird Bell and Mr. Embree, president of the Julius Rosenwald Foundation, all of whom know General Wood well, were convinced that his activity in America First was prompted largely by his fanatical opposition to the President's policies; that the General had no use for the Nazis or their doctrines; and that he would not tolerate any dealings with them if he knew of such dealings.

As was to be expected, I met with all varieties of rumors indicating that this person, or that person, was on the friendliest terms with the Nazis and acting as go-between for them with America First. But ^{in most cases,} ~~with one exception,~~ ~~all these rumors~~ I found, ^{that such reports were largely} on investigation, ~~to be mere~~ ^{chief} talk. The exception was James S. Kemper, head of the Lumbermen's Mutual Casualty Insurance Company. From various sources I learned that Kemper had been a frequent caller at the Nazi Consulate in Michigan Avenue before it was closed; that his wife, whose maiden name was Zeising, is of German extraction; that he maintains as a mistress, in the Lake Zurich Section of Chicago, his former secretary, Celeste Baumann, who is violently pro-Nazi; and that his present secretary, Ethel McDonald, of 4447 North Paulina, in the Ravenswood Section of Chicago, has confided to close friends that she is suspicious of her employer.

I tried unsuccessfully to get an introduction to Miss McDonald. Had I remained longer, it was my intention to arrange an introduction, if possible, and seek to win her confidence. But all the information I obtain tended to confirm my impression that there was definitely something suspicious about Kemper. Though an ardent supporter of America First, he apparently has not been prominent in the Committee. Last December, he made a speech before the Merchants' Association in New York and warned that entrance of the United States into the war might so dislocate American economy as to fasten upon this country some permanent form closely resembling socialistic economy.

Kemper, who was formerly president of the United States Chamber of Commerce, attended the meeting of the International Chamber of Commerce in

Germany just before the outbreak of the present war. Throughout his stay in Germany, he was made much of by the Nazis. Sigrid Schultz, correspondent of the Chicago Tribune in Berlin, told me that while Kemper was there she had him and his wife to lunch along with Fritz Wiedemann, and that both Kemper and his wife were "violently pro-Nazi".

While I have no evidence to prove that Kemper has acted as a go-between for the Nazis with the America First Committee, I believe this lead is worth following up; especially, as Kemper has been in South America recently and has made public a statement, obviously Nazi-inspired, to the effect that goods being sent to England by the United States under the Lease Lend Bill were being shipped back by the British to South America and sold there.

Another Chicagoan, mentioned as a frequent visitor to the Nazi Consulate in Michigan Avenue before it was closed, is William J. Grace, an attorney, of 77 West Washington Street. He is prominent in the "Citizens' Keep America Out of War Committee". Still another whose name was given me was George W. Glow, vice president of the Harris Trust Company, who is said to have declared publicly that he'd rather live under Hitler than under Roosevelt.

The attitude of Dr. Hutchins of the University of Chicago is a source of considerable puzzlement to many of his friends; but, as in the case of General Wood, those who know him best attribute his motives ^{To personal feeling;} to his "zeal for perfection". He sees the flaws in Democracy, they say, and feels that since Democracy has "failed" we have no right to criticize other forms of Government. But in the little social group in which Hutchins moves is Claire Dux, a Polish-born German opera singer, now the wife of Charles H. Swift. She is known to have entertained visiting German officials, and is said to be strongly pro-Hitler. Some of Hutchins' friends feel she may have influenced him.

William Benton, of the Advertising firm of Benton & Bowles, who was at college with Hutchins and followed him to Chicago a few years ago after he had made a fortune out of advertising, also is mentioned as having influenced Hutchins. Benton, it is said, while taking no prominent part in the America

First Committee, was the author of the first newspaper advertisements put out by the Committee.

THE ROLE OF THE CHICAGO TRIBUNE

But the greatest single factor in the establishment of America First in Chicago appears to have been the Chicago Tribune. Denounced by many Chicagoans and ignored by some, it is, nevertheless, recognized as a "power" in the city. The ruthless methods of the Annenbergs have gone far towards maintaining its circulation, and newsdealers who fail to display the Tribune prominently still are victims of the Annenbergs' "strong arm" squads.

The Tribune's support of America First is said to derive from various causes. According to some of the stories I heard - and I should like to make it plain that these are only hearsay - "Bertie", as the Colonel is called, attended Harrow in his youth and was generally detested by the student body. He became so unpopular that his removal finally was demanded. Later, so the story goes, he sought to have himself appointed as Ambassador to Great Britain, but the British Government made it plain that he would be persona non grata.

This much is not hearsay; the Colonel is a vitriolic Roosevelt hater, and this hatred is largely responsible for his attitude.

It might not be out of place to mention here reports of Bertie's war record, which are current in Chicago. The story is that, just before his regiment entered the Battle of Cantigny, Bertie sought to persuade the regimental surgeon to have him invalided back to Paris. The surgeon refused; whereupon Bertie is said to have had himself evacuated in one of the regiment's ambulances. Only his position as a leading publisher, it is said, saved him from court martial and possibly from severe penalties.

RECOMMENDATIONS

It seems to me of the utmost importance, if Chicago is to be sold "intervention" that a concerted effort be made to arouse public sentiment there. This, I believe, can best be achieved through a LOCAL organization, and

not through branch offices of "outside" organizations. While it probably will be impossible to induce any prominent Chicagoan to actively head such an organization, the support of such men as Clarence Randall, Laird Bell, and leading members of the faculty of the University of Chicago could no doubt be obtained; and it might be possible to have some other Middle Westerner of the same stature as General Wood head this new organization.

The Middle West is patently resentful of the East's attitude; the attitude, that is, of loftily patronizing the Middle West as "isolationist". From the people I talked to, and they were people in all walks of life, I got the impression that, however much the Middle West may dislike war, and may want to keep out of war, it will, if war comes, be found just as patriotic and just as ready to accept its share of the responsibility.

"We, the People"
"The Week in Washington"

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personal*

JOHN FRANKLIN CARTER
(Jay Franklin)
1210 NATIONAL PRESS BUILDING
WASHINGTON, D. C.

*PSF
Carter*

Metropolitan 4112
Metropolitan 4113

July 30, 1941.

MEMORANDUM CONCERNING CHIEF OF O.N.I. KIRKE.

Am confidentially informed by a reliable source that Captain Kirke, present chief of O.N.I., is extremely dissatisfied and is considering asking to be relieved of this assignment. Causes for dissatisfaction are said to be:

- 1) Failure of the Navy to assign him an assistant agreeable to him;
- 2) Belief that he should be called on by the White House to give information directly on strategic ^{matters} ~~information~~;
- 3) Jealousy of the new Donovan set-up.

Kirke is regarded as an able officer and a fine man by those who know him. I do not. No suggestion offered beyond these statements.

JFC
J.F.C.

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MEMORANDUM OF CONVERSATION WITH RALPH VAILL (Technical Adviser, Iron and Steel Section, Manchuria Heavy Industry Development Corp).

Vaill, an Annapolis man, vouched for by George Wolf and Carlisle MacDonald of U.S. Steel, resides at Hsinking, Manchuria. Formerly he worked for the Soviet Steel Trust, leaving Russia in 1936. He returned to the U.S. this spring and is anxious to go back to Manchuria.

He said if Hitler established his Archangel-Volga Line he would have about half of Russian heavy industry. He would lack control of copper, zinc, lead, antimony and Russia would still have plenty of coal, oil and iron in Kuznetz and in the Urals. The Urals contain the bulk of Soviet special steel (ordnance) production, including Magnetogorsk (2½ million tons), another million ton unit further north and many small plants with an aggregate capacity of 1½ million tons high-grade steel. 1200 miles East in the Kuznetz Basin is 1½ million tons steel capacity, chemicals, coal and relatively self-supporting. About one-third of Russian armament capacity would be outside the German range. The Cheliabinsk "tractor-plant" produces tanks and guns and at Sverdlopsk is the greatest foundry and machine-shop in the world. A total supply of about 6 million tons effective steel production would be left to support the Red Army.

Drawbacks to this is the concentration of the aluminum industry (for aircraft) near the Dneiper Dam and the loss of manganese from the Ukraine.

Turning to the Far East, Vaill said that Russia and Japan were natural enemies but that the Russians had outfought the Japanese so well in recent border fighting--which he says is continuous along the Amur--that he does not believe the Kwantung Army would dare attack *Siberia*

JOHN FRANKLIN CARTER

(Jay Franklin)

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Vaill said that Matsuoka signed up with Hitler after getting an ultimatum from Stalin ordering him to do so. Matsuoka didn't like it but hoped to use it for a bargaining point to make terms with U.S.A. and Great Britain. This was squelched when we turned down hints that Matsuoka might visit the U.S. Vaill's source of information on this point is Asaoka, adviser to the East Manchuria Development Company, an old friend of Matsuoka.

Japanese cupidity and Army stupidity is wrecking Manchuria. Japan is milked dry by the China Incident and by American economic pressure. Vaill said the Japanese are much overrated and that the Russians are infinitely superior. As evidence of business difficulties, he said the Chinese coolies working the coal and iron fields used to ship back to China 70% of their wages, about 70,000,000 yen a month. This drain on Manchuria was dangerous to the Japanese economy so a law was passed forbidding it. Then the coolies left Manchuria and Vaill knows of four blast furnaces shut down as a result of this labor shortage, as well as inability to buy machinery from the U.S.A.

The Army is gambling on a Hitler victory over Russia. The Indo-China move is designed to widen the circle of alleged Anglo-American "encirclement", to cut off the flow of munitions via Burmah to Chiang Kai-Shek, and to establish a good trading-position for the peace settlement. Vaill expects the Nanking Puppet Government to abrogate the foreign concessions and extraterritorial rights.

Vaill believes that our policies are slowly crushing Japan, the process being materially aided by Japanese Army policies and trade greediness. He said that every Manchuria business the Js touched disappeared and that the Chinese were beating them in every line of trade
J.F.C.

PSF Jack Carter
5-41

THE WHITE HOUSE
WASHINGTON

July 31, 1941.

MEMORANDUM FOR

JACK CARTER

I suggest you take this
matter up with Colonel Donovan.

F. D. R.

JOHN FRANKLIN CARTER
1210 National Press Building
Washington, D. C.

July 30, 1941.

MEMORANDUM ON INTERVIEW WITH MAJOR HENRI HALPHIN (VICHY-FRENCH)

Halphin has been two weeks in the U.S.A., having arrived from Vichy via Dakar and Martinique, financed by the Vichy Government. He is accompanied by his wife, British. Halphin's family is connected with the French Line and French ship-building industries.

The Halphins say that the French would welcome a British or an Anglo-American Expeditionary Force. French women are bitter against the Germans. This includes the demi-monde, who would prove valuable allies in espionage (Fifth Column?) activities. The peasants would rise against the Germans, aided by the priests, who alone know where the hidden stores of rifles, machine-guns and ammunition are secreted.

The suggestion is made that the regular intelligence services check up promptly on Halphin, who might, if his bona fides is established, provide a valuable means for identifying and classifying French refugees in the U.S.A. His present address is 2 West 67th Street, New York City.

J.F.C.

July 28, 1941.

Maj. Henri Halphin
Walker

Major Henri Halphin of the former French Army, also formerly a director of the French Line (Transatlantique General etc) now living at 2 West 67th Street, New York is the subject of this report.

He has been in the United States for two weeks having reached this country from Vichy, France by way of Martinique. Commanded a regiment of French soldiers in the current war in the vicinity of Tours, France, and through pull with Marechal Petain obtained French passports for himself and his wife who was formerly a Miss Crosby of the British family of that name whose males have been members of the Sherwood Forresters. She is a smart cosmopolite and apparently the brains of the combination.

Halphin's grandfather was the founder of the French line and he was, during World War No. 1, a kind of a liason officer with the United States Marines at Chateau Thierry and Belleau Woods receiving the American Medal of honor for the work he did then.

He reported confidentially that he was an active member of G2 and before leaving France did secret service duty on the Swiss border preventing smuggling of gold, narcotics and various luxuries.

Halphin was, and, as he put it, still is, a director of Penhoutte, the marine construction company that built the Normandie.

He has a wide circle of acquaintances among French people and should prove extremely valuable to us in identifying the French men and women who are now in this country, placing them for us as to their free French or Petain leanings. Also he is a typical Frenchman who has been wealthy and who has left France with the purpose of doing what he can, as he puts it, to fight for fraternity, equality, liberty.

He is a well preserved man 55 years of age, and your reporter would hazard the guess that he is sincere in his protestations. At the same time he admitted that he had secured about \$2,000 from the French Government to finance his trip to the West Indies and to the United States, which would make your reporter a bit suspicious that his patriotism may not be all that it seems on the surface.

His wife, mentioned earlier in this report, is a typical high class Briton, who apparently wears the pants in this particular combination. She has been the MGM movie representative in France for a number of years.

Jointly they say that any expeditionary force, British or British-American, that might land in Brittany or in any other part of France against Germany would get the whole-hearted support of all Frenchmen, excepting the Alsatians and the Gascons. As to the French women they were quite bitter saying that on the whole the women of France have given themselves to the Germans indiscriminately for a greater measure of the ease the Germans have been able to provide. They were particularly bitter against those who were not the demi mondaine and they said the latter are just as French as they ever have been and would be good allies if an invasion were carried out.

Halphin has been a wealthy man in France by inheritance and he is Gallic to the core, maintaining that his real desire is to aid the United States or Canada in counterespionage work so that he can strike a blow against Nazism and for France. He reports that the Petain French are disgusted with the attacks which have been levelled against Marechal Petain who still is a national hero and the French savior of Verdun in World War No. 1.

Both Halphin and his wife say that the peasant of France will be the real supporter of any effectual revolution and that the priests are the ones who know where the hidden stores of rifles, machine guns and ammunition are secreted.

Bearing in mind the fact that Major Halphin secured \$2,000 from the French Government to make his trip to Martinique via Dakar (their freighter was convoyed by French naval vessels from Marseilles) it would seem to this reporter that this man may be valuable to our work in properly identifying those French men and women who are now in this country as either true French, de Gaulists, supporters of Petain or opportunists.

He has come here without funds although he is supposed to have extensive estates in the West Indies valued at between \$5,000,000 and \$7,000,000.

It is recommended that the proper authorities be notified immediately that he is here so that they may visit him and decide for themselves whether he has value as one who can identify and classify the many French refugees and others who are now within our boundaries.

THE WHITE HOUSE
WASHINGTON

*File Jack Carter
5-11
PST*

July 31, 1941.

MEMORANDUM FOR THE PRESIDENT:

Jack Carter called up and said he had expected to see you early in the week but he is leaving today on his vacation, returning August 18th.

He says all reports will be handled through Dr. Henry Field in his absence.

G.G.T.

1 / *file personal* August 8, 1941

J. Carter Field

Dear Mr. President,

John Carter has asked

me to forward to you any Reports which
might be of interest to you. These notes
on Iran and the U.S.S.R. are based
on data obtained from a business
man who has just returned.

Henry Field

John Carter Fildes
PSF 5-41

MEMORANDUM ON IRAN AND U.S.S.R.

The attached report indicates that the Nazis, who have secured great influence in Iran, are preparing for a coup d'état which will be successful if Hitler decides to move against Iran. Word reaches Iran that British bombing of German cities is weakening German morale.

Pancheha stated that about June 1, 1941 14-18 Soviet divisions were stationed on Iranian border. Pancheha believes that the Baku and other important oil fields have been mined and will be destroyed by the Russians, if ever necessary. Soviet submarine fleet consists of more than 100 units with some very modern types of craft. Our informant reports 4,000 long-range, four-motored Soviet bombers near Vladivostok capable of flying to Osaka and Tokyo in three hours. He gives the number of well-supplied troops in Siberian army as 400,000 - 500,000 - capable of at least one year of warfare.

August 8, 1941

MEMORANDUM ON SITUATION IN IRAN AND U.S.S.R.

This report covers Ph.D. Pancheha, special representative of the USSECo who has just returned to the United States from Tehran. He is of Spanish extraction, speaks Russian and Chinese fluently and in Iran has contacted Ministers and Ambassadors of all the countries which have representation, officially, in that State.

A summary of our talk resulted in the following conclusions and opinions based on his firsthand observations and contacts and they are in the order of their apparent importance:

1. That the Nazis have so bought favor in high places that should Hitler decide to move against Iran the German military would have complete control within a matter of twelve hours.
2. That Russia's reserves in tanks and airplanes can be conservatively estimated at 200,000 and 35,000 to 40,000 respectively and while many of the tanks are clumsy and many of the airplanes not so efficient as those of the Nazis, their numbers have been a definite factor in the slowing of the drive into the Soviets by Hitler forces.
3. The average Russian fighting in this War is an entirely different man from the soldier of the Czar in World War I. Then they were driven to it mostly unwillingly. Today they are fanatics in the cause of Communism and hold their lives cheaply.
4. For more than a year and a half the manufacture of the Soviets, formerly concentrated in the Leningrad area, have gradually been removed into the Ural area and fully 25 per cent of war manufacturing is now being done in the latter area.

5. He expressed the opinion that Japan will collapse within five or six months and the Nazi forces will be defeated in Russia within the next twelve months.

Details covering Item I include the fact that there are some 4,000 to 6,000 German "tourists" moving about in Iran. They actually are all six-footers or taller and all are trained Nazi Army men all specifically assigned to duties when as and if a Persian invasion is decided upon.

Also the Nazis have been squandering money -- always English Pounds -- and have completely bought up Persian merchants, and professional men -- going to great extremes in efforts along these lines and paying ridiculous amounts for those who might be called fifth column material.

On the surface Pancheha, who may be sent back to Iran in a month or so and therefore should be protected, reports that Iran is controlled economically by Russia but that such control will count for little if the Germans decide to seek military control.

In support of his estimates of such large military mechanical reserves Pancheha said that the Soviets have been preparing for war with Germany for the last 22 years, and, because of their OGPU efficiency, no information of value about what they have been doing has been allowed to leak out to other countries.

His opinions are based on firsthand knowledge which he was able to get when the Russians invited him to assume organizational control of tank, plane and mechanical manufacturing effort in 1937 at what he said was a fabulous salary.

(In this connection Pancheha formerly represented the General Motors Export Corporation in the Near East and Manchuria as well as China).

This, he said, the OGPU knew.

In 1937 he was in Leningrad and Moscow at Soviet request and at that time Russian officials told him that there were 120,000 trained aviation pilots and more than 1,000,000 parachute troops also highly trained and that the capacity of one plant he visited was 10 heavy tanks a week while Ossinsky, high in Soviet official circles, told him that airplane and tank manufacturing was being stepped up rapidly. The plant he visited and actually saw production in was called Plant No. 76.

The Baku and other important oil fields of Russia have all been skilfully mined and will be destroyed by the Russians if they even come near to falling into German hands and in his own words he said:

"Hitler will never get any Russian oil or wheat or other foodstuffs."

This he reports is due to the fact that as they lose ground to the Nazis the Russians burn or otherwise destroy everything that the Germans might be able to use.

He says that by the end of this month heavy rains will begin to fall and the Ukraine will become an impassable quagmire which will not be frozen solid until late in November or December. It will mean the bogging down of Nazi Panzer divisions and supply and communication lines and the spearheads of the Germans will be subjected to guerrilla attacks by fanatical Russians who will fire their guns until they are killed.

Pancheha reports that the submarine fleet of the Soviets is much more than 100 units -- some good, some bad and some the last word in naval architecture with up-to-the minute Diesel and electric motors and new types of ammunition and torpedoes.

On the Soviet-Japanese front he called attention to the fact that Russia has 4,000 planes including long-range, four-motored bombers which are capable of flying to Osaka and Tokyo in three hours. In addition, there is a self-supporting Russian army of 400,000 to 500,000 men on that front. He also said that there is a reserve of supplies, munitions and foodstuffs that the Russians have been amassing on that front, capable of a prolonged war of possibly two years -- One year surely.

Pancheha reports that word has been reaching Iran for some months that British and Soviet bombings of German cities is weakening German civilian morale, which already has been sapped by lack of many luxuries and necessities.

He says that when the Nazi forces begin to lose definitely, chaos will develop in such countries as Czechko-Slovakia and Poland and throat-cuttings will be the general order, not only of German man but of women and children.

He reports that there are from 14 to 18 Russian divisions stationed along the Iranian border or there were when he left Tehran seventy-two days before reaching New York early last week.

all
personal August 9, 1941

Dear Mr. President,

In John Carter's absence

I am forwarding to you the enclosed

Memorandum on the situation in

Belgium as reported by a Belgian.

Henry Field.

August 9, 1941

Jan 7 Carter
Folder
5-41

PSF

MEMORANDUM ON ECONOMIC CONDITIONS IN BELGIUM

Under Nazi occupation production is considerably lower than during 1938-1939.

Output has decreased in the textile industries. Coal is becoming scarce - the decrease in production resulting in part from apathy on the part of the Belgian miners, food rationing and strikes.

Raw materials are also becoming scarce in Germany. In Belgium new regulations cover use of copper, nickel, cobalt, lead, tin, cadmium, mercury and magnesium.

Construction work is interrupted because of lack of materials. Special restrictions have been placed on cork.

Steel production at S. A. Ougree-Marihaye was 500,000 tons - a figure slightly higher than in 1939. German syndicates are buying interests in Belgian metallurgical industries in order to extend Nazi economic control.

Prices on tobacco have increased 30%. Taxes on alcoholic beverages which were from 30-135 Francs are now 200-300 Francs.

August 8, 1941

MEMORANDUM ON ECONOMIC CONDITIONS IN BELGIUM

The linen industry is working at 70% normal output. It is the only branch of textiles for which raw material is available.

During 1940 about 55,000 hectares were allotted to the production of flax. The crop was poor owing to neglect during hostilities.

The textile industry produces only 10% of its normal output.

The wool and cotton industries have been reduced to a quota of 30% of their output during 1938. Moreover, it is prohibited to manufacture pure woolen thread; a percentage of artificial wool must be added.

The prices of tobacco, cigars and cigarettes have increased 30%. A tax of 2% is levied on matches. Taxes on alcoholic beverages which were from 30-135 Francs are now from 200-300 Francs.

The Cockerill Works have been left untouched, but their present activities are curtailed.

Coal is getting scarce, as a result of German requisitions. In one colliery of the Liege area, from the output of 700 tons, 400 have been derived for such requisitions. The proportions of output per colliery worker has decreased considerably.

The manufacture of candles with greasy content has been prohibited.

The manufacture of bedding sheets has been prohibited.

The price of paper has gone up from Francs 1.60 to 3.40 per kilo.

In April, 1940, the daily output of coal per miner was 826 kilos; it is now only 711 kilos. Special rations are given to miners to enable them to carry on their exhausting work.

Work has been brought to a complete standstill in the Borinage Collieries. The "Centrale des Mineurs" has declined to recognize the syndical, unitarian federation imposed by the Germans.

Difficulties have cropped up as a result of the food rationing. The workers pointed out that the rations were insufficient and they refused to work in the deeper galleries of the mines. The Germans have agreed to give additional bread, meat and margarine rations.

A drop of Frs. 5 per diem on all salaries in the Hainaut Collieries has caused another conflict in the whole region.

The Germans immediately gave orders to resume work, but this was put in force only after the salaries had been readjusted to the former amount. The miners were sentenced to fines of 2 Marks (25Frs.) per day during the strike for having disobeyed German orders. As the strike lasted for one week, the fine amounted to 200 Frs. per miner, exclusive of the loss of salary.

To overcome the resistance of the miners, workers from other regions are now being recruited.

Since the mines are in excellent running order, the decline of the coal production can only be explained by the slackness of the miners, who despite every Nazi inducement to work harder, refuse to exert themselves in order to help the German war machine.

Even in such coal-producing districts as Charleroi and eastern Belgium, which before the War exported coal to Germany, France and Italy, there is insufficient anthracite and greasy bituminous for industries and railways.

The fact that raw materials are scarce in Germany can be gauged by the more and more detailed regulations which Germans in Belgium impose on workers and manufacturers, calling week by week for new economies. One of the latest restrictions forbids the lining of zinc in coffins and funeral caskets, except when death is caused by certain contagious diseases. Similar regulations call upon industrialists to refrain from using copper, nickel, cobalt, lead, tin, cadmium, mercury and magnesium for the manufacture of articles and utensils for the population.

In the building industry there is now in Belgium so little material that construction work has been interrupted, only urgent repairs being carried out.

Cork is among products which Germany wishes to be husbanded. It is forbidden to sell more than 100 kilos of cork sheets or of cork waste. Germans have ordered that lengths of cork for bottles

should not exceed 45.0 mm. Similar regulations were imposed in Belgium during last War.

The S. A. Ougree - Marihaye has published its balance sheet for 1940. The plant has suffered very little damage from the War, so far, and the activity is shown to be higher than in 1939. The steel production reached 500,000 tons. Profits are figured at Frs. 100,000,000 i.e. Frs. 14,000,000 less than in 1939.

Consortia of the Rhine district are buying shares of metal enterprises in occupied Belgium in order to extend their economic control.

PSF: Jay Carter folder
5-41

check up -

JOHN FRANKLIN CARTER
(Jay Franklin)
1210 NATIONAL PRESS BUILDING
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"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

August 20, 1941.

MEMORANDUM CONCERNING DR. MAX JORDAN.

Bill Donovan tells me that Jordan, former Berlin representative of N.B.C., is now working in the War Department--presumably in M.I.D. There is strong reason to believe that Jordan is and has long been a German agent. That is said to be the opinion of American newspapermen like Wally Deuell and Sigrid Schultz. I understand the State Department has a similar report in its official files, in addition to one prepared on the subject by Warren Irwin of my office. British Intelligence also is said to believe Jordan to be a Nazi agent and is refusing him a visa to visit London, although the War Department has been pressing Donovan to persuade the British to let Jordan go to London. I do not wish to get into a tangle with M.I.D. or any other agency of the Government in this matter, but believe it advisable to have a careful check with the British before Jordan is allowed access to any part of ~~of~~ information which might be of value to the German General Staff, on which I understand Jordan has a close relative (uncle).

J.F.C.
J.F.C.

*file
personal*

"We, the People"
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(Jay Franklin)
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WASHINGTON, D. C.

*P.S.F.
Carter*

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August 27, 1941.

MEMORANDUM CONCERNING REPORTED CHANGE IN ATTITUDE BY THE KING OF
BELGIUM.

A report written early in August from Brussels to a pro-ally
Belgian in this country states that the group surrounding King Leopold
are now becoming quite pro-British. This is in marked contrast to
previous information received.

J.F.C.
J.F.C.

1
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*J.F.C.
Carter*

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August 27, 1941.

MEMORANDUM CONCERNING MUNSON'S REPORT ON MARTINIQUE.

* I attach a brief memo. from Curtis Munson, correcting himself on two minor details of his verbal report to you yesterday concerning the situation in Martinique.

*J.F.C.
J.F.C.*

August 27, 1941

Re: Martinique - correction

Verbal Interview Of August 26th, 1941, Of President Roosevelt
with Curtis Munson Returned From Martinique and Guadeloupe:

Please submit the following answer for the one given:

The President's Question: In what condition are the French Warships
at Forte de France, Martinique and at Pointe a
Pitre, Guadeloupe?

Substitute Answer: Sir, I am not qualified to answer this question.
The United States Navy during my stay there had
two fully competent Naval observers Commander
Blankenslip and Major of Marines, Muncie. The
Navy Department undoubtedly have the answer to
this question in complete detail.

* * * * *

The President's Question: Did you see the aeroplanes about which there has
been so much discussion and in what condition
were they?

Answer: No, sir, only at a great distance; but I under-
stood from the U. S. Naval observer that he
inspected them and the wings and propellers had
been removed and stored.

Substitute: Statement correct regarding the wings but the
propellers have not been removed.

Add: The wings are stored at a considerable distance
from the fusilages and as the planes are land planes
and as there is no air field they would have to be
transported to the Bearn (aircraft carrier) before
they could take off. Assembly of the planes and their
transportation to the Bearn could not possibly escape
detection.

CBM

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5-41
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September 2, 1941.

MEMORANDUM OF CONVERSATION WITH COL. SOSTHENES BEHN (INT. T. & E.)
CONCERNING CONDITIONS IN AXIS EUROPE.

I saw Col. Behn on August 28, subsequent to his conversations with the President, Secretary Hull, etc., but he assured me that this discussion contained additional observations which he had not referred to in his earlier interviews.

Col. Behn found the Germans ready to do business with him on either the purchase of his factories in Germany or of the Spanish Telephone Co. The latter was vetoed by the State Department. The former transaction was virtually completed when Goering forbade the transfer of the gold via Switzerland on the ground that America would soon be in the war and that Germany could then confiscate the property without paying for it.

Behn said that the Germans were the only people in Europe who expected America to enter the war and the only people in Europe who doubted that Germany would win the war.

He said that there was no real shortage of food in Germany and that supplies of raw materials (other than lubricants, cotton and a few strategic minerals) were ample to enable Germany to continue fighting for three or five years.

Col Behn said that he had grave doubts that Russia would continue to fight but he also remarked that Sir Stafford Cripps had told him in London, when Germany attacked Russia, that Hitler would win inside four weeks and that the Stalin regime would collapse. My own inclination is not to regard Behn as an expert on Soviet affairs.

JOHN FRANKLIN CARTER

(Jay Franklin)

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- 2 -

Colonel Behn said that Petain was the only Frenchman who thought America might enter the war and that Germany might fail, and that Salazar of Portugal had a similar attitude. Franco was more on the fence. Behn reported that Petain was in vigorous good health and intellectual power and he urged strongly that America support his position (and Franco's) to the extent of seeing that they got food and vitamins. This he regarded as the cardinal point in a drive to ~~hold~~^{split} Latin Europe from the Axis.

Behn was impressed by the fact that Germany had mobilized over ten million men, leading to a labor shortage which was being met by scouring the Continent for skilled labor. Germany was ~~erected~~^{erected} a number of 1,000,000-kilowatt reduction plants ~~from~~ for aluminum, away from the R.A.F. bombing-radius, and was still producing about 3,000 airplanes a month.

Behn's prognosis of events was that the U.S. and Great Britain would achieve air-supremacy about the end of 1942, "soften" up Germany and the occupied regions and then that an A.E.F. of panzer-units should land, either in North Africa or in France, to clean up the Nazis. He feared that delay in entering the war would leave England weaker and more despondent, ditto France. Behn expressed his regret that apparent Japanese willingness to back down in the Pacific had destroyed the chance that America might enter the war "by the back door".

J.F.C.

P.S. Behn added that the British Army in the Near East was still too weak to take the offensive and might find it difficult to withstand a Nazi drive overland through Turkey.

*PSF J.F. Carter
5-41*

THE WHITE HOUSE
WASHINGTON

September 6, 1941

MEMORANDUM FOR

J. F. CARTER

I think you can properly
take this up in confidence with
Floyd Odlum who will be in
charge of the distribution of
contracts.

F. D. R.

Enclosure
Memo re "The Defense Sub-Contracting
Problem" from John Franklin Carter,
9/5/41 enclosing memoranda from Shreve
Badger of the OPM re same.

*file
Confidential*

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October 3, 1941.

MEMORANDUM CONCERNING CONDITIONS IN SOUTH AFRICA.

The attached memorandum from a correspondent in South Africa is too discursive for great utility. It contains the following items of interest:

- 1) Many Italian prisoners of war in South Africa express eagerness to enlist in the war against Hitler but are not allowed to do so;
- 2) There ~~has~~ been a bad reaction in South Africa against Harry Luce's article "The American Century", reprinted in "Reader's Digest". "It sounds like Hitler talking from behind a distorted democratic mask".
- 3) Attitude towards Russia is rapidly changing.

J.F.C.
J.F.C.

August 15, 1941

MEMORANDUM FROM CAPE TOWN, SOUTH AFRICA

Well, so Churchill and Roosevelt have met on the "Battlefield of the Atlantic" and have had a little talk. The results seem to have caused a reasonable stir, but me thinks the program is somewhat negative, and negative programs seldom make good propaganda. However, the most important point seems to be that we have a program to submit to little Adolf should he attempt a Peace Offensive. "Those are our minimum demands, we'll start right there."

Since last I wrote I have had a month's training in the Transvaal, with out student Training Corps. I am a full Lieut., with two "pip", and a reasonably important person, as suits my present bulk. The students had a marvellous time, and were put through it well and truly, but it soon became obvious that the officers were not wanted and that nobody quite knew what to do with them, as the lads were under instructors the whole trip. We were rather left out in the cold. Nearby were some thirty thousand (more by the time we left) Italiano prisoners, all looking well and happy but bored to distraction. We visited their camp, but were not allowed access, though we were permitted to tour the outside of the camp. They had erected a very fine concrete calvary, a semi-circle about ten feet high, with a crucifix set at the top, and it was blessed just before we left. I presume they will have to occupy the rest of their time in prayer, as there seem little else to do. What was interesting was that quite a number of the Italians asked to join our army to smash up Hitler and free Italy from the Germans. Unluckily this cannot be, as I am sure the Italians are excellent fighters when they feel they have

something worth fighting for.

Several excellent displays were arranged for us, night fighting with tracer bullets, against a cardboard enemy, and a good display of armoured cars. When war broke out we ordered large numbers of these from America, who could not fulfil the order, but sent us Ford engines instead. We set to and started building our own. There have been three models, and it is interesting to see the amazing improvement made in a matter of two years. We make up our own tyres out here, and have developed an excellent bullet-proof type which works amazingly well, sponge rubber presumably. The king of Greece has been out here and has been out here and has been very well received.

From time to time we have wounded men from Crete through here, all of them agree that we should have left the men on the island and not tried to evacuate them in the Dunkirk tradition. This is in accord with the latest rumour (via N.Y.) that those who were left behind have succeeded in retaking all but the towns of Crete.

I listened to a man telling his experiences in the retreat from Salonika, last evening. Apparently he was about the last person left there with the Germans five miles out, shelling and bombing hard. He collected an old English woman and attempted to get away in a caique but was ordered out of it again by some Greek troops who arrived in retreat. He then mended an army lorry, caught up with the rest of the convoy which was going along a precipitous mountain road, and went on towards Athens. Suddenly the lorry(truck?) shot over the edge of the road, and

and when he recovered the truck was on his one side. The old lady and the driver were o.k., but two soldiers were dead. The next truck sent down a rescue party, and with the Germans hot on the trail, they pulled him from under the truck by main force, and carried him up the mountain in a blanket. At Athens he was put on to a hospital ship, and all his ribs were found to be broken, his feet crushed and the other knee dislocated. After three months he has been given a base-job down here.

We have been wondering who inspired an article which appeared in the June number of the Readers' Digest. It is called something like "The American Century", and the idea seems to be that the U.S. should take control of the world, impose her own particular brands of justice and freedom on everybody else, whether they like it or not, and reap the commercial benefits. It sounds like Hitler talking from behind a distorted democratic mask, and hardly agrees with clause no 1. of the Roosevelt-Churchill pronouncement, which mentions no national aggrandisement. It is not surprising that the article came to be written, but it is surprising that the Digest should pick it out for greater publicity, and one wonders what percentage of the American view such an article would represent. Britain doesn't mind being put into the gladiatorial ring and supplied with tridents and nets from the interested spectators, but I presume she prefers her own rather irritating form of freedom to anybody else's, and prefers to evolve along her own rather one-track lines.

Russia came as a surprise, and it was a relief to most of us that Hess' little plan to range England on the side of German liberty against the big, bad Bolshevist wolf, did not even misfire, it just failed to ignite. There was an awkward moment waiting to see the reactions of Britain and America, but now that strikes in the States have actually increased since the USSR came in, I think we can guess who is really behind them, and I think that America realises that the Bolshy menace (with Trotsky out of the way) is hardly likely to affect American big business for a decade or so. Trotsky seems to have been the internationalist, while Stalin was all for building a brighter and better Russia.

Things are fairly quiet politically. The Republicans here are busy fighting among themselves. Pirow wants a dictatorship (as his name suggest he is originally Prussian) and the Rev. Malan wants a sort of Christian (Calvinist) National Republic in which English speakers will be tolerated, and immigrants debarred unless they are Calvinists. They should try out a British dictatorship (Cromwellian style) and it will probably last about as long.

PSF Carter Folder
5-41

THE WHITE HOUSE
WASHINGTON

October 7, 1941

MEMORANDUM FOR JACK CARTER:

Will you talk to Marshall
Field and tell him the story about
Henry Field and try to get the latter's
papers out of the Museum?

F.D.R.

JOHN FRANKLIN CARTER

(Jay Franklin)

1210 NATIONAL PRESS BUILDING
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"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

October 3, 1941.

MEMORANDUM CONCERNING DR. HENRY FIELD AND THE FIELD MUSEUM.

Urgent

Dr. Henry Field, who has been working in the Library of Congress under leave of absence from the Field Museum of Chicago without pay, has abruptly been notified that he has been dismissed from the Museum. The letter is a "stinker", written with the aid of a good lawyer (probably Silas Strawn), and implies that Henry Field is a bad anthropologist and is guilty of some misconduct.

Field tells me that this is the work of his cousin Stanley Field, a Black Republican and bitter-end America Firster, in an effort to discredit him professionally and cripple his work for the Government.

More serious at the moment is the Museum's demand that Field return to the Museum all of his records, etc., which are being currently utilized by O.N.I. and Bill Donovan's office. I have advised Henry Field under no circumstances to return these documents and data.

Field tells me that there are also three filing cabinets and forty-eight drawers of data (similar to that being currently utilized) at the Museum--representing his work in the Near and Middle East. He feels and I agree that this data too should be available here for the purposes of national defense.

(or authorize me to do so),
My suggestion is that you ask Marshall Field, who is a trustee of the Museum, to arrange promptly to have this other data forwarded to Bill Donovan's office in the name of national defense, with the assurance that all material which is unquestionably that of the Museum shall be promptly returned and that the files themselves will ~~be~~ also be returned at the termination of their usefulness in the crisis.

J.F.C. J.F.C.

Jack Carter Folder

THE WHITE HOUSE
WASHINGTON

PSF

October 7, 1941.

MEMORANDUM FOR JACK CARTER:

You might take this up with
the State Department, Immigration Service,
and Norman Davis.

P.D.R.

RE: Memorandum on measures to supervise
refugees in the U.S. 10/3/41

—
"We, the People"
"The Week in Washington"

*file
personal*

JOHN FRANKLIN CARTER
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WASHINGTON, D. C.

*JFK
Carter*

Metropolitan 4112
Metropolitan 4113

October 8, 1941.

MEMORANDUM ON TREATMENT OF POLES IN THE SOVIET UNION.

Herewith attached is a memorandum concerning the treatment of Poles in the Soviet Union. In distinction from the earlier memorandum from the same source of information, this seems to pertain to political rather than to religious issues.

J.F.C.
J.F.C.

October 7, 1941

MEMORANDUM ON POLES IN U.S.S.R.

The following notes have been received from the same confidential source which supplied information regarding the Polish labor camps in Soviet Central Asia.

1. It is highly recommended that relief to the Poles in the U.S.S.R. should be under a commission which is allied to be in part of the U.S. Red Cross. It is emphasized that a separate organization should be created.

2. About ten days ago it was reported that all Polish citizens have not yet been released. For example, the Russians have refused to release many Polish lawyers, Justices of the Peace and police officers, also some Jews and all members of the Ukrainian House of Deputies. The reason given for refusing to release the Ukrainians is that they are stated by the Russians to be pro-German.

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Carter*

"We, the People"
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Metropolitan 4112
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October 31, 1942.

MEMORANDUM CONCERNING MARSHALL FIELD'S NEW PAPER IN CHICAGO.

Gasel Sullivan tells me that he and Ed Kelly are rather disturbed by the developing set-up of Marshall Field's new Chicago morning newspaper. He says that it looks to them as though Field were being taken for a ride by Jim Farley and Jesse Jones. Silliman Evans, the publisher, is a Jones friend (formerly with that staunch liberal, Col. Amos Carter of Fort Worth, Texas), and the executives who are being assembled are mainly second-string Hearst men who do not know Chicago. The Washington Bureau is to be put in charge of Bascom Timmons, who runs a sort of wholesale Washington correspondence business, is not a Chicagoan and is definitely a Jack Garner-Jesse Jones supporter.

While Sullivan and Kelly have their own interests at stake, these criticisms seem to me to be pretty forcible and I thought that you might be interested to know of the situation as Sullivan sees it. Sullivan adds that the C.I.O. in Chicago is not backing the new paper, because they believe that Evans is anti-labor, a potential Ku Kluxer and that not even the American Newspaper Guild will have a standing on the paper. Wise public relations would have taken care of this sort of thing in advance. It would be a pity to have the venture misfire through Field's inexperience in selecting staff and determining policies, especially as it is generally believed throughout the country that you encouraged him to go into the Chicago newspaper venture to offset the Tribune.

JFC
J.F.C.

file personal

*OSF : Jay Carter Folder
5-41
B-122*

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"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

October 22, 1941.

MEMORANDUM CONCERNING JAPANESE SITUATION ON THE WEST COAST.

Herewith attached is a preliminary report from Curtis Munson, of this project, concerning the Japanese situation on the West Coast.

The essence of what he has to report is that, to date, he has found no evidence which would indicate that there is danger of widespread anti-American activities among this population group. He feels that the Japanese are more in danger from the whites than the other way around. His letter, however, is worth reading in terms of itself.

J.F.C.

Oct 19/41
Monday

Dear John,

I am not going into details in this letter, but will try to give you an overall picture so far.

I am finished in the Frisco area and am planning to go to Seattle Monday. At the end of that week will go to Los Angeles and should clean up there in the allotted time. Have not yet heard from Dennison or Irwin but there may be something for me from Dennison at the St. Francis hotel in Frisco when I pass through there Monday morning.

Contacted F.B.I. and O.N.I. The latter have done a tremendous lot of detailed work for the last ten years in this district. I will not go into it all. I have taken personal check samples here and there in farming districts, fishing districts and city districts,- sort of dip samples on my own hook,- as a first hand check on what O.N.I. have told me. All checks out well as far as the following general picture is concerned.

Take the Shinto religion, Buddhist religion, Christian religion, ancestor worship, family worship, all tied back to sun worship of which the Emperor of Japan is the living titular head on earth; add to this the Oriental mind, western business culture, innate politeness and fear; add also the fact that each individual Japanese is playing all by himself in a field the size of the Yale Bowl with his own conscience as umpire, carrying the ball with as much competitive spirit as an American, the while the stands- whom he wishes to please- are filled to overflowing with his departed ancestors each of whom is vitally interested and sitting in judgement on his personal gyrations; add again a number of other things of varying importance,- such as the fact that the Japs are the greatest joiners in the world and have associations for everything to join from "Fixing flowers Properly in a Bowl" to "War RELIEF for Japanese Soldiers in China". You then have a picture so complex to western minds that it cannot be solved by facts and pencil. When it is all added up no westener will say on the coast here how any

individual Japanese will act under given circumstances, how reliable he is, nor what the mass of them will do.

If I now turn around and say that the Japanese question on the coast is simple you will think I am Nuts. However I believe it is. You can catch your answer another way.

I will not go into the details of this other way. My conclusions I am willing & to bet on ~~H~~however. I believe they are pretty sure..

In the first place there are not so many people of Japanese descent in the U.S. that in an emergency they could not all be thrown into a concentration camp in 48 hours. Of course you might get a few Chinamen too because they sort of look alike. But the looks are a great aid to rounding them up and in keeping them away from sabotage or other troublesome pastimes.

We do not want to throw a lot of American citizens into a concentration camp of course, and especially as the almost unamanious verdict is that in case of war they will keep quiet, very quiet. There will probably be some sabotage by paid Japanese agents and the odd fanatical Jap, but the bulk of these people will be quiet because in addition to being quite contented with the American Way of life, they know they are 'in a spot'.

The interesting thing is that people from Honolulu tell me here That in Honolulu they understand the Jap and do not fear him. In Honolulu the Jap is much closer and a part of their life than here. It looks as though the chief suspicion ~~on~~ of the Jap here is because they do not know him personally and he is afraid of the white. He has a little inferiority complex when talking to them. This makes him seem cautious and subtile. This makes every western mind in the last analysis hedge on their really fixed opinion of the ~~the~~ Japs. Every one here says, except a very few who have an axe to grind, that they have no fear of the Japs that the Japs are very good citizens and all people like them with very few exceptions. Then when they are all through saying there is absolutely no danger and praising the Japs here with true affection, they always hedge as a last

word and say "but you cannot understand or predict the oriental mind". This is evidently not so in Honolulu where they know them better and yet they are just as oriental there.

It is hard to explain all this in a hurried letter, it is so complicated. You must take me on faith that I feel sure of myself on this one. If I were sitting talking to you you would see that in spite of the complications (which I want you to feel) the picture is pretty simple and clear.

MY CONCLUSIONS to DATE .

(can later satisfy you that I have logically sifted all the tripe. It would take pages and hours of arrangement of material now to explain on paper).

The Japanese, citizen or alien, will be quiet whether they sympathize with Japan or not. Undoubtedly by far the largest bulk- say 90%,- like our way of life best.

The Japs here, especially the citizen is straining every nerve to show their loyalty to U.S.

The Japs here are in more danger from us than we from them. On this score however the Californian is pretty fond of the Jap. The Jap has been an excellent citizen and there is practically no conflict on the labor front or on the business front.

The odd Jap may be beaten up by irresponsible toughs. A call for extra deputies in certain districts where needed should handle the situation easily. They like and trust the Jap out here far better than the east thinks they do. The Jap has been used as a political football for years because he could not strike back politically and the rest of the country has been fed false political tripe. The Jap is an extremely good citizen and it is only because he is a stranger to us that we mistrust him.

To complete the survey someone should probably go to Honolulu, though I think I can give you the picture there sitting right in my chair here. . . However, seeing on the ground is believing. The navy has done a vast amount of work there

and from what I can ascertain, I believe it has things quite in hand.

Honoluluans from there say the Jap is probably 98% loyal to the U.S. and that those who are not, the Navy and F.B.I. has ticketed.

Yours truly

Arthur Guinness

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*PSF
Carter*

"We, the People"
"The Week in Washington"

Metropolitan 4112
Metropolitan 4113

October 27, 1941.

MEMORANDUM ON INTERVIEW WITH ARMAND LOWENGARD, REGARDING CONDITIONS
IN FRANCE (as of two weeks ago)

Lowengard is connected with Duveen Bros (art dealers) and is a French subject (Jewish father, British mother). His statements are not guaranteed, but are believed to be accurate. He reports that:

- 1) Weygand expects Germany to be defeated and is anti-German;
- 2) Darlan and Weygand are bitter personal enemies;
- 3) A new French system of political resistance is being organized for both sections of France, by conservatives and liberal democrats;
- 4) Contact point for this group is Louis de Costier, Villa Gae Logis, Brot, Alpes Maritimes, France;
- 5) Arms are being stored for use at right moment;
- 6) Shooting of hostages by Germans ends all hope of "collaboration"
- 7) France faces famine due to Nazi seizures of food;
- 8) Serious rubber shortage in Germany;
- 9) Plenty of food in North Africa and ships are carrying it to France where it is divided: 70% to the Germans; 12% to Italy and 18% to France--except that the Germans take all mutton;
- 10) French transportation system approaching breakdown due to lack of lubricants and disintegration of equipment.

J.F.C.

France

October 24, 1941.

Walker

The report submitted is based on an interview with Armand Lowengard, head of the French-American Art collecting house of Duveen Bros., 730 Fifth Avenue, New York. He has just returned this week from Portugal via the Clipper, and has talked to no one but the British Embassy in Lisbon.

Chief points in the interview which he asked be kept confidential because of the danger to individuals mentioned were;

1. General Weigand believes that the British will defeat Germany eventually and only with full aid from the United States. Also Weigand is privately anti-German. And he has a good effect on Marechal Petain whenever the two visit.
2. Darlan and Weigand are bitter enemies but unfortunately Darlan has a French Navy man, one Emile Fernand, at Weigand's elbow and this man is hampering the General's plans and actual movements.
3. A new French political organization has been in process of organization in both occupied and unoccupied France which is composed of conservatives and liberal democrats. It has as its aim a unification of various other groups like the De Gaulists and former French officers who do not like De Gaul but are willing to go along to strike a blow for France, and similar parties in Belgium, Holland and the other Nazi-occupied countries of Europe.
4. It is a party of organized resistance, so far without a name, and high in its counsels are General de la Lawrenciers, former head of the French Cavalry School, who lives in a villa outside of Vichy, France, Louis Marin, formerly a member of the House of Parliament and the Minister of Pensions in the last French Cabinet, Herriot and General Davet who was a commanding officer in the Aviation Corps of the French Army. This man may be contacted with discretion Louis de Costier, Villa Gae Logis, Brot, Alps Maritimes, France. He may be trusted. Davet was characterized as the brainiest man of the lot by Lowengard.
5. The new group has large stores of arms safely hidden in safe localities which will be available at the right time.
6. The shooting of French hostages in reprisal for the killing of Nazi officers, he characterized as regrettable but a good thing for the morale of France and also because these incidents are helping to prove to Great Britain and the United States that there are plenty of Frenchmen who resent the Germans and will continue to resist them no matter what the cost.
7. France faces real famine conditions after the end of

France 2.

the close of the coming winter. There are shortages of all luxuries now and many staples but there is enough food to carry through the winter. There is no wine as the Nazis have confiscated all champagne for drinking and have taken all other wines for conversion into alcohol.

8. German officers admit that there is a bad shortage of rubber in Germany and proof of this is found in the fact that rubber for tires for bicycles is now unobtainable in France the Nazis having stripped France of this commodity.

9. In North Africa there is plenty of food and privately owned and operated ships are carrying a constant supply to France of green vegetables, fruits and sheep to France. Of these supplies the Germans are confiscating all of the mutton and 70 per cent of the remainder. Nearly 12 per cent is diverted to Italy and France actually gets about 18 per cent.

Whilt Lowengard said that there would be no real famine conditions in France until the end of this winter he said that the food situation is becoming more serious all the time. There is constantly less and less food obtainable. The Germans take all of the grain and potato crops and then cleverly reship part of these crops back to France to cultivate the belief among the French peasants that they are saving them from starving.

He said that he believes none of the peasants are fooled at all by this and gives as proof that the peasants are refusing to grow crops for German confiscation preferring to starve.

France, he reports, is suffering from a badly maintained transportation system, the railroads being unable to obtain lubricating oils and greases and most of the equipment -- particularly brakes -- being allowed to disintegrate. He looks for serious accidents as the result.

Lowengard is a native Frenchman whose father was a French Jew and whose mother is British and now living with all of his near relatives in England. He has no near relatives in any of the Nazi-occupied zones and seems sincere in his desire to do anything to aid France. He particularly emphasized the importance of the formation of the new party of resistance and suggested that General Davet be contacted by our proper authorities.

He said that he would be willing to cooperate personally with any department in the United States Government.

He escaped from France in a small boat to Northern Africa and ultimately to Gibraltar, thence to Portugal and Lisbon and finally by Clipper to the United States.

He said finally that the last two months in France have seen the development of the new group and seems to think that it eventually will prove of assistance in routing the Nazis back to their Fatherland.

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*for Jack Carter
Folder
5-41*

THE WHITE HOUSE
WASHINGTON

October 28, 1941

MEMORANDUM FOR JACK CARTER:

That matter ought to be
taken up by Mr. Badger with Mr. Odium.

F.D.R.

Memo of J.S.C. to FDR 10/27 re possi-
bility of studying British technique
in sub-contracting defense contracts.

"We, the People"
"The Week in Washington"

*file
Munson*

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PSF: *Carter*

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October 29, 1941.

MEMORANDUM ON JAPANESE POPULATION IN WESTERN STATES AND HAWAII (LITERIM)

Subsequent reports from Curtis Munson still confirm the general picture of non-alarmism already reported to you. Munson is leaving for Hawaii on November 6, to complete the study.

I must be in New York City until Monday next (November 3). I can be reached at the Ritz-Carlton Hotel. In my absence, Henry Field is in charge of the Washington end of the work.

J.F.C.
J.F.C.

JOHN FRANKLIN CARTER

(Jay Franklin)

1210 NATIONAL PRESS BUILDING

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*P.S.F.
Carter*

"We, the People"
"The Week in Washington"

Metropolitan 4112
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October 29, 1941.

MEMORANDUM ON SAUDI ARABIA:

Attached herewith is a memorandum on conditions in Saudi Arabia based on an interview with a reliable informant (American) recently returned from there.

The gist of the report is that Ibn Saud is pretty sore over not getting the desired subsidy of \$10,000,000. Ibn Saud is also listening to pro-axis advisers.

J.F.C.
J.F.C.

MEMORANDUM ON SAUDI ARABIA

October 28, 1941

October 27, 1941

MEMORANDUM ON SAUDI ARABIA

Our informant has lived for a number of years in Jidda so that his observations are reliable.

Ibn Saud is in much better health than he has been for the past five years. He has been hopeful of receiving financial assistance from the United States. His sons Saud and Faisal are both loyal to him.

Ibn Saud is under no threat internally since absolute peace prevails throughout his Kingdom. Even during the revolt in Iraq led by Rashid Ali al Gailani there was no visible unrest among the tribesmen.

Our informant believes that should Ibn Saud die there would be no revolt since his eldest son, the present Amir Saud, would be King - perhaps for the better.

Within the past six months the King has become entirely pro-British whereas before he remained neutral but he was always anti-Axis in sympathy. He refuses to allow anything to be said against Britain. For example, his former adviser, Captain H. St. J. Philby criticized some of the broadcasts from the BBC as well as phases of British policy. Philby was ordered out of the palace at Riyadh and sent to Jidda where he again got into a controversy over British policy with the British Minister, who requested him to leave the Legation. Philby was sent by boat to India, where he was arrested and trans-shipped to Liverpool for detention.

Van der Meulen, who is the recently appointed Dutch Minister in Jidda, was anxious for an appointment to see the King in Riyadh. His audience was refused because the King would then have to permit the Italian representatives to come to see him. This he refuses to do.

Pro-Axis Advisers.--The chief pro-Axis adviser of the King is Khalid Bey al Gargani, otherwise known as Walid al Hud. A political refugee from Tripoli, he has been in Saudi Arabia during the past eight or nine years. He is pro-Axis for personal reasons. As head of a large family in Tripoli, he fought against the Italians but was defeated and escaped to Egypt and on to Riyadh. In 1939 Ibn Saud sent him to an International Congress in France, at the conclusion of which on his own responsibility he went to see Hitler in Berchtesgaden about his foreign property in Tripoli. He asked Hitler to request Mussolini to restore his property to him. Hitler agreed to this proposal. In addition, Khalid Bey negotiated a trade agreement with Germany and Saudi Arabia for automotive equipment, arms, and ammunition for the sum of 50,000,000 dollars which was to be repaid in gold within ten years. These negotiations were conducted entirely on his own initiative without the sanction of the Saudi Arabian Government. Khalid Bey returned to Riyadh and pressed the King to accept. In August, 1939, ten Bussing trucks (five ton) arrived as the first consignment to Jidda. Nothing has arrived since

Yusuf Yasin, who has held numerous posts in the government, is now acting as King's Councillor. An ardent Moslem and therefore a hater of all Christians, he is also decidedly anti-foreign. He frequently advises the King on the desirability of ejecting all foreigners from his Kingdom.

Internal Subsidies.-The King gives subsidies to approximately 500,000 people.

Everyday the King feeds 30,000 people in Riyadh. Since this is a great drain on his resources, he hopes to cut down the import of staples through a large agricultural development at Al Kharj, fifty miles south of his capital. Here by means of three large cisterns and irrigation canals 10,000 acres are under cultivation. The main crops are wheat, vegetables, and fruit trees.

9 Imports.-Through the assistance of the British Government food has been sent to Jidda and to Ras Tanura. Our informant states that the Government of Saudi Arabia possesses at least one year's supply of staple foods such as: rice, sugar, ghee, coffee, cardamon, and flour.

The following imports were received during the combined years of 1939 and 1940:

Sugar.....	15,000 tons
Rice.....	40,000 tons
Wheat.....	8,000 tons
Dates.....	0
Cotton goods.....	225,000,000 yards

Foreign Loans.-During 1941 the British Government has loaned to the King the sum of \$5,400,000 dollars and the California Arabian Standard Oil Company has also loaned him \$3,000,000 in cash and petroleum supplies to the approximate value of \$500,000.

Roads.-There are no asphalt roads in Saudi Arabia with the exception of the new road now nearing completion from Jidda to Mecca, a distance of fifty miles. This road is about 75% completed and should be in operation in January, 1942, since in September they had only fifteen more miles to finish.

The road from Jidda to Riyadh, a distance of 1,000 kms., takes about three days and is impassable following heavy rain.

Transportation.- 1. 300 new heavy ford trucks were available at Al Khobar in September, 1941. This small town is on the sea about seven kilometers from Dhahram.

2. 40 - 50 Federal trucks.
3. 25 White trucks.
4. About 200 Ford 2½ and 5 ton trucks. Only a few of these are in good condition.

- Aviation.- 1. Three "Wapiti" British planes
2. Three Italian Caproni bombers
 3. One small French plane capable of carrying one passenger.

The King has never flown and says that he will never go up in an airplane.

Port of Jidda.-There has been no construction work since 1939. Trade has almost stopped since the beginning of the War. Prior to September, 1939, steamers of the Italian and British-Egyptian (Khedival) Lines called each week. Since the beginning of the War the British-Egyptian Liners stop once every two weeks.

Oil.-At present oil production of the three main sources of supply are as follows:

1. Dhahram, known as "Damam Dome", is producing 10,000 barrels per day. The thirty-two wells could easily produce ten times this amount.

2. Abu Hadriya which lies 100 miles to the north has only one well and no pipe-line. Production prospects appear excellent since there is an abundance of this same high grade oil.

3. Abqaiq, thirty-five miles southwest of Dhahram, also has only one well although a second is now being drilled. The prospects also look excellent.

Radio.-Throughout Saudi Arabia there are perhaps 500 radio sets. There are about fifteen short-wave sets in use throughout Saudi Arabia. There are some in storage which are not even in use so that the King does not need any further radio sets. The Arabs despise both the Italians and the Jews. Ibn Saud would appreciate a special program addressed to him and to his people. He is deeply interested in news by radio and maintains a constant staff of listeners who summarize the

news from Berlin, Rome and B.B.C. Three or four times each day special readers come before the King to give him the latest World News. Even when he is on a hunting trip, he insists on having summaries of World News read to him at intervals.

The King is believed not to listen to the radio himself but the Amir Saud listens regularly.

The Arabs listen to Berlin, Rome and B.B.C. Up to August 15, 1941, our informant had never heard a mention of any United States stations broadcasting in Arabic.

The Arabs are anti-British and anti-Italian. The main basis for this antipathy to the British is the Palestine conflict.

Ali Reza is now studying at the University of California and can be reached through the California Arabian Standard Oil Company. It might be advisable to consult with him regarding radio programs to Saudi Arabia.

Cable and Radio Communications.-"Cable and Wireless" maintain a cable from Jidda to Port Sudan. When the cable is out of commission the ancient Marconi transmitter is used for communication. There is another old fashioned transmitter in Riyadh which is used for communication to Baghdad. Until the Italian Legation was requested to leave Iraq in 1941, many communications from Germany were sent to and from Baghdad via Riyadh.

Pilgrims.-During 1940 the British Government brought some pilgrims from India and the Dutch East Indies. They do not expect any pilgrims during 1941 with the exception of a few who will come by chartered plane from Cairo.

The King expects to make the pilgrimage to Medina probably in December or early in January.

U.S. Translator.-Our informant states that William Farrell proved to be an expert translator in Arabic for Bert Fish when he had an audience with the King.