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UNITED STATES SENATE
COMMITTEE ON MILITARY AFFAIRS

HEARINGS
ON
NATIONAL DEFENSE

WASHINGTON, D. C.
Jan. 27, 1939.

VOLUME VII.

CHARLES A. BROWN
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ekNATIONAL DEFENSE.

UNITED STATES SENATE,

Committee on Military Affairs,
January 12, 1942.

The committee met, pursuant to adjournment, at 10:00 a.m., in the room, Capitol, at 1:00 p.m., Senator Morris presented the report of the committee.

PRESENT: Senators Wheeler (Chairman), Dixon, Reynolds, McNamara, Johnson of Colorado, Tamm, Hall, Oliver of Missouri, Cawley, McNamara, and Helms.

There were present before the committee:

Mr. J. Edgar Hoover, Director of the Federal Bureau of Investigation;

Mr. J. C. Ladd, Chief of the War Relocation Authority;

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The Chairman. The committee will come to order.

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

Senator Clark of Missouri. I appreciate that.

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

"Los Angeles, January 23." -- This is by the Associated Press. -- "America's most modern light bomber crashed in flames in a parking lot near the Los Angeles Municipal Airport today and its pilot, John Cable, was killed when his parachute failed to open.

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

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

Then the Washington Star of the same left column contained also an Associated Press story from Los Angeles, which it is not necessary to read into the record in its entirety because much of it simply has to do with the facts of the crash, but it contained these words:

Star
story

"Nine automobiles were demolished and 10 persons, including four women, slightly hurt by the flying wreckage. Flames gushed from the crumpled bomber, but Chemidlin, one leg broken, his back wrenched and head battered, was dragged to safety.

"Douglas" -- that is the Douglas Aircraft Corporation -- released his name as 'Smithin -- a mechanic.' Secrecy was imposed on him at Santa Monica Hospital, where he was removed for treatment.

Inquiry Is Started

"Because of the military nature of the plane, the Civil Aeronautics Authority announced it would take no inquiry, but one was begun by Army officers, who conferred with the Douglas management last night.

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

"Douglas, like other American plants, has sold numerous fighting planes to foreign nations in recent years."

In the meeting of the Military Affairs Committee that afternoon, when General Arnold was on the stand, I read the first article from the Washington Post and then asked General Arnold whether he knew what that Frenchman was doing in this plane which was to be a very tests laboratory to be entered in the spring competition on for the American Army. I asked this question:

Member Gary. Do you know what this Frenchman was doing in that plane?

General Arnold. He was not under the direction of the Treasury Department, although it took efforts to make a purchase of a machine by the French station.

Member Gary. Now, General, is it understood that these planes for this air race competition are constructed under the direction of the Department, are they not? Now, if the modifications are actually made and part of the research is done by the War Department?

General Arnold. I don't know that that plane is actually entered in the race but it is strictly military property, and if they do not decide to enter it in the competition, there is nothing we can do about it.

Mr. Secretary, I would like to ask you about the Treasury Department has to do with putting a French officer, a French air expert, in a plane supposed to embody the very latest development in airplane for American national defense.

Secretary Morgenthau. Mr. Chairman, may I proceed?

The Chairman. Proceed in your own way.

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

For some time -- I do not have the exact date, but about a month ago or thereabouts -- a French mission has been here, sent by the President of France, with an authorization signed by Premier Salengro, a photostatic copy of which I may read.

Mr. Sumner Welles, Acting Secretary of State, informed me that they were an accredited mission. I mean that they were here and he recognized that they were here officially.

As you gentlemen most likely know, the Procurement Division, which is the primary purchasing agency of the Government, is located in the Treasury Department. We bought for the various departments about \$30,000,000 worth of merchandise this last year and we estimated around \$125,000,000 worth of purchases.

It was the thought that if the Procurement Division could assist this French mission, which had come here, to get some purchases and carry out the mission, it would be helpful to them. I have been trying to do this since this mission came around in the Procurement Division to get American manufacturers to make something to sell to them.

As to the particular procedure, inasmuch as the Commission has gotten out that the Treasury Department authorized this, I think it is important to tell you gentlemen just exactly what the procedure was.

Captain Collins, under Admiral Peoples, has been devoting considerable time to assisting this mission. Captain Kraus, of the Navy, was assigned by the Secretary of the Navy to assist the Procurement Division, and Major Fairchild was assigned by the Army, but was taken ill, and Major Lusk took his place.

When the French Mission decided that all of these things they wanted to see, after all, all we could do was furnish the best we could and give them as many as we could. I have a memorandum here from Captain Collins dated January 18th, --

Secretary of War. That is Captain Collins of the Army.

Secretary of War. Of the Procurement Division, a former naval officer, but he is with the Procurement Division.

Secretary of War. But not connected with the Department of the Army.

Secretary of War. Yes, sir.

That is a report of a meeting which took place in the office of the Secretary of War, after the meeting of the P.M.

A meeting was held at 1:35 P.M. on January 18th, 1918, at the residence of the Secretary of War, in relation to the mission of the French

Colonel, Major, and Captain, Chief of the Air Force, Major; Colonel, Major, Major, Chief of Staff of the Army and Captain Major, Chief of the General Staff, Chief of the General Staff.

The Assistant Secretary stated that the French Air Force was a very important part of the French military and that it was the only one of its kind in the world. He stated that the French Air Force was the only one of its kind in the world and that it was the only one of its kind in the world.

The Assistant Secretary stated that the French Air Force was the only one of its kind in the world and that it was the only one of its kind in the world. He stated that the French Air Force was the only one of its kind in the world and that it was the only one of its kind in the world.

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The Assistant Secretary pointed out that the best lights were considered secret and were not available for inspection or influence under any circumstances to the French. He was informed that, inasmuch as the French desired to use

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

Do you understand that there had been delay on the part of the War Department and desiring us to expedite the plan to inspect these planes?

Secretary Morgenthau.- Senator, I was just reading from my report, and I think --

Senator Clark of Missouri.- How could he be the man who would be faultfinding to the Secretary?

Secretary Morgenthau.- The whole tape line is under the Secretary Johnson's office and I would say that this would be the best way to get.

I just want to say that I am sure that the War Department would be glad to make any report that I am sure is in my report, because I am sure of the existing situation. I am sure that the War Department is the best place to get the information and I am sure that the War Department is the best place to get the information and I am sure that the War Department is the best place to get the information.

Senator Clark of Missouri.- The War Department and the War Department are the best place to get the information and I am sure that the War Department is the best place to get the information.

Secretary Morgenthau.- I am sure that the War Department is the best place to get the information.

Senator Clark of Missouri.- I am sure that the War Department is the best place to get the information and I am sure that the War Department is the best place to get the information.

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Now, is it a French military mission or what is the nature of that mission?

Secretary Bergeant. It is a French military aviation mission. It is an official mission sent over here by Premier Saladier to purchase American planes.

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

Secretary Bergeant. It has nothing to do, other than we are, I suppose, the closest, the largest buyer of merchandise of any Government agency. We are the central purchasing agency, and inasmuch as they were interested in both Army and Navy, in order to be courteous to those people and to facilitate them in meeting Army and Navy officials and American manufacturers we were asked to extend our facilities to them, which we did.

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

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

Senator Clark of Missouri. I am certain that would be

committee I had nothing to do with it.

Senator Clark of Missouri. Mr. Secretary, here is something that might be within the purview of your functions as a reception committee. What does it mean when it says, this

Memorandum says, that the mission may be sent there -- I have forgotten the exact words -- you have it before you -- with a view to negotiating purposes, so I understand that they were

sent out there by the United States Government with a view to negotiating the purchase of a land which had been reserved to be entered under some special law, and which, according

to certain reports, the United States Government had been asked to purchase, and I am not sure that the United States Government had been asked to purchase it.

It is a very important matter, and I am not sure that the United States Government had been asked to purchase it.

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formation obtainable.

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

Secretary Morgenthau. You have got it.

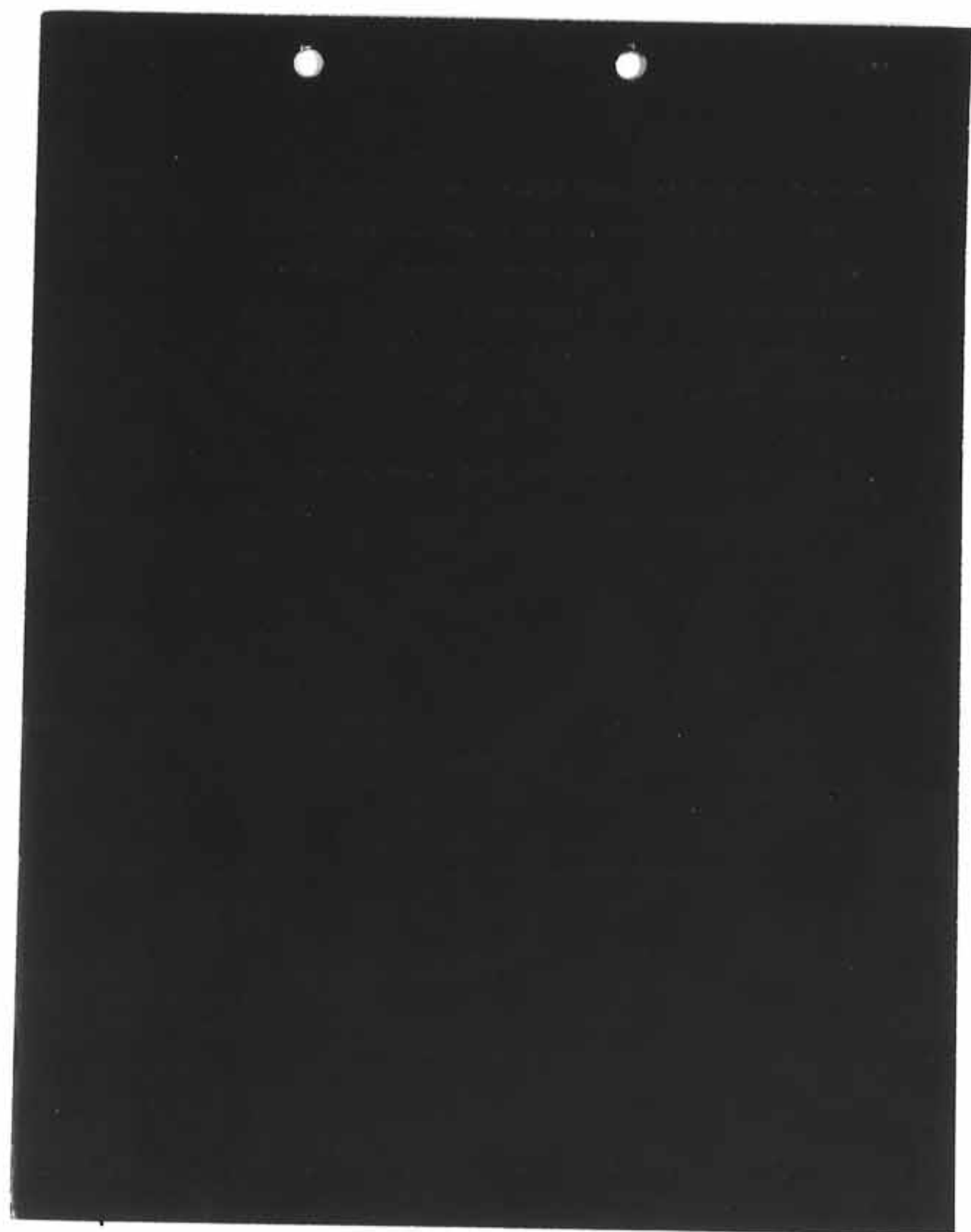
Senator Clark of Missouri. If he cannot answer it, let us have someone who can.

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

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

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

Senator Clark of Missouri. That is what I am trying to find out. I am not trying to assess responsibility between the Treasury Department and the War Department. I want to know if it is a fact that this French mission was sent out there with a view to negotiating for the purchase of planes which were to be entered in the spring competition of the United States aviation forces. If the Secretary cannot answer it, I will not press the question, but I certainly intend to ask everybody I can learn of.



STATEMENT OF HERBERT E. GASTON

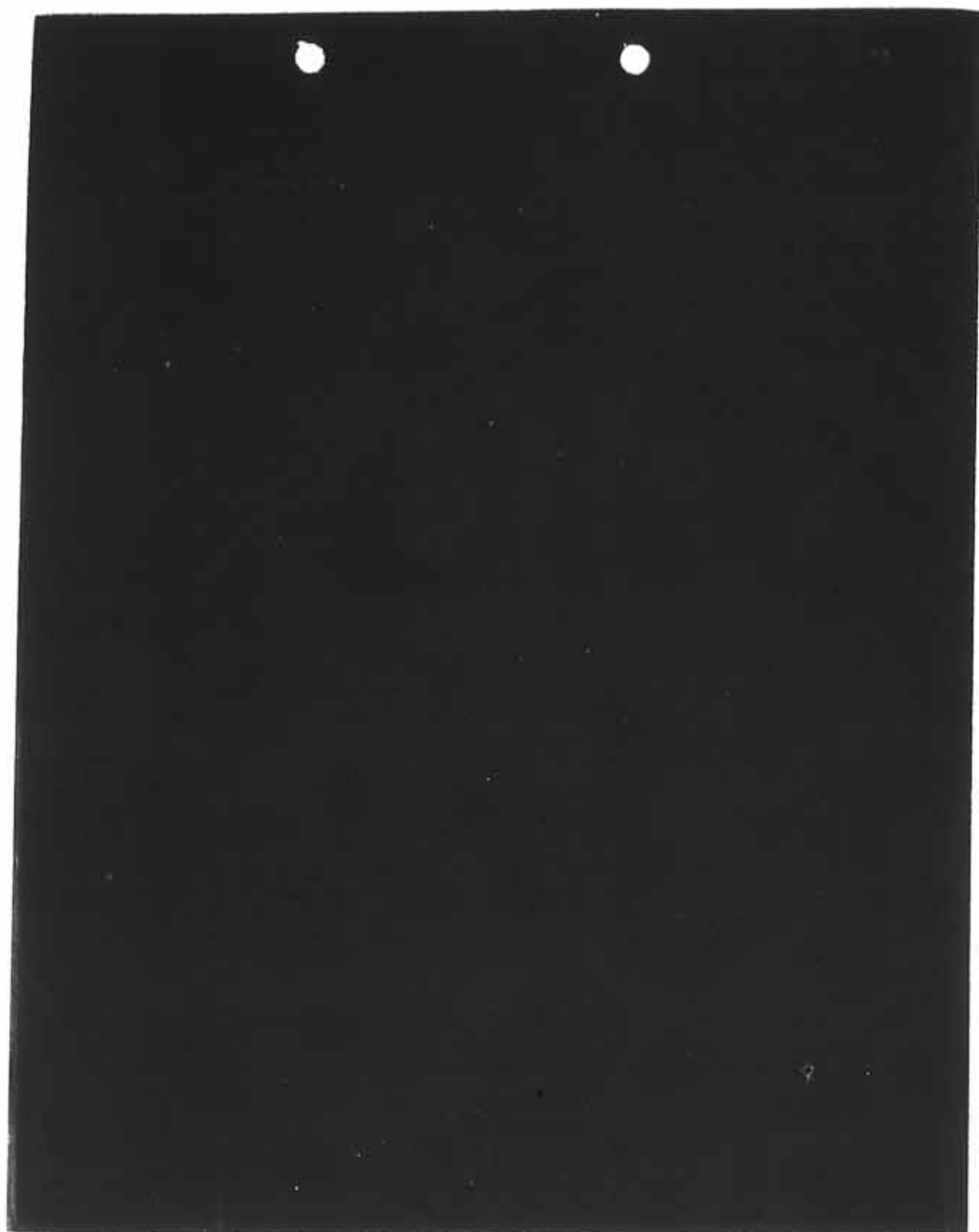
Special Assistant to the Secretary of the Treasury

Mr. Gaston. Mr. Chairman, you will understand I attended the President's press conference this morning. I would not vouch for the complete verbal accuracy of my notes, just taking the notes that I made, but the substance is this: That the President was asked a question about the presence of this French mission in the United States and he said, substantially, that the facts are simple; that the French want to buy airplanes in this country, and the cabinet considered the matter and they considered the fact that most American airplane factories were idle, that six of them were practically closed, that the largest airplane plants in the country, or one of the largest airplane plants, airplane engine plants, in the country, recently laid off 1,000 men, and that from the standpoint of our program it was desirable that these plants obtain new orders as quickly as possible, so as to get their "feet moving," especially if the orders were for planes that could be expedited before our program was full. However, that the cabinet had decided there was no reason why they should not place their orders. That is about the substance of it. He was asked whether that British was the same mission, and he said he did not know.

He was asked if there was a British mission in the United States.

the United States Government, and he said, "No."

And he said, "Yes."



The Chairman: Now we will hear from Mr. [Name] of the [Organization].

Mr. [Name]: I am very pleased to be here today, and I am sure that the [Organization] will be very interested in what I have to say. I am going to talk to you about the [Topic], and I am sure that you will find it very interesting.

The Chairman: Thank you very much, Mr. [Name]. Now we will hear from Mr. [Name] of the [Organization].

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Senator Winston: You say they will be prevented?

Senator Clark of Missouri. They have not got a plane and they cannot enter.

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

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

Senator Logan. I think your testimony would be absolutely accurate if you said it was a plane that might have been entered in the competition. It had not yet been entered.

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Senator Reynolds. Mr. Chairman, the thing that I am particularly interested in is this: I am more vitally interested in this confidential order that was signed by General Arnold, who is killed here before us, than anything else concerning this matter. This reads:

"CONFIDENTIAL"

"Inform Major K. P. Folie that he is to arrange demonstration of attack bomber Sunday to three members of a French Mission and Captain Evans, M.K., who are expected to arrive at either Santa Monica or Mines Field, Saturday night." Emphasize: "They are authorized to inspect attack bomber secret accessories, fly in it, and negotiate for purchase." I have underlined that, "secret accessories." That is the thing I am more vitally interested in than anything else.

Senator Ladd. Could not the Commission have to make all of these things if it were so long planes for its government, and if these were the principles manufactured there selling matters to a foreign government it is not the way.

Senator Clark. That is the unfortunate part of it. It is charged with the responsibility of writing laws which subject the government to huge sums of public money. That is what it is doing to get at, so that we can write laws which provide that neither the President of

The Chairman. Here is an order speaking of secret

7-8 (1)

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Senator Reynolds. But, if I say interest there, Senator, the Secretary of the Treasury here provided us with information to the effect, a recent one, that it was understood that they were not to be availed the opportunity of investigation over gun rights or bomb rights. Is not that right?

Senator Clark of Missouri. Yes, but the order authorizes them to investigate secret associations. The order is what they proceeded by, undoubtedly.

Senator Reynolds. Secret associations.

Senator Hill. Well I do not understand and what I would like to have cleared up is how the Treasury Department and the Secretary of the Treasury ever got into this matter. As I recall, -- I do not want to go back over a lot of material that has been brought out here, but as I recall the act which was passed for the purpose and purpose was to allow them, the agents, to deal with groups with surreptitious and subversive organizations. That is different from what we are talking about here, is it not?

Senator Reynolds. I will leave that alone.

Senator Hill. Well, I am not sure. I am not sure we have ever had in this case a clear case.

Senator Reynolds. The act of the United States was the law, passed by the United States Congress of the United States for the purpose, and that is the purpose of the act.

7-8(2)

play host to this mission and facilitate them in their work, and it was felt that the Procurement Division could do that as well as anybody else, and therefore the facilities of the Procurement Division and their technical people were offered as an assistance to this mission to help them accelerate their work.

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

Secretary Henshaw. It has nothing to do with the purchase of airplanes for the Army service, but I believe I am correct that there is the authority, if the President so wishes, under the law, that they may do so. But I am not certain that I mean, there is no authority for them to buy anything -- I think that the President will have to do that.

Can you say anything that concerns with the Army and National Security. It is a very important question, Secretary. There are many people who are interested in this question as it is a very important question in my hands for the President.

Secretary Hall. Do you want that the Procurement is that they are a division of the Government and that they are the authority to buy airplanes for the Army?

.8(5) to any purchase of an airplane for either the Army or Navy?

Admiral Peoples. It was not making any purchases, Senator.

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

Senator Clark of Missouri. The order says "facilitate the purchase".

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

Senator Clark of Missouri. It was our plane.

Senator Hill. That is where we came into it. The War Department had furnished the specifications, and I took it, for these planes.

Admiral Peoples. Yes, sir.

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

Admiral Peoples. Yes, sir.

Senator Hill. And when the Government's plane was, for the first time, as I understand it, called into service, when the French government saw fit to buy this particular plane for which the War Department had furnished the specifications.

Senator Logan. May I ask one question? It says in

7-8(3)

me as if we are getting somewhat off the subject. Senator Clark has a definite idea, as I understand it, and that is, why did the War Department authorize the inspection of this particular plane at this time, and should the Department of War have authority to give that permission?

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fact is that a lot of the ideas, perhaps, that went into these specifications for that plane were not the ideas of the plane manufacturing company but were the ideas of our own War Department, and they belonged to us, and therefore, since these ideas that devolved and developed this plane belonged to the Government of the United States, of course, there was an agreement between the Government and the plane manufacturer that these ideas should not be divulged to anyone.

Senator Schwitz. But it might be important to ascertain whether the secret existing arrangement is the product of the private manufacturer or whether the private manufacturer is developing something that was drawn out, formulated and sent to them by the Government. If it is the manufacturer's own device, certainly as long as he is permitted to sell planes, he can permit a possible disclosure of what he is doing. He will admit that he is doing it, and he will not be able to keep it secret.

Senator Dixon. I am in favor of the Government having a right to know what is going on in the world, and I am in favor of the Government having a right to know what is going on in the world, and I am in favor of the Government having a right to know what is going on in the world.

Senator Dixon. I am in favor of the Government having a right to know what is going on in the world, and I am in favor of the Government having a right to know what is going on in the world.

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John Quidley, Director

...I mentioned it. If I had asked for the
our own of the rights, I obtained this from the
...by agreement to that matter.

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...to

...I am sure. This is the copy. I mentioned it
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...by ...

Secretary ... I might point out, ... that
if I had not been asked to come up here today I never would
have seen it. I want to make that clear. I would like to

Army and Navy and Treasury what action might be taken or what might be accomplished by the French Mission in the United States.

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

Captain Kraus. Nothing.

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

Captain Kraus. I was advised that it was not.

Senator Clark. It was not?

Captain Kraus. I did not enter the plane and I cannot testify of my own knowledge. I understood it was not.

Senator Clark. Now, what I want to know is this: How did the Treasury Department, the procurement division of the Treasury Department, enter into this picture? Was it they began to get into this picture?

Captain Kraus. Mr. Secretary, I am not a third party to that transaction, and therefore I cannot say directly.

Senator Clark. All right. Mr. Secretary, how did the Procurement Division of the Treasury Department happen to get into this picture? I cannot understand how you got involved in this picture.

Secretary of War. As I have said—

Senator Clark. I am not asking you to say that I am not a third

brought out here. It says here --- and I wish to direct the attention of Senator Clark to this: "General Arnold replies as result of an inquiry directed by Senator Clark that the Treasury Department had given the permission." Across, the evidence shows here that permission was given by General Arnold.

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

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

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

That is on Page 180 of the hearings before this committee. Then after some other questions and answers as this occurred:

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

"General Arnold. The War Department knew that the French officer was put out there with a view to looking at that airplane.

"Senator Clark. But the War Department was made to

the Treasury Department, as I understood you a moment ago?

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

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

"General Arnold. That is rather arfield, because this airplane was ---

"Senator Clark(interposing). It is not arfield, General. Because we are being asked to appropriate for construction of planes, and I would like to know who does have authority for the construction of the planes and the control of the planes, and the control of American military secrets.

"General Arnold. Well, sir, that goes up to, as I said, up to the time that it was entered into competition, we really have no control over it whatsoever, and Douglas can do as they please with it."

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

Now, Mr. Secretary, just one other question I would like to ask you. As I understood you a moment ago, you said that you asked Sumner Welles, the Assistant Secretary

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record, and I think my report is clear in every respect as
to the matter. I am satisfied upon inspection as to the
fact.

Senator Nye. Is that all it says, Mr. Secretary,
and you have been very frank about these things, — the
fact is that this mission as sent out in the first instance
by Ambassador Bullard? You then called up the State
Department and received clearance for your mission, and
that they were a duly accredited mission?

Secretary Morgenthau. No, sir.

Senator Clark. That is what I understood your
testimony to be.

Secretary Morgenthau. Then I am sorry I did not
give you the exact facts. The Ambassador first brought it
to my attention, and then, following my usual custom,
before I will see any mission of any kind I call up the
State Department and say, "Is this an authentic mission,
and is it all right for me to see them?" I will not see
any foreign mission unless the State Department says they
are authentic, and Mr. Welles, after a reasonable time,
informed me that this was an authentic mission, and on
that basis I received them.

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

Secretary Morgenthau. No, as I say, the direction

to proceed to put the Procurement Division at the disposal of this mission and to assist them --- I thought I made it plain that that instruction to me came from the President of the United States.

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

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

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

The Chairman. Yes, indeed.

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

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

Senator Nye. The meeting of the Procurement Authority.

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

Senator Clark. Who did you get the instructions from?

Secretary Woodring. From a meeting of the Secretary of the Treasury, the Under Secretary of State and myself.

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

Secretary Woodring. As a result of the conferences with the Secretary of the Treasury, the Under Secretary of State and myself, there came a directive as Secretary Morgenthau has said, for us to furnish permission for these planes ~~and~~ for this mission to inspect certain plants and certain planes. That directive was given to us, as Secretary Morgenthau has said, to each of the three departments. Then in conversation with Secretary Morgenthau, we decided that each would name a representative of the Department to meet and carry out the instructions. Secretary Morgenthau named Captain Collins. I do not know who the other was.

Captain Kraus. Captain Kraus of the Navy.

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

Senator Clark. Mr. Secretary, I still do not understand when you say you were given instructions. Was it

a matter of instruction or order to you, or was it the result of an agreement with the Secretary of the Treasury and the Under Secretary of War?

Secretary Woodring. The Secretary of the Treasury has already testified that he got a letter from the President--from each of the three departments.

Senator Cox. Each of the three departments got such a letter?

Senator Downey. May I address one question to the Secretary, Mr. Chairman? Mr. Secretary, are we not really compelled to draw one conclusion from what we have heard, and that is this, that our own government was co-operating with a foreign government to give that foreign government the prior right to the purchase of military secrets and an airplane here, prior to its use or disclosure by our own government? Were we not really assisting and placing a foreign government in an advantageous position to purchase an airplane and the secret appliances developed by our own military forces with our own government's money? Is not that the only implication we can draw from these facts here?

Secretary Woodring. Well, I could not testify as to your implication.

Senator Downey. I am not asking you to testify. I am asking you if there is any other conclusion that can be drawn from the statements that have been made here, ex-

cept that the French Government was being given the prior right above our own Government to purchase this particular type of plane, viz. its secret armament. I am not discussing the merits of that sort of policy, giving the French Government a prior right in military secrets, but it does seem to me that this discussion has very plainly revealed that one conclusion. It is a matter of Statecraft and military policy that is not I do not want to say, give the French Government or any other government that right, but we want to face the situation as Senator Clark has here developed.

Senator Nye. Mr. Chairman, would it be improper --- would the committee think it would be improper to ask for a copy of the President's request of the Secretary for their consideration.

The Chairman. I think not.

Senator Reynolds. In connection with that, Mr. Chairman, was the request made in person or in writing?

Senator Nye. In writing.

Senator Reynolds. It was a letter?

Senator Nye. Yes.

Senator Logan. May I ask the Secretary of War, General Arnold did not sign that confidential communication there without direction from someone above him. Who prepared that order or directed it?

Secretary Woodring. That came up at the meeting of the three, and I have got Colonel Burns here, who is Administrative Assistant to the Assistant Secretary of War, who was in the meeting with Captain Collins and Captain Kraus, the three of them sat in that meeting that gave the directive to the Douglas people.

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

Secretary Woodring. I beg pardon, then. I will stand corrected. It was Colonel Burns. I think you ought to ask Colonel Burns, because he is here, as to who was in the meeting and how the directive was given.

Senator Lugen. It seems to me, Mr. Secretary, that there must have been disagreement among the Department, to have so many of them sitting in the matter before the order was prepared.

Senator Lugen. Mr. Chairman, I would request that the letter of the President be furnished, if not for the record, then to the Chairman of the Committee.

The Chairman. Very well, that request will be made.

Senator Vinton. Mr. Chairman, I do not want the record to show that everyone here consents to the proposition suggested by the Senator from California, Mr. Downey. I do not get the idea that we were trying to put the French Government in possession of our military secrets by this exhibition. As I said a while ago, General and I testified, as I understood him, that the only military secrets that the airplane was the bomb sight. General French says the bomb sight was not on there, and the message that the War Department furnished us shows that the plane did not fly. As to the revelation of those things that were not secret, and the secret things were left out.

Senator Clark. I have feared so.

Senator Vinton. I am satisfied that the French did not pay any attention to what I said, and I am satisfied by result — that I got into the record. As to the Clark, who is concerned with the fact that the French did not pay attention to the secret things that were left out, and the secret things were left out.

Senator Clark. I am referring to the fact that

Senator Vinton. I am referring to the fact that the French did not pay attention to the secret things that were left out, and the secret things were left out.

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

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

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

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

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

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

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When I first contacted Major Wolfe, he explained to me --- displayed to me an order very similar to that. I had not checked it word for word against the, having no means of doing that, and I told him that before I left I would like to have a copy of that order to retain for the record, to show that there was a release. I left Los Angeles by airplane at 1:10 p.m., as I remember it, on Tuesday. The last thing I received, and the reason for my late de-

picture was awaiting that piece of paper which was being typed at that moment. Whether it was typed hurriedly and the word "less" was left out inadvertently or not, I have no means of knowing. I read in a cursory manner what we might call the original transcription in Major Golfe's hands, and I do not recall whether it said "less secret necessities," or not, and what Major Golfe actually received can only be ascertained from his records, but I do know that that letter, that copy, was made hurriedly as I was waiting to take off after seeing the Douglas plant.

Senator Nye. It was obvious that Major Golfe who arranged for this demonstration, was it not?

Captain Kraus. I was what might be called a courier, to keep the French Mission in hand.

Senator Hill. Did the Navy contemplate the purchase of any of these planes?

Captain Kraus. No, sir; we did not.

Senator Hill. And I do not understand it why the Navy could not see the picture.

Captain Kraus. As to the picture, we have been explained here before, because I was designated to sit in on this matter to coordinate any activities that concerned naval plans, some of which were involved at different periods of the discussion.

Senator Roberts. Could you tell us why the Navy

fighting device, the secret fighting device, was not in the plane at the time?

Captain Brown. Major Colby advised me that it was removed. It was a secret machine.

Senator Schwartz. Prior to the time the plane was safe, there was a secret fighting device on the plane, and that was removed before the trip was made?

Cap. B. Brown. Yes, I said it was removed. I will put it this way: I was informed that the bomb was not installed. Whether it had ever been installed or whether merely provision for its installation had been made from drawings or dummy, I do not know. As I have explained to the committee before, it was not a naval airplane. I have never entered the airplane, have never seen its interior, and there was no occasion for my doing so. The order that was issued to Major Colby, the memorandum signed by Captain Collins under date of the 18th of January, indicates clearly that the mission would be entirely in the hands, so far as inspection of the airplane and the visit to the Duxbury plant, the physical limits of the plant, would be entirely in Major Colby's hands, which was a perfectly satisfactory method, so far as I was concerned.

Senator Nye. Mr. Chairman, I would like to ask the Secretary of War if, prior to this request by the

President for the meeting of the three officers, later identified, if any contact had been made to the War Department inviting the War Department to assist in affording the communication as was asked by the French Mission? Secretary Rodding. I think the sequence of all this from the time the French Mission arrived here went to be told by the Secretary of the Treasury, because we were only brought into the picture at a very late point. I think the sequence of this thing would come from the Treasury.

Senator Nye. Was there been no reference to the War Department prior to this and that we do have of record that Secretary Rodding. Oh, yes.

Senator Nye. Did the Secretary of the Treasury know of it?

Secretary Rodding. Yes.

Senator Nye. Then if the Secretary of the Treasury is better able to answer that question, I would direct it to him.

Was the War Department asked for cooperation with this French Mission by any authority, prior to the time that the three departments were brought together on it?

Secretary Morkenthau. As I remember it now from memory ---I have no records here --- if I am not correct you can check me --- as I remember it, after the cabinet we stayed behind, and I do not know whether you were there

Secretary Woodring. Was the French Mission here at that time?

Secretary Morfentau. I would have to look up my records. I do not know, but I think ---- you wanted to know when was the Tar Department first approached, and I would say that was the first approach.

Senator Nye. I am going to be very direct about this, because I think that is the fair way to do it. I am somewhat caused to believe that the Tar Department had been requested to afford the cooperation that was finally made available, but had declined or had discouraged the plan at all, and I want to satisfy myself whether that is true.

Secretary Morfentau. Well, Mr. Woodring is head of the Tar Department.

Secretary Woodring. At the conference that has just been mentioned, he was not in accord that it would only help the development and to cover the cost of the plans to the American Government it was decided to give a French order for the oil.

Senator Clark. Now, Mr. Woodring, to check the Secretary said that I think it will be better to get up some plan. This plan, as I understand it, was a plan which was to be entered in the oil competition, to be held out of the light of the foreign industry. Is that correct?

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sold it to the French Government as a necessary matter of production?

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

Senator Clark. General Arnold testified here the other day that as far as the completion of this program was concerned, it would take all of the airplane productivity of the United States to complete the program within two years. Now, if you give the French the cream of the crop, or what might be the cream of the crop, so to speak, it would certainly speed up American production, would it not?

Secretary Goodring. That is a question, because it depends on when the money would become available, the American money would become available. If the French had put their order in, say, the first of January, they could have gotten started, tooling up, ~~xxxx~~ and gotten into production, and by the time they reached the peak of the French order --- I do not know what the number would have been --- when they got to the peak of their order, ~~xxx~~ say they were given so at that time, it might not have speeded up the production.

Senator Clark. Do I understand, Mr. Secretary, that this estimate as to the time for completion of this program, the time within which the proposed program can be completed, contemplates joint effort by the United States and France? Does the length of time in which the program can be completed, the facilities be completed, contemplate joint effort by the United States and France?

Secretary Hoge then. Mr. Chairman, could I just add something as to why the President and the four secretaries of the cabinet involved thought that this was a good idea? The French Government were prepared, or are prepared, to spend \$80,000,000 if only they saw these planes, as I understand it, within six months. Furthermore, they only want planes which are as good or better than there are planes at present in Europe. We went over the field to see what we had, it got down to two models, just two machines, two models which would stand in the air for one second against the German plane and naturally they are not going to come over here, —

Senator Clark (interposing). If we are going to defend the United States we might want these planes ourselves.

Secretary Hoge then. If I could finish. You want to know what the thought was, and the thought was that this money, these people being here, that these orders would be placed at once, and they would start the development.

a price I think it is possible to get for it. \$2,000,000
 if American businessmen's pockets is good stuff, and I do not
 believe there is anything better than it in the world or
 in time so cheaply to be had. The fact is, however,
 that I am correctly informed, that with the exception of
 the British, the Americans and the French, no one else
 will be interested in it. As a matter of fact, the
 British, as I have stated it, the people of the Empire, there
 is nothing we have but that is as good as the Germans have
 it, and naturally the French are not going to spend
 \$25,000,000 for something that is not of a very high
 class. That is the whole story. And, as a matter of fact,
 if the French and Americans want it, at least a good deal
 better, they are not going to spend the money. They want
 something which is better than what the Germans have got.
 If they get something better and get it within six months, ---
 the original date of delivery was the first of July --- they
 insisted that every plane they buy be delivered by the
 first of July, and if they cannot get that delivered, and
 if they cannot get something as good or better than the
 Germans have, they do not want it.

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

any other person. This is very important,
because it is the only one of July.

There is no one else who has
been mentioned in the past. They would not have a
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PROCEEDINGS OF THE 1st. S. CONFERENCE

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