

DIARY

Book 543

June 26 - 28, 1942

- A -

Airplanes

	Book	Page
Aircraft despatched, week ending June 23, 1942 - British		
Air Commission report - 6/26/42.....	543	81

- B -

Bolivia

See Latin America

- C -

Canada

See Silver

China

Refugee situation in Shanghai reported to HMJr by Judge Irving Lehman and then to Sumner Welles - 6/27/42.....	106
a) Welles-HMJr conversation - 6/30/42: See Book <u>544</u> , page 276	
b) Lehman letter to HMJr - 7/15/42: Book <u>549</u> , page 313	
c) Discussed by 9:30 group - 7/16/42: Book <u>550</u> , page 23	
d) Welles letter returning Leavitt memorandum - 7/18/42: Book <u>550</u> , page 297	
1) Welles-HMJr letter - 7/20/42: Book <u>551</u> , page 82	

Correspondence

Mrs. Forbush's resume' - 6/26/42.....	66
---------------------------------------	----

- D -

Davidson, Jo

Discusses with HMJr borrowing busts of FDR and Wallace for show at National Gallery of Art - 6/26/42.....	12
---	----

DuPont, E. I., Company

See Financing, Government: War Savings Bonds

Dutch West Indies

Appointment of Curacaosche Bank at Curacao as depository of United States public monies discussed in cable to American Consul - 6/26/42.....	94
--	----

- F -

Financing, Government

War Savings Bonds:

National Association of Life Underwriters: Use of agents suggested to HMJr by George Harrison - 6/26/42.....	1
DuPont (E.I.) Company: Office equipment to take care of payroll deductions for this and other companies discussed by HMJr and Nelson - 6/26/42.....	18

	Book	Page
Financing, War Savish Glouce..	543	81
in S Payrol Fede Anal: 6/		
Ludlow in c prog		
Progrei		
Germany Results c. securit since c Bern - Switzerl exchang Basel - Gloucester, See Finar		106
Hanes, John See Rever		66
Joint Distri. See Chins		12
ry		
Kamarck, And. Ordered t		94
Latin Americ Bolivia: mts General... 6/26/42 of Mexico: S Peru: Can.... are inv		1 18

- F - (Continued)

	Book	Page
Financing, Government (Continued)		
War Savings Bonds (Continued):		
Gloucester, Massachusetts: Lack of 25¢ stamps discussed in Sloan memoranda - 6/26/42.....	543	46
Payroll Allotment Plan:		
Federal Service report - 6/26/42.....		50
Analysis of exposure to, as of June 20, 1942 - 6/26/42.....		59
Ludlow, Louis (Congressman, Indiana): For material used in connection with appropriation for War Savings Bonds program, see page 111 (See also Book 546, page 200)		
Progress report - 6/27/42.....		180

- G -

Germany		
Results of obligatory registration by holders of all securities in excess of 100,000 marks value purchased since outbreak of war - cable from American Legation, Bern - 6/26/42.....		96
Switzerland as Reich's foremost supplier of foreign exchange discussed in cable from American Consulate, Basel - 6/26/42.....		97
Gloucester, Massachusetts		
See Financing, Government: War Savings Bonds		

- H -

Hanes, John W.		
See Revenue Revision		

- J -

Joint Distribution Committee		
See China: Refugees		

- K -

Kamarck, Andrew M.		
Ordered to active duty July 9 - 6/26/42.....		80

- L -

Latin America		
Bolivia: Stabilization Agreement - discussion by Ambassador, General Manager of Central Bank, White, and Glasser - 6/26/42.....		34
Mexico: See Silver		
Peru: Cancelling of contracts in which Proclaimed List firms are involved reported from Lima - 6/27/42.....		227

- L - (Continued)

	Book	Page
Lehman, Irving - Judge		
See China: Refugees		
Lend-Lease		
United Kingdom: Federal Reserve Bank of New York statement showing dollar disbursements, week ending June 17, 1942 - 6/26/42.....	543	83
Life Underwriters, National Association of		
See Financing, Government: War Savings Bonds		
Ludlow, Louis (Congressman, Indiana)		
For material used in connection with appropriation for War Savings Bond program, see page 111 (Book 543)		

- M -

Massachusetts		
Gloucester: See Financing, Government (War Savings Bonds)		
Mexico		
See Silver		
Military Reports		
British operations - 6/26/42, etc.....		105,230,231

- N -

National Association of Life Underwriters		
See Financing, Government: War Savings Bonds		

- P -

Peru		
See Latin America		

- R -

Refugees		
See China		
Revenue Revision		
Hanes, John W.: "Should Congress Vote a Sales Tax to Finance War? Yes" - Blough analysis of article in Saturday Evening Post June 20, 1942 - 6/27/42.....		197

- S -

Silver		
Canada: Extension of agreement concerning purchases of newly-mined silver approved in HMJr's letter to Federal Reserve Bank of New York - 6/26/42.....		89
Mexico: Extension of agreement concerning purchases of newly-mined silver approved in HMJr's letter to Federal Reserve Bank of New York - 6/26/42.....		90
Switzerland		
See Germany		

- T -

Taxation

See Revenue Revision

Book Page

- U -

Underwriters (Life), National Association of

See Financing, Government: War Savings Bonds

United Kingdom

See also Lend-Lease

Gold and dollar position:

February 28 through June 19, 1942 - 6/26/42..... 543 88

June 26 and 30: See Book 547, page 165

United Nations

Loans to - draft bill to authorize discussed by White,
Foley, Berle, and Livesey - 6/26/42.....

31

- W -

War Savings Bonds

See Financing, Government

June 26, 1942
9:49 a.m.

Operator: Mr. Graves.

Harold
Graves: Yes, sir.

HMJr: Harold.

G: Yes, sir.

HMJr: Mr. George Harrison is here.....

G: Yes.

HMJr:and he's got a suggestion.....

G: Yes.

HMJr:and it sounds good to me, but I just want
to check that I'm not crossing on anybody.

G: Yes.

HMJr: His suggestion is that we get the National -
(talks aside) what do you call it?

The National Association of Life Underwriters.....

G: Yes.

HMJr:to consider putting their best men - he
said there are eighty thousand of them, and
cutting them down to five thousand.....

G: Yes.

HMJr:on their paid captains, to work under the
War Savings Bonds on the F and G's. Hello.

G: Hello.

HMJr: And he said it's just an idea and he thinks we
can get five thousand men.....

G: Yeah.

HMJr:who would go to work under the War Savings

- 2 -

Bond people.

G: Yes.

HMJr: Now, has anything like that been suggested to you?

G: Yes. As a matter of fact, we are using the Life Underwriters in great numbers on the payroll allotment thing. That is the thing that we parceled out for the Life Underwriters. Of course, we're getting near the end of that, and I think this suggestion is a good one.

HMJr: Yeah.

G: We've had that - we've had a similar offer from the Association of Insurance Presidents. They have sort of pended the services of all insurance agents, including, of course, the Life Underwriters.

HMJr: Just hold on - have you - are you - got a meeting on right now?

G: No, I haven't. Would you like me to come in?

HMJr: Well, let me have George Harrison talk to you, see.

G: Yes. That would be fine.

HMJr: And he can come down and talk to you now.

G: That will be fine.

HMJr: Because evidently - as I say, there's stuff going on.....

G: Yes.

HMJr:I wasn't familiar with.

G: Yes. I'll be very glad to see him.

HMJr: Right.

G: Yes, sir.

June 26, 1942
10:20 a.m.

DEFERMENTS

Present: Mr. Gaston
Mr. Thompson

H.M.JR: All right, what is on your mind?

MR. THOMPSON: I think your policy is absolutely right on these deferments.

H.M.JR: Is that so?

MR. THOMPSON: I think you convinced Harry White.

H.M.JR: Did I?

MR. GASTON: He came back and talked with me and he is at least reconciled to the policy.

H.M.JR: The thing that seemed to convince him was when I said how I felt about the armed forces and the munition workers. I can't help it that the State Department - I don't do things the way the State Department does.

All right, case one.

MR. THOMPSON: There will be some lessening up of our problem by the new regulations, putting married people at the foot of the list.

MR. GASTON: Norman found out those already called have got to go; that doesn't affect them.

MR. THOMPSON: I have three cases here of men who have been called. Here is one in Roy Blough's shop

who was in class three for dependency, reclassified in 1-A and called to report by July 23. (John F. Due)

H.M.JR: Married in May '41.

MR. THOMPSON: '41, yes, sir. It is surprising that they reclassified him in 1-A in view of his dependency.

H.M.JR: You couldn't ask the Board to review this case?

MR. THOMPSON: Apparently not. I took it up with the Selective Service headquarters yesterday, and they say that any notices that have gone out will stand, and they can't do anything about it.

H.M.JR: Well, supposing I ask for a three months' deferment would the man then be apt--

MR. THOMPSON: He could make an appeal on his own, yes. I wouldn't give him over three months if I were you.

H.M.JR: Why not sixty days?

MR. THOMPSON: Give him sixty days. As a matter of fact, Roy Blough told me if he could keep him until the tax bill got through - that might be sixty days.

H.M.JR: What do you think?

MR. GASTON: I would recommend sixty days' deferment.

MR. THOMPSON: That will give him full opportunity to make an appeal for reclassification.

H.M.JR: That would give him sixty days. That is for the tax bill.

MR. GASTON: Yes.

MR. THOMPSON: I think that is all right.

- 3 -

There is a Lend-Lease man Cliff Mack is asking six months on.

H.M.JR: Who is asking?

MR. THOMPSON: Cliff Mack.

H.M.JR: What is this case?

MR. THOMPSON: He is on Lend-Lease. He works up in New York. (David A. Parks) His boss is leaving on July 8, and Cliff feels that it is necessary to keep this man on to carry on the work until they can get a replacement. He thinks he ought to have a six months' deferment.

H.M.JR: When would he go?

MR. THOMPSON: He would go July 20.

H.M.JR: He has got time enough to look around - he has got a month.

MR. GASTON: What is he doing over there?

MR. THOMPSON: He is the Assistant Chief in Lend-Lease Expediting.

H.M.JR: He has got a month, Herbert, to look around. That is time enough.

MR. GASTON: Has he got any dependents?

H.M.JR: He is divorced and has one child of fourteen.

MR. THOMPSON: That, normally, would put him down in category four under the regulations, where they have children.

MR. GASTON: I think it is a case of how urgent Cliff Mack needs him to straighten out anything that is going on.

- 4 -

H.M.JR: He is up in New York.

MR. THOMPSON: He is going to lose his top man on July 8. This is the second man.

H.M.JR: He has got time enough. This is written June 23. He has got a month to look around.

MR. GASTON: I would favor giving him sixty days.

H.M.JR: Well, I don't, I am sorry.

MR. THOMPSON: This is a rather peculiar case. (Daniel Melcher) The man's eyesight is bad, and probably he will be turned down. He is ordered to report on July 11. He is in the War Savings organization. Peter Odegard asked me to ask you to give a deferment of thirty to sixty days in that case because the man is in their educational organization over there and wants to finish some projects that he is on. He would like to have him do that while he is training his successor - thirty to sixty days. The chances are the man will be turned down when he is inducted on July 11 on his physical examination.

H.M.JR: No, this isn't very important.

MR. THOMPSON: I turned that down in your absence, but Mr. Odegard asked me to take it up.

MR. GASTON: I agree.

H.M.JR: You agree on this?

MR. GASTON: Yes.

MR. THOMPSON: There are three cases in Internal Revenue.

H.M.JR: Have you seen these before?

MR. GASTON: I have seen those cases, yes.

H.M.JR: What is this?

MR. GASTON: It is Alaska. They are cleaning out our whole force of deputies in Alaska, and they feel that they just have to have some experienced men up there. They are asking for one year's deferment for these men. They are losing the head man at Alaska because he is retiring. He is an old man, and these are the fellows who are doing the work under him.

H.M.JR: How many?

MR. THOMPSON: Three.

MR. GASTON: You can't very well work in Alaska without some experience. They have to train the men, put them up in Alaska and teach them their runs. They are asking for a year's deferment. I think that is too much. I think that six months would be enough.

H.M.JR: What is each case? How old are they?

MR. GASTON: This Cecil Minaker is single, no dependents. He is going to be called August 26, Local Board 18.

H.M.JR: How old is he?

MR. GASTON: I don't think his age is given here. He is Zone Deputy Collector for Alaska. No, I don't know his age.

H.M.JR: Let's just pass him up for the minute. What is the next one?

MR. GASTON: The next one is Peter Gatz. He is married, wife employed, and he has no other dependents. He is another one of that Alaska force. He is Zone Deputy Collector for Alaska.

H.M.JR: Gosh, I think we ought to have the ages. Can you get the ages?

- 6 -

MR. THOMPSON: I will do that.

H.M.JR: I think it makes a lot of difference.

MR. GASTON: We don't have the ages given in either of these - any of these men.

The third one is the same situation, Wesley Overman; his wife is employed, and he has no - Wesley Overby - his wife is employed, and he has no dependents.

MR. THOMPSON: These men are not asking for deferments themselves.

H.M.JR: No. How long will it take you to get their ages - have it Monday?

MR. THOMPSON: Five or ten minutes.

H.M.JR: Is that all?

MR. THOMPSON: I can get it from the records downstairs.

H.M.JR: Well, when you are ready - I am just working quietly. What else have you got?

MR. THOMPSON: That is all.

(Subsequently Mr. Thompson returned and gave the ages of these three men. The Secretary approved three months' deferment for the two married men (Overby, twenty-nine years old, and Gatz, thirty-four) and rejected the request for the single man (Minaker, thirty-six years of age).)

June 26, 1942.
10:37 a.m.

Operator: McIntyre.
HMJr: Hello.
Marvin
McIntyre: Hello, Henry.
HMJr: How are you?
M: Fine.
HMJr: Marvin, I've been talking with Herbert
Gaston about this Congressman Andy Somers....
M: Yeah.
HMJr:and I don't see why the hell we should
do anything for a fellow that's worked
against the President right straight along.
M: Well, of course, we can't - we can't - we
haven't much of a leg to stand on.
HMJr: Yes.
M: What - what do you mean, for a job for him?
HMJr: Well, I mean he wants something - hell, he
wants to be Assistant Secretary of the
Treasury, you see....
M: Oh well, he....
HMJr:something like that, and....
M: Why no, sir, I wouldn't break my neck.
If he can get some small job that will take
care of him financially, yes.
HMJr: Well, we've - of course, the thing is, we
just don't have those.
M: Yeah.
HMJr: They're all Civil Service, and his record
up on the Hill was terrible.
M: I know it. That's the reason they're throw-
ing him out up there.

- 2 -

HMJr: And they throw him out up there because he's against Roosevelt, and I don't see why I should break my neck to - to do anything.

M: Of course, on - on as chairman of that committee, Sam Rayburn is interested because of the fact that he had done a swell job as chairman....

HMJr: That's right. But supposing....

M:and he was afraid that - the only interest Sam had was that he didn't - he was afraid that if he didn't get re-elected down there that the man would take over his work.

HMJr: Well, Sam....

M: But I said, "Sam, no matter much who it is his record would be pretty near as good as Somers'." (Laughs)

HMJr: (Laughs) Well, if we do a little stalling here, it'll be all right with the White House.

M: I think so. I don't know what to do. You might ask - just stall a little and then ask the boss the first time you get a chance.

HMJr: Okay.

M: I don't think he'd want to go to town on it at all.

HMJr: Well, he - he....

M: What he's trying to do is to make it a little bit easier for - oh....

HMJr: Steingut.

M: What?

HMJr: Steingut.

M: Yeah. Irwin.

HMJr: Yeah, well....

- 3 -

M: That's right, and to hell with that.

HMJr: Yeah, well, the fellow's got a bad record.

M: Yeah, I can't - he - the man hasn't gone along with us at all.

HMJr: Yeah, so I don't see....

M: Well, I don't think we ought to buck the - I talked to him up there. The boss told me to, and Kelly over in Brooklyn says, "Well, God damn it, Mac," he said, "you don't mean that the boss wants us to take this guy?"

HMJr: Yeah.

M: I said, "Listen, now, just between you and me, I'm doing what Sam Rayburn asked us to do...."

HMJr: Well....

M: He said, "Oh, I get you."

HMJr: Well, we'll do a little stalling and if it gets hot, we'll see what happens.

M: All right.

HMJr: Okay?

M: Right.

HMJr: Thank you.

M: Okay.

cc - Lieutenant Stephens

June 26, 1942
10:55 a.m.

HMJr: Hello.

Operator: Mr. Davidson.

HMJr: Hello.

Mr. Joseph Davidson: Hello.

HMJr: This is Henry Morgenthau.

D: How do you do, sir?

HMJr: How are you?

D: I'm pretty good, thank you. I've just blown into town, and I have a show opening at the Mellon Galleries tomorrow, you know, my South American heads.

HMJr: Yes.

D: And we want - we'd like to include the head of the President and the Vice President, whom I've just completed.

HMJr: Yeah.

D: Now, could I borrow your copy for a few weeks?

HMJr: Sure.

D: Well, you're a swell person.

HMJr: Now, how do we get it to you?

D: Well, look here, just send it over to the Mellon Galleries. Could you do that?

HMJr: Just send it to the Mellon Galleries.

D: Yeah.

HMJr: Is that all you want? In care of you?

D: Just a moment, sir. The National Art Gallery, that's right.

- 2 -

HMJr: National Art Gallery. Care of you?

D: Well, just - yes, care of me. That would be swell if you could do that. And I would love to see you and Mrs. Morgenthau while I'm here.

HMJr: How long are you going to be here?

D: I'm here with my wife, whom I'd like you to meet very much, and we're at the Willard and will be here over to Tuesday.

HMJr: Well, unfortunately, we leave this afternoon and my wife doesn't get back until next Wednesday night.

D: Oh, dear oh dear. So you won't be here for my show either?

HMJr: No, we're leaving this afternoon. I'll be back Monday, but she'll not be back until Wednesday night.

D: Oh, dear. Well, I'd love to see you. Can that be arranged?

HMJr: I think so. When I get back Monday, I'll give you a call.

D: Well, that'll be awfully sweet of you.

HMJr: Fine.

D: Well, that's grand. And thank you heaps for that.

HMJr: Thank you.

D: Thank you, sir.

HMJr: Good-bye.

D: Good-bye.

June 26, 1942.
11:32 a.m.

HMJr: This is Henry. Hello, you so-and-so.

Sam
Rayburn: (Laughs) I told you not to get out on a limb.

HMJr: What?

R: I told you not to get out on a limb.

HMJr: It's all right.

R: (Laughs) Well, I didn't fight you in the dark, did I?

HMJr: No, and I - every - let me just ask you a question in a matter of interest, because I made no bones that you'd served notice on me.

R: Yeah.

HMJr: Did old Bob Doughton know how you felt?

R: Oh, yes.

HMJr: He did.

R: Oh, yes, I told him, and had two together.

HMJr: He did.

R: Yeah. Yes, I told him and yesterday he called me up about something, about getting up some of those bills....

HMJr: Yeah.

R:you or somebody wanted yesterday, and said he congratulated me, and I told him I didn't have anything to do with it at all.

HMJr: Well, I'm going to keep - congratulate you.

R: (Laughs)

HMJr: Well, I'm still fighting.

- 2 -

R: I know it. Henry?

HMJr: Yeah.

R: Have you got any general depositories to give out?

HMJr: I don't know. Do - after you licked me this way, if I had I don't know whether I would. What bank do you want one?

R: Well, I'll tell you. I have a friend here from down at San Marcos, Texas.

HMJr: Where?

R: San Marcos.

HMJr: San Marcos. S-a-n?

R: M-a-r-c-o-s.

HMJr: M-a-r-c-o-s.

R: Yeah. Ed Cape. E-d, Ed....

HMJr: Ed what?

R: Ed Cape. C-a-p-e. Cape.

HMJr: C-a-p-e. Cape, like you throw over your shoulders?

R: That's right.

HMJr: Ed Cape, yeah.

R: And he's president of the State Bank and Trust Company there.

HMJr: The State Bank and Trust Company.

R: Yeah, and he's got a hundred thousand dollars in his capital structure....

HMJr: Yeah.

R:and he has deposits running from a million to a million and a quarter....

- 3 -

HMJr: Yeah.

R:and he'd like to be a general depository so he could kind of - and they're building air fields and....

HMJr: Now let me just ask Dan Bell who's in the room a minute whether we can give it to a state bank. Will you hold - will you hold the wire a minute?

R: Yeah.

HMJr: Got a minute?

R: Yes.

HMJr: (Talks aside) Can we give it to a state bank? Hello.

R: Yeah.

HMJr: Has he got any war business down there?

R: Yes.

HMJr: He has.

R: That's what he wants it for....

HMJr: I see.

R:for this war business. Of course, he's a member of the Federal Reserve System.

HMJr: Is he - is he there with you now?

R: Yeah.

HMJr: Well, tell him to come on down and see Dan Bell. We'll fix him up.

R: All right. Fine. I'll tell him to come on down and see Dan Bell. Now?

HMJr: What?

R: Now?

- 4 -

HMJr: Right now.
R: All right. Fine.
HMJr: Tell him to come on down.

June 26, 1942.
11:40 a.m.

Operator: Mr. Nelson. The Secretary.

HMJr: Hello.

Donald Nelson: Hello.

HMJr: Don?

N: Yes, sir. How are you, sir?

HMJr: How do you like meeting all these kings?

N: Not so well.

HMJr: Me neither.

N: (Laughs)

HMJr: GoC, somebody ought to tell him to be on time.

N: Yeah, that's what I thought.

HMJr: I think it's outrageous.

N: Well, I thought - I was getting pretty hot under the collar here, about ready to go home.

HMJr: Me too. Don, I need a little help.

N: All right, sir. What is it?

HMJr: We have these payroll deduction plans in the various factories all over the country....

N: Yes.

HMJr:where they deduct the men's pay....

N: Yes, sir.

HMJr:and then for bonds....

N: Yes, sir.

HMJr:and we're just licked on this thing in trying to get like, for instance, DuPont, ready to put in the plan; but they

- 2 -

HMJr: (cont.) can't get any machinery. Office equipment, you see? Hello.

N: Yes.

HMJr: And we've had it pending but we just can't - don't get anywhere with your fellows, and I wondered if you couldn't designate somebody that could give us a little help.

N: I'll look into it. Of course, the situation is this....

HMJr: Yeah.

N: This office machinery industry is an ideal one to make many things....

HMJr: Yeah.

N:and the demand is such that that industry could go right on and they couldn't make a thing for the war unless we in some way just cut it down arbitrarily.

HMJr: Well, I appreciate that, but I've got to raise this money and the best way to raise it is through the deduction of the payrolls....

N: Yes.

HMJr: Hello.

N: Yes, that's true.

HMJr:and get these workmen to buy the bonds. Now you take - get the workmen....

N: Yes.

HMJr:now take a case like, say like DuPont, they're ready to put in the system. But they say this: "We can't go along with you unless you give us the equipment so that we can do it."

N: Well, I'll designate somebody to go into that.

- 3 -

HMJr: Would you? Because our whole payroll plan, which is the guts of this whole volunteer bond thing, is dependent upon our getting the equipment to - so that they can deduct the money from the checks....

N: I'll get somebody to go right into it.

HMJr:and - and we think here that - well - that we ought to - I think we're at the bottom of the list and they've got foreign governments and all the rest of the people ahead of us, and I know each person thinks he's important but - so if we don't raise the money you fellows can't function.

N: Well, I'll - I'll see what - I'll designate some one person to go....

HMJr: Will you?

N:into it and see what it amounts to.

HMJr: And Danny Bell's handling it for me.

N: Okay. I'll have him get in touch with Danny and we'll talk it through.

HMJr: I thank you.

N: All right, sir. Goodbye.

June 26, 1942.
12:00 noon.

Ted
Gamble: Yes, Mr. Secretary.

HMJr: Ted, I'm leaving at two-thirty.

G: Yes.

HMJr: You couldn't have a short report for me to take with me on what's happening in the coal-mining towns.

G: Yes, sir, I could but it would be very brief....

HMJr: Well, whatever....

G:Mr. Secretary, because we've been - we've had a little bit of delay with the union people themselves, but I have just received it yesterday....

HMJr: Well, whatever it is, if you could see that Mrs. Klotz gets it so I could have whatever the situation is as of two o'clock this afternoon.

G: It'll be in your hands, sir, and do you want a report on the other matter at the same time....

HMJr: What's the other?

G:the Management Labor Meetings.

HMJr: Management Labor?

G: Yes.

HMJr: Well, there's no such hurry about that. I can have that when I get back Monday.

G: Fine. Now did you get - when you mentioned that you got my memorandum, did you mean you got the one I sent you this morning....

HMJr: Yes.

G:what Mr. Madden's doing with the follow-up?

HMJr: That's it.

- 2 -

G: Fine.

HMJr: But I want - but I mean I may see the President over the week-end, and he might ask me about the coal-mining towns.

G: Fine. That will be in your hands, sir.

HMJr: Just that one. The other thing can - Monday.

G: It will be in your hands by two-thirty.

HMJr: Thank you.

G: All right, sir.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942

TO THE SECRETARY
FROM TED R. GAMBLE

I am attaching a copy of a letter which I received yesterday from Mr. Brophy listing the suggested communities for the miners meetings. Also in keeping with our talk with Mr. Murray, Mr. Brophy has suggested certain of their people that they want identified with this activity.

The idea of these meetings has been discussed thoroughly with Mr. Houghteling, Mr. Duffas, Mr. Skouras and our Associate Field Directors. Mr. Skouras is coming here next Tuesday evening for a meeting, following which we will get definite work and progress for the actual programming of these rallies.

Our plans are to bring in all of the theatre men from at least the districts in which these meetings are to be held, the union representatives, together with our people here, including, at your suggestion, someone from the Women's organizations, so that all phases of community life will be represented properly. You will be interested to know that the whole idea has met with good response from everyone.

We would be a little further along at the moment except for the fact that we have been delayed by information from Mr. Brophy which, as I mentioned above, I received yesterday, and from the fact that we could not have Mr. Skouras with us

-2-

earlier than this coming Tuesday. Mr. Skouras may not necessarily handle this, but we feel that we should discuss it with him so long as he is doing so much work of this kind for us.

CONGRESS OF INDUSTRIAL ORGANIZATIONS
1106 Connecticut Avenue, Northwest
Washington, D. C.

June 24, 1942

Mr. Theodore Gamble
Assistant to the Secretary of the Treasury
Room 294, Treasury Building
Washington, D. C.

Dear Mr. Gamble:

In accordance with our discussion regarding ways and means for stimulating the sale of war bonds among the miners, I am enclosing a list of towns where meetings, such as you had in mind, may be held. The list of communities in the mining fields of Pennsylvania is fairly complete. I think it important that there be a checkup as to the standing of these communities as far as bond sales are concerned, otherwise you might run into situations where they had done fairly well and to make the usual demands upon them would not be good. It may be that Leo Goodman, who is on your labor staff and no doubt has some acquaintance with this problem and the CIO, can advise you more fully about it.

In Ohio I think it worth while for you to get in touch with Ted F. Silvey, secretary-treasurer of the Ohio State Industrial Union Council, 79 East State Street, Columbus. He can tell you of the mining communities best suited for your campaign. Eastern Ohio is the great coal area in that state, with Bellaire as its center.

For West Virginia, Wheeling and Charleston are the natural centers. Van A. Bittner, who can be reached in care of the United Steelworkers of America, 205 West Wacker Drive, Chicago, and John B. Easton, president of the West Virginia State Industrial Union Council, Peoples Exchange Bank Building, Charleston, are the two people who can advise best on these matters because of their intimate knowledge of the miners and the state.

Mr. Theodore Gamble - 2

June 24, 1942

Illinois should be dealt with through Fullerton Fulton and John Hindmarsh, both located at 205 West Wacker Drive, Chicago. These two men are miners but working now for CIO through our Chicago regional office.

In the event you decide to do anything with the mining region of Indiana, Powers Hapgood, CIO Regional Director, 106 East Market Street, Indianapolis, would be able to give you information about that state.

I shall be out of town for several days but you can deal with my assistant, Anthony Wayne Smith, at our office. He will be glad to cooperate with you in every way. Perhaps the best thing would be for you and Mr. Smith to go over these matters together.

Sincerely yours,

/s/ John Brophy, Director
Industrial Union Councils

encls.
JB:mbw
uopwa-27

CIO INDUSTRIAL UNION COUNCILSPENNSYLVANIA

Washington	- Washington Industrial Union Council Hassel Walton, Fin. Sec. Treas. Box 354 Lawrence (Council located at Washington, Pa.)
Canonsburg	- Located in Washington County. Nearest Council, Washington
Frederickstown	- Located in Green County. Nearest Councils, Washington and Uniontown, of which Irene Brounfield, Box 272A, RD#2, Uniontown, is secretary
McDonald	- Located on borderline of Washington and Allegheny Counties. Use either the Washington Council or (and most likely) Steel City Industrial Union Council David J. McDonald, Sec. 1500 Commonwealth Bldg., Pittsburgh, Pa.
New Kensington	- Located in Westmoreland County Tarentum Industrial Union Council Henry A. Chybrzynski, Rec. Sec. 1244 Eighth Avenue Natrona (Council located at Tarentum, Pa.)
Springdale	- Allegheny County Steel City Industrial Union Council David J. McDonald, Sec. 1500 Commonwealth Bldg., Pittsburgh, Pa.
Uniontown	- Uniontown Industrial Union Council Irene Brounfield, Rec. Sec. Box 272-A, RD#2 Uniontown
Greensburg	- Westmoreland County Latrobe Industrial Union Council Valentine Lesko, Sec. Treas. Pleasant Unity (Council located at Latrobe)

Patrick Fagan - President Dist No. 5, United Mine Workers, 1208 Commonwealth Building, Pittsburgh, Pa.

Anthony J. Federoff - President Steel City Industrial Union Council and CIO Regional Director, 1105 Commonwealth Building, Pittsburgh, Pa.

very important that you see him.

INDUSTRIAL UNION COUNCILS IN THE ANTHRACITE DISTRICT OF PENNSYLVANIA

Scranton - Lackawanna County Industrial Union Council
William H. Meyers, Rec. Sec.
336 - 17th Street
Scranton

Shenandoah - Shenandoah Industrial Union Council
John Karlavage, Rec. Sec.
200 South Main Street
Shenandoah

Wilkes Barre - Wilkes Barre Area Industrial Union Council
Stella R. Marley, Sec.
8 South Washington Street
Wilkes-Barre

Pottstown - Montgomery County Industrial Union Council
Edward Savacool, Rec. Sec.
21 North Front Street
Souderton (Council located at Lansdale, Pa.)

Hazleton - Nearest Councils at Shenandoah and Wilkes Barre

Carbondale - Nearest Council is Lackawanna County, Scranton

Williamstown - Located in Dauphin County. Only Council in county is Pennsylvania
State IUC, 508 Dauphin Building, Harrisburg, John Phillips, Pres.

Mt. Carmel - Located on the borderline of Northumberland and Columbia Counties.
We do not have a Council in either county

- - - - -

John Kosik CIO Sub-regional Director, 25 Town Hall Bldg., Wilkes Barre

Thomas Cann United Steelworkers Office, 25 Town Hall Bldg., Wilkes Barre

Feeney Buzeralla Regional Director, United Steelworkers of America, 25 Town Hall
Bldg., Wilkes Barre

District No. 2 - PENNSYLVANIA

Rimersburg

Windber

Houtzdale

Portage

Robertsdale

Barnesboro

- Northern Cambria Industrial Union Council
Ira Krug, Secretary, Emsigh, Pa.

Clymer

Indiana

- Indiana Industrial Union Council
Paul A. Nolf, Rec. Sec.
P.O. Box 33, Ernest, Pa.

Blairsville

DuBois

Sykesville

Nanty-Glo

Ebensburg

Gallitzin

Johnstown

John Fansteel - Portage, Pa.

Patrick McDermott - Hastings, Pa.

Faber McCloskey - Gallitzin, Pa.

Abe Martin - United Steelworkers of America, Main Street, Johnstown, Pa.

Nathan Cowan - CIO Office, 1106 Connecticut Avenue, Washington, DC. (Important that you see him.)

THE WHITE HOUSE
WASHINGTON

June 15, 1942.

MEMORANDUM FOR

✓ THE SECRETARY OF THE TREASURY
HON. ARCHIBALD MacLEISH

I am told we should stage a special campaign among the organized miners. You can get a list from Phil Murray. I am told they hear nothing of the war except on occasional local radios. The theme of the special campaign should be about the war and also about buying bonds.

F. D. R.

June 26, 1942

MEMORANDUM FOR THE SECRETARY'S DIARY

Harry White and Foley conferred with Adolph Berle and Fred Livesey in Berle's office this afternoon at 3 o'clock in regard to the draft bill to authorize the making of loans to certain of the United Nations (copy of which is attached). Berle said that most of the loans would be in the political field involving international relations and the State Department should be consulted. Foley asked Berle what suggestions he had to make in respect to the legislation and Berle replied that he would like to see a consultive clause or an approval clause added to the draft. Foley informed Berle that it was the intention of the Treasury Department to confer in matters of this kind with the State Department and told him that Treasury would have no objection to adding a consultive clause. Whereupon Foley suggested the addition of the words "after consultation with the Secretary of

- 2 -

State and" which all agreed should be added in the appropriate places in the first section of the draft.

It was agreed that Foley, Berle and White would call on the Chairman of the Foreign Affairs Committee of the House and the Foreign Relations Committee of the Senate, explain the purpose of the proposed measure, secure its introduction and arrange for the holding of hearings. At such meeting the question as to the appearance of witnesses would be taken up and decided.

Attachment

Whereas governments of certain of the United Nations, which by reason of the aggression of states with which the United States is at war, are temporarily unable to carry on their functions within their territories or a substantial part thereof or are unable to collect revenues therein adequate for the conduct of their war efforts and the carrying on of their necessary functions, may from time to time not have resources available to them in sufficient amounts for these purposes; and

Whereas the uninterrupted and efficient conduct of the war efforts of such governments is of the greatest importance to the war effort of the United States:

Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That during the present war the Secretary of the Treasury, after consultation with the Secretary of State, and with the approval of the President, is hereby authorized, on behalf of the United States, to loan or extend credit or give other financial aid to such governments in amounts not to exceed \$100,000,000 in the aggregate to all such governments at such time or times and upon such terms and conditions as the Secretary of the Treasury, after consultation with the Secretary of State, and with the approval of the President, shall deem in the interest of the United States.

SEC. 2. The Secretary of the Treasury shall transmit to Congress at the end of each fiscal year a report of arrangements made under this joint resolution in such detail as he may deem advisable.

SEC. 3. The authority herein granted shall be in addition to any other authority provided by law.

SEC. 4. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum or sums not to exceed \$100,000,000 as may be necessary to carry out the provisions of this joint resolution.

June 27, 1942

MEMORANDUM FOR THE FILES:

Meeting in Mr. White's Office,
June 26, 1942
4:30 p. m.

Present: Ambassador Guachalla from Bolivia,
Humberto Cuenca, General Manager of the
Central Bank of Bolivia,
Rene Ballivian from the Bolivian Emgassy,
Mr. White,
Mr. Glasser.

The Bolivian Ambassador said that the General Manager of the Central Bank was fully empowered to negotiate and sign the stabilization agreement. At Mr. White's suggestion that this meeting be considered simply a social call, discussion of the agreement was postponed until a further meeting on Monday at 3:00 o'clock, to be held in Mr. White's office, at which representatives of the General Counsel's office would be present.

However, the Bolivian representatives mentioned that they would be very much interested in making the stabilization agreement extend for three years, with the understanding that they would not likely use any of it during the first year. Mr. White said we would study the matter and see if some arrangement can be made to meet the wishes of Bolivia.

The Bolivian Ambassador said that Senor Joaquin Espada, the Minister of Economic Development, would probably arrive in Washington the latter part of next week.

H. Glasser

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942

TO Secretary Morgenthau
FROM Mr. Murphy *HCM*
Subject: Recent Changes in Prices and Yields of Government Securities

With few exceptions, prices of Government securities lost ground during the week ended last night. Both taxable and tax-exempt notes showed little change, although the tone was easy. The new 1-1/2 percent notes closed last night at 100-11/32, down 2/32 from a week ago. Prices of taxable and partially tax-exempt bonds showed declines ranging up to 12/32 in the case of the 2-1/2's of 1956-58 among the taxable issues, and 9/32 in the case of the 2's of 1953-55 and 2-7/8's of 1955-60 in the partially tax-exempt category. The taxable 2-1/2's of 1967-72 also declined 9/32 during the week, closing last night at 101-1/32.

The new 5/8 percent certificates of indebtedness opened on Saturday morning at a small premium to yield 0.60 percent. Fluctuations in the price of the certificates have been slight, and they closed last night to yield 0.61 percent. The average rate on the weekly offering of bills was 0.362 percent, down fractionally from the previous week.

As compared with March 19, prices of short- and medium-term securities, both taxable and tax-exempt, are generally lower (yields higher) than on that date while long-term taxable bonds are approximately at the same level. The longer-term partially tax-exempt bonds represent the only sector of the market that is in an improved position as compared with the March 19 benchmark. (See attached chart and tables.)

Federal Open Market Account purchases during the week totaled \$31 millions, consisting of \$15 millions of bills, \$9 millions of taxable bonds, \$6 millions of certificates, and \$1 million of partially tax-exempt bonds. Sales were confined to \$2 millions of the taxable 2's of 1951-55. Bill maturities aggregated \$26 millions, indicating a net increase in the portfolio of \$3 millions.

Attachments.

Table I
Price and Yield Changes of United States Securities
June 18, 1942 to June 25, 1942
(Based on mean of closing bid and asked quotations)

Security	Prices			Yields		
	June 18, 1942	June 25, 1942	Change	June 18, 1942	June 25, 1942	Change
	(Decimals are thirty-seconds) 1/			(Percent)		
Bills						
Average rate last issue	-	-	-	.36	.36	.00
Certificates						
1/2% 11/1/42	-	100.017	-	.46	.45	-.01
5/8 2/1/43	-	100.009	-	-	.61	-
Taxable Notes						
3/4% 3/15/43	100.06	100.05	-.01	.50	.53	+.03
3/4 9/15/44	99.22	99.23	+.01	.89	.88	-.01
3/4 12/15/45	99.11	99.11	.00	.94	.94	.00
1 3/15/46	99.15	99.14	-.01	1.15	1.16	+.01
1-1/2 12/15/46	100.13	100.11	-.02	1.41	1.42	+.01
Taxable Bonds						
2% 3/15/42-50	101.16	101.12	-.04	1.72	1.75	+.03
2 6/15/49-51	100.26	100.22	-.04	1.88	1.89	+.01
2 9/15/49-51	100.24	100.19	-.05	1.89	1.91	+.02
2 12/15/51-55	100.16	100.10	-.06	1.94	1.96	+.02
2-1/2 3/15/52-54	104.07	104.00	-.07	2.02	2.04	+.02
2-1/4 6/15/52-55	101.13	101.05	-.08	2.09	2.12	+.03
2-1/2 3/15/56-58	103.11	102.31	-.12	2.22	2.25	+.03
2-1/2 6/15/62-67	-	-	-	-	-	-
2-1/2 9/15/67-72	101.10	101.01	-.09	2.43	2.45	+.02
Wholly Tax-exempt Notes						
2% 9/15/42	100.17	100.16	-.01	2/32*	2/32*	0/32*
1-3/4 12/15/42	100.26	100.24	-.02	.09	.15	+.06
1-1/8 6/15/43	100.25	100.26	+.01	.33	.29	-.04
1 9/15/43	100.25	100.25	.00	.37	.36	-.01
1-1/8 12/15/43	101.04	101.03	-.01	.37	.38	+.01
1 3/15/44	100.29	100.29	.00	.48	.47	-.01
3/4 6/15/44	100.14	100.14	.00	.53	.53	.00
1 9/15/44	101.02	101.02	.00	.52	.52	.00
3/4 3/15/45	100.14	100.13	-.01	.59	.60	+.01
Partially Tax-exempt Bonds						
3-3/8% 6/15/43-47	102.24	102.21	-.03	.58	.62	+.04
3-1/4 10/15/43-45	103.10	103.08	-.02	.73	.74	+.01
3-1/4 4/15/44-46	104.09	104.07	-.02	.88	.89	+.01
4 12/15/44-54	107.17	107.13	-.04	.93	.96	+.03
2-3/4 9/15/45-47	105.15	105.13	-.02	1.03	1.04	+.01
2-1/2 12/15/45	105.04	105.01	-.03	1.06	1.02	+.02
3-3/4 3/15/46-56	109.14	109.08	-.06	1.16	1.20	+.04
3 6/15/46-48	107.04	107.01	-.03	1.17	1.18	+.01
3-1/8 6/15/46-49	107.18	107.14	-.04	1.18	1.20	+.02
4-1/4 10/15/47-52	115.07	115.06	-.01	1.28	1.28	.00
2 12/15/47	104.19	104.13	-.06	1.13	1.17	+.04
2-3/4 3/15/48-51	107.24	107.19	-.05	1.34	1.37	+.03
2-1/2 9/15/48	107.01	106.28	-.05	1.32	1.34	+.02
2 12/15/48-50	104.20	104.14	-.06	1.26	1.28	+.02
3-1/8 12/15/49-52	110.27	110.22	-.05	1.58	1.60	+.02
2-1/2 12/15/49-53	106.22	106.16	-.06	1.55	1.57	+.02
2-1/2 9/15/50-52	107.02	106.28	-.06	1.58	1.60	+.02
2-3/4 6/15/51-54	108.27	108.22	-.05	1.69	1.70	+.01
3 9/15/51-55	110.28	110.20	-.08	1.72	1.75	+.03
2-1/4 12/15/51-53	105.13	105.06	-.07	1.63	1.66	+.03
2 6/15/53-55	103.28	103.19	-.09	1.61	1.64	+.03
2-1/4 6/15/54-56	105.18	105.11	-.07	1.73	1.75	+.02
2-7/8 3/15/55-60	110.18	110.09	-.09	1.94	1.96	+.02
2-3/4 9/15/56-59	109.27	109.19	-.08	1.96	1.97	+.01
2-3/4 6/15/58-63	110.01	109.26	-.07	2.01	2.03	+.02
2-3/4 12/15/60-65	110.18	110.10	-.08	2.06	2.08	+.02

Treasury Department, Division of Research and Statistics.

June 25, 1942.

1/ Decimals in prices of certificates are cents.
* Excess of price over zero yield.

Regraded Unclassified

DIARY

Book 543

June 26 - 28, 1942

- A -

	Book	Page
Airplanes		
Aircraft despatched, week ending June 23, 1942 - British		
Air Commission report - 6/26/42.....	543	81

- B -

Bolivia
See Latin America

- C -

Canada
See Silver

China		
Refugee situation in Shanghai reported to HMJr by Judge Irving Lehman and then to Sumner Welles - 6/27/42.....		106
a) Welles-HMJr conversation - 6/30/42: See Book <u>544</u> , page 276		
b) Lehman letter to HMJr - 7/15/42: Book <u>549</u> , page 313		
c) Discussed by 9:30 group - 7/16/42: Book <u>550</u> , page 23		
d) Welles letter returning Leavitt memorandum - 7/18/42: Book <u>550</u> , page 297		
1) Welles-HMJr letter - 7/20/42: Book <u>551</u> , page 82		

Correspondence		
Mrs. Forbush's resume' - 6/26/42.....		66

- D -

Davidson, Jo		
Discusses with HMJr borrowing busts of FDR and Wallace for show at National Gallery of Art - 6/26/42.....		12
DuPont, E. I., Company		
See Financing, Government: War Savings Bonds		
Dutch West Indies		
Appointment of Curacaosche Bank at Curacao as depository of United States public monies discussed in cable to American Consul - 6/26/42.....		94

- F -

Financing, Government		
War Savings Bonds:		
National Association of Life Underwriters: Use of agents suggested to HMJr by George Harrison - 6/26/42.....		1
DuPont (E.I.) Company: Office equipment to take care of payroll deductions for this and other companies discussed by HMJr and Nelson - 6/26/42.....		18

- F - (Continued)

	Book	Page
Financing, Government (Continued)		
War Savings Bonds (Continued):		
Gloucester, Massachusetts: Lack of 25¢ stamps discussed in Sloan memoranda - 6/26/42.....	543	46
Payroll Allotment Plan:		
Federal Service report - 6/26/42.....		50
Analysis of exposure to, as of June 20, 1942 - 6/26/42.....		59
Ludlow, Louis (Congressman, Indiana): For material used in connection with appropriation for War Savings Bonds program, see page 111 (See also Book 546, page 200)		
Progress report - 6/27/42.....		180

- G -

Germany

Results of obligatory registration by holders of all securities in excess of 100,000 marks value purchased since outbreak of war - cable from American Legation, Bern - 6/26/42.....		96
Switzerland as Reich's foremost supplier of foreign exchange discussed in cable from American Consulate, Basel - 6/26/42.....		97
Gloucester, Massachusetts		
See Financing, Government: War Savings Bonds		

- H -

Hanes, John W.

See Revenue Revision

- J -

Joint Distribution Committee
See China: Refugees

- K -

Kamarck, Andrew M.

Ordered to active duty July 9 - 6/26/42..... 80

- L -

Latin America

Bolivia: Stabilization Agreement - discussion by Ambassador, General Manager of Central Bank, White, and Glasser - 6/26/42.....		34
Mexico: See Silver		
Peru: Cancelling of contracts in which Proclaimed List firms are involved reported from Lima - 6/27/42.....		227

- L - (Continued)

	Book	Page
Lehman, Irving - Judge		
See China: Refugees		
Lend-Lease		
United Kingdom: Federal Reserve Bank of New York statement showing dollar disbursements, week ending June 17, 1942 - 6/26/42.....	543	83
Life Underwriters, National Association of		
See Financing, Government: War Savings Bonds		
Ludlow, Louis (Congressman, Indiana)		
For material used in connection with appropriation for War Savings Bond program, see page 111 (Book 543)		

- M -

Massachusetts		
Gloucester: See Financing, Government (War Savings Bonds)		
Mexico		
See Silver		
Military Reports		
British operations - 6/26/42, etc.....		105,230,231

- N -

National Association of Life Underwriters		
See Financing, Government: War Savings Bonds		

- P -

Peru		
See Latin America		

- R -

Refugees		
See China		
Revenue Revision		
Hanes, John W.: "Should Congress Vote a Sales Tax to Finance War? Yes" - Blough analysis of article in Saturday Evening Post June 20, 1942 - 6/27/42.....		197

- S -

Silver		
Canada: Extension of agreement concerning purchases of newly-mined silver approved in HMJr's letter to Federal Reserve Bank of New York - 6/26/42.....		89
Mexico: Extension of agreement concerning purchases of newly-mined silver approved in HMJr's letter to Federal Reserve Bank of New York - 6/26/42.....		90
Switzerland		
See Germany		

- T -

Taxation

See Revenue Revision

Book Page

- U -

Underwriters (Life), National Association of
See Financing, Government: War Savings Bonds
United Kingdom

See also Lend-Lease

Gold and dollar position:

February 28 through June 19, 1942 - 6/26/42.....

543 88

June 26 and 30: See Book 547, page 165

United Nations

Loans to - draft bill to authorize discussed by White,
Foley, Berle, and Livesey - 6/26/42.....

31

- W -

War Savings Bonds

See Financing, Government

June 26, 1942
9:49 a.m.

Operator: Mr. Graves.

Harold Graves: Yes, sir.

HMJr: Harold.

G: Yes, sir.

HMJr: Mr. George Harrison is here.....

G: Yes.

HMJr:and he's got a suggestion.....

G: Yes.

HMJr:and it sounds good to me, but I just want to check that I'm not crossing on anybody.

G: Yes.

HMJr: His suggestion is that we get the National -
(talks aside) what do you call it?
The National Association of Life Underwriters.....

G: Yes.

HMJr:to consider putting their best men - he said there are eighty thousand of them, and cutting them down to five thousand.....

G: Yes.

HMJr:on their paid captains, to work under the War Savings Bonds on the F and G's. Hello.

G: Hello.

HMJr: And he said it's just an idea and he thinks we can get five thousand men.....

G: Yeah.

HMJr:who would go to work under the War Savings

- 2 -

Bond people.

G: Yes.

HMJr: Now, has anything like that been suggested to you?

G: Yes. As a matter of fact, we are using the Life Underwriters in great numbers on the payroll allotment thing. That is the thing that we parceled out for the Life Underwriters. Of course, we're getting near the end of that, and I think this suggestion is a good one.

HMJr: Yeah.

G: We've had that - we've had a similar offer from the Association of Insurance Presidents. They have sort of pended the services of all insurance agents, including, of course, the Life Underwriters.

HMJr: Just hold on - have you - are you - got a meeting on right now?

G: No, I haven't. Would you like me to come in?

HMJr: Well, let me have George Harrison talk to you, see.

G: Yes. That would be fine.

HMJr: And he can come down and talk to you now.

G: That will be fine.

HMJr: Because evidently - as I say, there's stuff going on.....

G: Yes.

HMJr:I wasn't familiar with.

G: Yes. I'll be very glad to see him.

HMJr: Right.

G: Yes, sir.

June 26, 1942
10:20 a.m.

DEFERMENTS

Present: Mr. Gaston
Mr. Thompson

H.M.JR: All right, what is on your mind?

MR. THOMPSON: I think your policy is absolutely right on these deferments.

H.M.JR: Is that so?

MR. THOMPSON: I think you convinced Harry White.

H.M.JR: Did I?

MR. GASTON: He came back and talked with me and he is at least reconciled to the policy.

H.M.JR: The thing that seemed to convince him was when I said how I felt about the armed forces and the munition workers. I can't help it that the State Department - I don't do things the way the State Department does.

All right, case one.

MR. THOMPSON: There will be some lessening up of our problem by the new regulations, putting married people at the foot of the list.

MR. GASTON: Norman found out those already called have got to go; that doesn't affect them.

MR. THOMPSON: I have three cases here of men who have been called. Here is one in Roy Blough's shop

who was in class three for dependency, reclassified in 1-A and called to report by July 23. (John F. Due)

H.M.JR: Married in May '41.

MR. THOMPSON: '41, yes, sir. It is surprising that they reclassified him in 1-A in view of his dependency.

H.M.JR: You couldn't ask the Board to review this case?

MR. THOMPSON: Apparently not. I took it up with the Selective Service headquarters yesterday, and they say that any notices that have gone out will stand, and they can't do anything about it.

H.M.JR: Well, supposing I ask for a three months' deferment would the man then be apt--

MR. THOMPSON: He could make an appeal on his own, yes. I wouldn't give him over three months if I were you.

H.M.JR: Why not sixty days?

MR. THOMPSON: Give him sixty days. As a matter of fact, Roy Blough told me if he could keep him until the tax bill got through - that might be sixty days.

H.M.JR: What do you think?

MR. GASTON: I would recommend sixty days' deferment.

MR. THOMPSON: That will give him full opportunity to make an appeal for reclassification.

H.M.JR: That would give him sixty days. That is for the tax bill.

MR. GASTON: Yes.

MR. THOMPSON: I think that is all right.

- 3 -

There is a Lend-Lease man Cliff Mack is asking six months on.

H.M.JR: Who is asking?

MR. THOMPSON: Cliff Mack.

H.M.JR: What is this case?

MR. THOMPSON: He is on Lend-Lease. He works up in New York. (David A. Parks) His boss is leaving on July 8, and Cliff feels that it is necessary to keep this man on to carry on the work until they can get a replacement. He thinks he ought to have a six months' deferment.

H.M.JR: When would he go?

MR. THOMPSON: He would go July 20.

H.M.JR: He has got time enough to look around - he has got a month.

MR. GASTON: What is he doing over there?

MR. THOMPSON: He is the Assistant Chief in Lend-Lease Expediting.

H.M.JR: He has got a month, Herbert, to look around. That is time enough.

MR. GASTON: Has he got any dependents?

H.M.JR: He is divorced and has one child of fourteen.

MR. THOMPSON: That, normally, would put him down in category four under the regulations, where they have children.

MR. GASTON: I think it is a case of how urgent Cliff Mack needs him to straighten out anything that is going on.

- 4 -

H.M.JR: He is up in New York.

MR. THOMPSON: He is going to lose his top man on July 8. This is the second man.

H.M.JR: He has got time enough. This is written June 23. He has got a month to look around.

MR. GASTON: I would favor giving him sixty days.

H.M.JR: Well, I don't, I am sorry.

MR. THOMPSON: This is a rather peculiar case. (Daniel Melcher) The man's eyesight is bad, and probably he will be turned down. He is ordered to report on July 11. He is in the War Savings organization. Peter Odegard asked me to ask you to give a deferment of thirty to sixty days in that case because the man is in their educational organization over there and wants to finish some projects that he is on. He would like to have him do that while he is training his successor - thirty to sixty days. The chances are the man will be turned down when he is inducted on July 11 on his physical examination.

H.M.JR: No, this isn't very important.

MR. THOMPSON: I turned that down in your absence, but Mr. Odegard asked me to take it up.

MR. GASTON: I agree.

H.M.JR: You agree on this?

MR. GASTON: Yes.

MR. THOMPSON: There are three cases in Internal Revenue.

H.M.JR: Have you seen these before?

MR. GASTON: I have seen those cases, yes.

H.M.JR: What is this?

MR. GASTON: It is Alaska. They are cleaning out our whole force of deputies in Alaska, and they feel that they just have to have some experienced men up there. They are asking for one year's deferment for these men. They are losing the head man at Alaska because he is retiring. He is an old man, and these are the fellows who are doing the work under him.

H.M.JR: How many?

MR. THOMPSON: Three.

MR. GASTON: You can't very well work in Alaska without some experience. They have to train the men, put them up in Alaska and teach them their runs. They are asking for a year's deferment. I think that is too much. I think that six months would be enough.

H.M.JR: What is each case? How old are they?

MR. GASTON: This Cecil Minaker is single, no dependents. He is going to be called August 26, Local Board 18.

H.M.JR: How old is he?

MR. GASTON: I don't think his age is given here. He is Zone Deputy Collector for Alaska. No, I don't know his age.

H.M.JR: Let's just pass him up for the minute. What is the next one?

MR. GASTON: The next one is Peter Gatz. He is married, wife employed, and he has no other dependents. He is another one of that Alaska force. He is Zone Deputy Collector for Alaska.

H.M.JR: Gosh, I think we ought to have the ages. Can you get the ages?

- 6 -

MR. THOMPSON: I will do that.

H.M.JR: I think it makes a lot of difference.

MR. GASTON: We don't have the ages given in either of these - any of these men.

The third one is the same situation, Wesley Overman; his wife is employed, and he has no - Wesley Overby - his wife is employed, and he has no dependents.

MR. THOMPSON: These men are not asking for deferments themselves.

H.M.JR: No. How long will it take you to get their ages - have it Monday?

MR. THOMPSON: Five or ten minutes.

H.M.JR: Is that all?

MR. THOMPSON: I can get it from the records downstairs.

H.M.JR: Well, when you are ready - I am just working quietly. What else have you got?

MR. THOMPSON: That is all.

(Subsequently Mr. Thompson returned and gave the ages of these three men. The Secretary approved three months' deferment for the two married men (Overby, twenty-nine years old, and Gatz, thirty-four) and rejected the request for the single man (Minaker, thirty-six years of age).)

June 26, 1942.
10:37 a.m.

Operator: McIntyre.

HMJr: Hello.

Marvin
McIntyre: Hello, Henry.

HMJr: How are you?

M: Fine.

HMJr: Marvin, I've been talking with Herbert Gaston about this Congressman Andy Somers....

M: Yeah.

HMJr:and I don't see why the hell we should do anything for a fellow that's worked against the President right straight along.

M: Well, of course, we can't - we can't - we haven't much of a leg to stand on.

HMJr: Yes.

M: What - what do you mean, for a job for him?

HMJr: Well, I mean he wants something - hell, he wants to be Assistant Secretary of the Treasury, you see....

M: Oh well, he....

HMJr:something like that, and....

M: Why no, sir, I wouldn't break my neck. If he can get some small job that will take care of him financially, yes.

HMJr: Well, we've - of course, the thing is, we just don't have those.

M: Yeah.

HMJr: They're all Civil Service, and his record up on the Hill was terrible.

M: I know it. That's the reason they're throwing him out up there.

- 2 -

HMJr: And they throw him out up there because he's against Roosevelt, and I don't see why I should break my neck to - to do anything.

M: Of course, on - on as chairman of that committee, Sam Rayburn is interested because of the fact that he had done a swell job as chairman....

HMJr: That's right. But supposing....

M:and he was afraid that - the only interest Sam had was that he didn't - he was afraid that if he didn't get re-elected down there that the man would take over his work.

HMJr: Well, Sam....

M: But I said, "Sam, no matter much who it is his record would be pretty near as good as Somers'." (Laughs)

HMJr: (Laughs) Well, if we do a little stalling here, it'll be all right with the White House.

M: I think so. I don't know what to do. You might ask - just stall a little and then ask the boss the first time you get a chance.

HMJr: Okay.

M: I don't think he'd want to go to town on it at all.

HMJr: Well, he - he....

M: What he's trying to do is to make it a little bit easier for - oh....

HMJr: Steingut.

M: What?

HMJr: Steingut.

M: Yeah. Irwin.

HMJr: Yeah, well....

- 3 -

M: That's right, and to hell with that.

HMJr: Yeah, well, the fellow's got a bad record.

M: Yeah, I can't - he - the man hasn't gone along with us at all.

HMJr: Yeah, so I don't see....

M: Well, I don't think we ought to buck the - I talked to him up there. The boss told me to, and Kelly over in Brooklyn says, "Well, God damn it, Mac," he said, "you don't mean that the boss wants us to take this guy?"

HMJr: Yeah.

M: I said, "Listen, now, just between you and me, I'm doing what Sam Rayburn asked us to do...."

HMJr: Well....

M: He said, "Oh, I get you."

HMJr: Well, we'll do a little stalling and if it gets hot, we'll see what happens.

M: All right.

HMJr: Okay?

M: Right.

HMJr: Thank you.

M: Okay.

cc - Lieutenant Stephens

June 26, 1942
10:55 a.m.

HMJr: Hello.

Operator: Mr. Davidson.

HMJr: Hello.

Mr. Joseph
Davidson: Hello.

HMJr: This is Henry Morgenthau.

D: How do you do, sir?

HMJr: How are you?

D: I'm pretty good, thank you. I've just blown into town, and I have a show opening at the Mellon Galleries tomorrow, you know, my South American heads.

HMJr: Yes.

D: And we want - we'd like to include the head of the President and the Vice President, whom I've just completed.

HMJr: Yeah.

D: Now, could I borrow your copy for a few weeks?

HMJr: Sure.

D: Well, you're a swell person.

HMJr: Now, how do we get it to you?

D: Well, look here, just send it over to the Mellon Galleries. Could you do that?

HMJr: Just send it to the Mellon Galleries.

D: Yeah.

HMJr: Is that all you want? In care of you?

D: Just a moment, sir. The National Art Gallery, that's right.

- 2 -

HMJr: National Art Gallery. Care of you?

D: Well, just - yes, care of me. That would be swell if you could do that. And I would love to see you and Mrs. Morgenthau while I'm here.

HMJr: How long are you going to be here?

D: I'm here with my wife, whom I'd like you to meet very much, and we're at the Willard and will be here over to Tuesday.

HMJr: Well, unfortunately, we leave this afternoon and my wife doesn't get back until next Wednesday night.

D: Oh, dear oh dear. So you won't be here for my show either?

HMJr: No, we're leaving this afternoon. I'll be back Monday, but she'll not be back until Wednesday night.

D: Oh, dear. Well, I'd love to see you. Can that be arranged?

HMJr: I think so. When I get back Monday, I'll give you a call.

D: Well, that'll be awfully sweet of you.

HMJr: Fine.

D: Well, that's grand. And thank you heaps for that.

HMJr: Thank you.

D: Thank you, sir.

HMJr: Good-bye.

D: Good-bye.

June 26, 1942.
11:32 a.m.

HMJr: This is Henry. Hello, you so-and-so.

Sam
Rayburn: (Laughs) I told you not to get out on a limb.

HMJr: What?

R: I told you not to get out on a limb.

HMJr: It's all right.

R: (Laughs) Well, I didn't fight you in the dark, did I?

HMJr: No, and I - every - let me just ask you a question in a matter of interest, because I made no bones that you'd served notice on me.

R: Yeah.

HMJr: Did old Bob Doughton know how you felt?

R: Oh, yes.

HMJr: He did.

R: Oh, yes, I told him, and had two together.

HMJr: He did.

R: Yeah. Yes, I told him and yesterday he called me up about something, about getting up some of those bills....

HMJr: Yeah.

R:you or somebody wanted yesterday, and said he congratulated me, and I told him I didn't have anything to do with it at all.

HMJr: Well, I'm going to keep - congratulate you.

R: (Laughs)

HMJr: Well, I'm still fighting.

- 2 -

R: I know it. Henry?

HMJr: Yeah.

R: Have you got any general depositories to give out?

HMJr: I don't know. Do - after you licked me this way, if I had I don't know whether I would. What bank do you want one?

R: Well, I'll tell you. I have a friend here from down at San Marcos, Texas.

HMJr: Where?

R: San Marcos.

HMJr: San Marcos. S-a-n?

R: M-a-r-c-o-s.

HMJr: M-a-r-c-o-s.

R: Yeah. Ed Cape. E-d, Ed....

HMJr: Ed what?

R: Ed Cape. C-a-p-e. Cape.

HMJr: C-a-p-e. Cape, like you throw over your shoulders?

R: That's right.

HMJr: Ed Cape, yesh.

R: And he's president of the State Bank and Trust Company there.

HMJr: The State Bank and Trust Company.

R: Yeah, and he's got a hundred thousand dollars in his capital structure....

HMJr: Yeah.

R:and he has deposits running from a million to a million and a quarter....

- 3 -

HMJr: Yeah.

R:and he'd like to be a general depository so he could kind of - and they're building air fields and....

HMJr: Now let me just ask Dan Bell who's in the room a minute whether we can give it to a state bank. Will you hold - will you hold the wire a minute?

R: Yeah.

HMJr: Got a minute?

R: Yes.

HMJr: (Talks aside) Can we give it to a state bank? Hello.

R: Yeah.

HMJr: Has he got any war business down there?

R: Yes.

HMJr: He has.

R: That's what he wants it for....

HMJr: I see.

R:for this war business. Of course, he's a member of the Federal Reserve System.

HMJr: Is he - is he there with you now?

R: Yeah.

HMJr: Well, tell him to come on down and see Dan Bell. We'll fix him up.

R: All right. Fine. I'll tell him to come on down and see Dan Bell. Now?

HMJr: What?

R: Now?

- 4 -

HMJr: Right now.

R: All right. Fine.

HMJr: Tell him to come on down.

June 26, 1942.
11:40 a.m.

Operator: Mr. Nelson. The Secretary.

HMJr: Hello.

Donald Nelson: Hello.

HMJr: Don?

N: Yes, sir. How are you, sir?

HMJr: How do you like meeting all these kings?

N: Not so well.

HMJr: Me neither.

N: (Laughs)

HMJr: God, somebody ought to tell him to be on time.

N: Yeah, that's what I thought.

HMJr: I think it's outrageous.

N: Well, I thought - I was getting pretty hot under the collar here, about ready to go home.

HMJr: Me too. Don, I need a little help.

N: All right, sir. What is it?

HMJr: We have these payroll deduction plans in the various factories all over the country....

N: Yes.

HMJr:where they deduct the men's pay....

N: Yes, sir.

HMJr:and then for bonds....

N: Yes, sir.

HMJr:and we're just licked on this thing in trying to get like, for instance, DuPont, ready to put in the plan; but they

- 2 -

HMJr:
(cont.) can't get any machinery. Office equipment,
you see? Hello.

N: Yes.

HMJr: And we've had it pending but we just can't -
don't get anywhere with your fellows, and I
wondered if you couldn't designate somebody
that could give us a little help.

N: I'll look into it. Of course, the situation
is this....

HMJr: Yeah.

N: This office machinery industry is an ideal
one to make many things....

HMJr: Yeah.

N: and the demand is such that that industry
could go right on and they couldn't make a
thing for the war unless we in some way just
cut it down arbitrarily.

HMJr: Well, I appreciate that, but I've got to
raise this money and the best way to raise
it is through the deduction of the payrolls....

N: Yes.

HMJr: Hello.

N: Yes, that's true.

HMJr: and get these workmen to buy the bonds.
Now you take - get the workmen....

N: Yes.

HMJr: now take a case like, say like DuPont,
they're ready to put in the system. But
they say this: "We can't go along with you
unless you give us the equipment so that we
can do it."

N: Well, I'll designate somebody to go into
that.

- 3 -

HMJr: Would you? Because our whole payroll plan, which is the guts of this whole volunteer bond thing, is dependent upon our getting the equipment to - so that they can deduct the money from the checks....

N: I'll get somebody to go right into it.

HMJr:and - and we think here that - well - that we ought to - I think we're at the bottom of the list and they've got foreign governments and all the rest of the people ahead of us, and I know each person thinks he's important but - so if we don't raise the money you fellows can't function.

N: Well, I'll - I'll see what - I'll designate some one person to go....

HMJr: Will you?

N:into it and see what it amounts to.

HMJr: And Danny Bell's handling it for me.

N: Okay. I'll have him get in touch with Danny and we'll talk it through.

HMJr: I thank you.

N: All right, sir. Goodbye.

June 26, 1942.
12:00 noon.

Ted
Gamble: Yes, Mr. Secretary.

HMJr: Ted, I'm leaving at two-thirty.

G: Yes.

HMJr: You couldn't have a short report for me to take with me on what's happening in the coal-mining towns.

G: Yes, sir, I could but it would be very brief....

HMJr: Well, whatever....

G:Mr. Secretary, because we've been - we've had a little bit of delay with the union people themselves, but I have just received it yesterday....

HMJr: Well, whatever it is, if you could see that Mrs. Klotz gets it so I could have whatever the situation is as of two o'clock this afternoon.

G: It'll be in your hands, sir, and do you want a report on the other matter at the same time....

HMJr: What's the other?

G:the Management Labor Meetings.

HMJr: Management Labor?

G: Yes.

HMJr: Well, there's no such hurry about that. I can have that when I get back Monday.

G: Fine. Now did you get - when you mentioned that you got my memorandum, did you mean you got the one I sent you this morning....

HMJr: Yes.

G:what Mr. Madden's doing with the follow-up?

HMJr: That's it.

- 2 -

G: Fine.

HMJr: But I want - but I mean I may see the President over the week-end, and he might ask me about the coal-mining towns.

G: Fine. That will be in your hands, sir.

HMJr: Just that one. The other thing can - Monday.

G: It will be in your hands by two-thirty.

HMJr: Thank you.

G: All right, sir.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942

TO THE SECRETARY
FROM TED R. GARNER

I am attaching a copy of a letter which I received yesterday from Mr. Brophy listing the suggested committees for the miners meetings. Also in keeping with our talk with Mr. Murray, Mr. Brophy has suggested certain of their people that they want identified with this activity.

The idea of these meetings has been discussed thoroughly with Mr. Houghteling, Mr. Daffus, Mr. Skouras and our Associate Field Directors. Mr. Skouras is coming here next Tuesday evening for a meeting, following which we will get definite work and progress for the actual programming of these rallies.

Our plans are to bring in all of the theatre men from at least the districts in which these meetings are to be held, the union representatives, together with our people here, including, at your suggestion, someone from the Women's organizations, so that all phases of community life will be represented properly. You will be interested to know that the whole idea has met with good response from everyone.

We would be a little further along at the moment except for the fact that we have been delayed by information from Mr. Brophy which, as I mentioned above, I received yesterday, and from the fact that we could not have Mr. Skouras with us

-2-

earlier than this coming Tuesday. Mr. Skouras may not necessarily handle this, but we feel that we should discuss it with him so long as he is doing so much work of this kind for us.

CONGRESS OF INDUSTRIAL ORGANIZATIONS
1106 Connecticut Avenue, Northwest
Washington, D. C.

June 24, 1942

Mr. Theodore Gamble
Assistant to the Secretary of the Treasury
Room 294, Treasury Building
Washington, D. C.

Dear Mr. Gamble:

In accordance with our discussion regarding ways and means for stimulating the sale of war bonds among the miners, I am enclosing a list of towns where meetings, such as you had in mind, may be held. The list of communities in the mining fields of Pennsylvania is fairly complete. I think it important that there be a checkup as to the standing of these communities as far as bond sales are concerned, otherwise you might run into situations where they had done fairly well and to make the usual demands upon them would not be good. It may be that Leo Goodman, who is on your labor staff and no doubt has some acquaintance with this problem and the CIO, can advise you more fully about it.

In Ohio I think it worth while for you to get in touch with Ted F. Silvey, secretary-treasurer of the Ohio State Industrial Union Council, 79 East State Street, Columbus. He can tell you of the mining communities best suited for your campaign. Eastern Ohio is the great coal area in that state, with Bellaire as its center.

For West Virginia, Wheeling and Charleston are the natural centers. Van A. Bittner, who can be reached in care of the United Steelworkers of America, 205 West Wacker Drive, Chicago, and John B. Easton, president of the West Virginia State Industrial Union Council, Peoples Exchange Bank Building, Charleston, are the two people who can advise best on these matters because of their intimate knowledge of the miners and the state.

Mr. Theodore Gamble - 2

June 24, 1942

Illinois should be dealt with through Fullerton Fulton and John Hindmarsh, both located at 205 West Wacker Drive, Chicago. These two men are miners but working now for CIO through our Chicago regional office.

In the event you decide to do anything with the mining region of Indiana, Powers Hapgood, CIO Regional Director, 106 East Market Street, Indianapolis, would be able to give you information about that state.

I shall be out of town for several days but you can deal with my assistant, Anthony Wayne Smith, at our office. He will be glad to cooperate with you in every way. Perhaps the best thing would be for you and Mr. Smith to go over these matters together.

Sincerely yours,

/s/ John Brophy, Director
Industrial Union Councils

encls.
JB:mbw
upwa-27

CIO INDUSTRIAL UNION COUNCILSPENNSYLVANIA

Washington - Washington Industrial Union Council
Hassel Walton, Fin. Sec. Treas.
Box 354
Lawrence (Council located at Washington, Pa.)

Canonsburg - Located in Washington County. Nearest Council, Washington

Frederickstown - Located in Green County. Nearest Councils, Washington and Uniontown, of which Irene Brounfield, Box 272A, RD#2, Uniontown, is secretary

McDonald - Located on borderline of Washington and Allegheny Counties. Use either the Washington Council or (and most likely) Steel City Industrial Union Council
David J. McDonald, Sec.
1500 Commonwealth Bldg., Pittsburgh, Pa.

New Kensington - Located in Westmoreland County
Tarentum Industrial Union Council
Henry A. Chybrzynski, Rec. Sec.
1244 Eighth Avenue
Natrona (Council located at Tarentum, Pa.)

Springdale - Allegheny County
Steel City Industrial Union Council
David J. McDonald, Sec.
1500 Commonwealth Bldg., Pittsburgh, Pa.

Uniontown - Uniontown Industrial Union Council
Irene Brounfield, Rec. Sec.
Box 272-A, RD#2
Uniontown

Greensburg - Westmoreland County
Latrobe Industrial Union Council
Valentine Lesko, Sec. Treas.
Pleasant Unity (Council located at Latrobe)

Patrick Fagan - President Dist No. 5, United Mine Workers, 1208 Commonwealth Building
Pittsburgh, Pa.

Anthony J. Federoff - President Steel City Industrial Union Council and CIO Regional
Director, 1105 Commonwealth Building, Pittsburgh, Pa.

very important that you see him.

INDUSTRIAL UNION COUNCILS IN THE ANTHRACITE DISTRICT OF PENNSYLVANIA

Scranton - Lackawanna County Industrial Union Council
William H. Meyers, Rec. Sec.
336 - 17th Street
Scranton

Shenandoah - Shenandoah Industrial Union Council
John Karlavage, Rec. Sec.
200 South Main Street
Shenandoah

Wilkes Barre - Wilkes Barre Area Industrial Union Council
Stella R. Marley, Sec.
8 South Washington Street
Wilkes-Barre

Pottstown - Montgomery County Industrial Union Council
Edward Savacool, Rec. Sec.
21 North Front Street
Souderton (Council located at Lansdale, Pa.)

Hasleton - Nearest Councils at Shenandoah and Wilkes Barre

Carbondale - Nearest Council is Lackawanna County, Scranton

Williamstown - Located in Dauphin County. Only Council in county is Pennsylvania
State IUC, 508 Dauphin Building, Harrisburg, John Phillips, Pres.

Mt. Carmel - Located on the borderline of Northumberland and Columbia Counties.
We do not have a Council in either county

John Kosik CIO Sub-regional Director, 25 Town Hall Bldg., Wilkes Barre

Thomas Cann United Steelworkers Office, 25 Town Hall Bldg., Wilkes Barre

Feeney Buseralla Regional Director, United Steelworkers of America, 25 Town Hall
Bldg., Wilkes Barre

District No. 2 - PENNSYLVANIA

Rimersburg

Windber

Houtsdale

Portage

Robertsdale

Barnesboro

- Northern Cambria Industrial Union Council
Ira Krug, Secretary, Emsigh, Pa.

Clymer

Indiana

- Indiana Industrial Union Council
Paul A. Nolf, Rec. Sec.
P.O. Box 33, Ernest, Pa.

Blairsville

DuBois

Sykesville

Nanty-Glo

Ebensburg

Gallitsin

Johnstown

John Fansteel - Portage, Pa.

Patrick McDermott - Hastings, Pa.

Faber McCloskey - Gallitsin, Pa.

Abe Martin - United Steelworkers of America, Main Street, Johnstown, Pa.

Nathan Cowan - CIO Office, 1106 Connecticut Avenue, Washington, DC. (Important that you see him.)

THE WHITE HOUSE
WASHINGTON

June 15, 1942.

MEMORANDUM FOR

✓ THE SECRETARY OF THE TREASURY
HON. ARCHIBALD MacLEISH

I am told we should stage a special campaign among the organized miners. You can get a list from Phil Murray. I am told they hear nothing of the war except on occasional local radios. The theme of the special campaign should be about the war and also about buying bonds.

F. D. R.

June 26, 1942

MEMORANDUM FOR THE SECRETARY'S DIARY

Harry White and Foley conferred with Adolph Berle and Fred Livesey in Berle's office this afternoon at 3 o'clock in regard to the draft bill to authorize the making of loans to certain of the United Nations (copy of which is attached). Berle said that most of the loans would be in the political field involving international relations and the State Department should be consulted. Foley asked Berle what suggestions he had to make in respect to the legislation and Berle replied that he would like to see a consultive clause or an approval clause added to the draft. Foley informed Berle that it was the intention of the Treasury Department to confer in matters of this kind with the State Department and told him that Treasury would have no objection to adding a consultive clause. Whereupon Foley suggested the addition of the words "after consultation with the Secretary of

- 2 -

State and" which all agreed should be added in the appropriate places in the first section of the draft.

It was agreed that Foley, Berle and White would call on the Chairman of the Foreign Affairs Committee of the House and the Foreign Relations Committee of the Senate, explain the purpose of the proposed measure, secure its introduction and arrange for the holding of hearings. At such meeting the question as to the appearance of witnesses would be taken up and decided.

Attachment

Whereas governments of certain of the United Nations, which by reason of the aggression of states with which the United States is at war, are temporarily unable to carry on their functions within their territories or a substantial part thereof or are unable to collect revenues therein adequate for the conduct of their war efforts and the carrying on of their necessary functions, may from time to time not have resources available to them in sufficient amounts for these purposes; and

Whereas the uninterrupted and efficient conduct of the war efforts of such governments is of the greatest importance to the war effort of the United States:

Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That during the present war the Secretary of the Treasury, after consultation with the Secretary of State, and with the approval of the President, is hereby authorized, on behalf of the United States, to loan or extend credit or give other financial aid to such governments in amounts not to exceed \$100,000,000 in the aggregate to all such governments at such time or times and upon such terms and conditions as the Secretary of the Treasury, after consultation with the Secretary of State, and with the approval of the President, shall deem in the interest of the United States.

SEC. 2. The Secretary of the Treasury shall transmit to Congress at the end of each fiscal year a report of arrangements made under this joint resolution in such detail as he may deem advisable.

SEC. 3. The authority herein granted shall be in addition to any other authority provided by law.

SEC. 4. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum or sums not to exceed \$100,000,000 as may be necessary to carry out the provisions of this joint resolution.

June 27, 1942

MEMORANDUM FOR THE FILES:

Meeting in Mr. White's Office,
June 26, 1942
4:30 p. m.

Present: Ambassador Guachalla from Bolivia,
Humberto Cuenca, General Manager of the
Central Bank of Bolivia,
Rene Ballivian from the Bolivian Embassy,
Mr. White,
Mr. Glasser.

The Bolivian Ambassador said that the General Manager of the Central Bank was fully empowered to negotiate and sign the stabilization agreement. At Mr. White's suggestion that this meeting be considered simply a social call, discussion of the agreement was postponed until a further meeting on Monday at 3:00 o'clock, to be held in Mr. White's office, at which representatives of the General Counsel's office would be present.

However, the Bolivian representatives mentioned that they would be very much interested in making the stabilization agreement extend for three years, with the understanding that they would not likely use any of it during the first year. Mr. White said we would study the matter and see if some arrangement can be made to meet the wishes of Bolivia.

The Bolivian Ambassador said that Senor Joaquin Espada, the Minister of Economic Development, would probably arrive in Washington the latter part of next week.

H. Glasser

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942

TO Secretary Morgenthau
FROM Mr. Murphy *HCM*
Subject: Recent Changes in Prices and Yields of Government Securities

With few exceptions, prices of Government securities lost ground during the week ended last night. Both taxable and tax-exempt notes showed little change, although the tone was easy. The new 1-1/2 percent notes closed last night at 100-11/32, down 2/32 from a week ago. Prices of taxable and partially tax-exempt bonds showed declines ranging up to 12/32 in the case of the 2-1/2's of 1956-58 among the taxable issues, and 9/32 in the case of the 2's of 1953-55 and 2-7/8's of 1955-60 in the partially tax-exempt category. The taxable 2-1/2's of 1967-72 also declined 9/32 during the week, closing last night at 101-1/32.

The new 5/8 percent certificates of indebtedness opened on Saturday morning at a small premium to yield 0.60 percent. Fluctuations in the price of the certificates have been slight, and they closed last night to yield 0.61 percent. The average rate on the weekly offering of bills was 0.362 percent, down fractionally from the previous week.

As compared with March 19, prices of short- and medium-term securities, both taxable and tax-exempt, are generally lower (yields higher) than on that date while long-term taxable bonds are approximately at the same level. The longer-term partially tax-exempt bonds represent the only sector of the market that is in an improved position as compared with the March 19 benchmark. (See attached chart and tables.)

Federal Open Market Account purchases during the week totaled \$31 millions, consisting of \$15 millions of bills, \$9 millions of taxable bonds, \$6 millions of certificates, and \$1 million of partially tax-exempt bonds. Sales were confined to \$2 millions of the taxable 2's of 1951-55. Bill maturities aggregated \$26 millions, indicating a net increase in the portfolio of \$3 millions.

Attachments.

Table I

Price and Yield Changes of United States Securities
June 18, 1942 to June 25, 1942

(Based on mean of closing bid and asked quotations)

Security	Prices			Yields		
	June 18, 1942	June 25, 1942	Change	June 18, 1942	June 25, 1942	Change
	(Decimals are thirty-seconds) 1/			(Percent)		
Bills						
Average rate last issue	-	-	-	.36	.36	.00
Certificates						
1/2% 11/1/42	-	100.017	-	.46	.45	-.01
5/8 2/1/43	-	100.009	-	-	.61	-
Taxable Notes						
3/4% 3/15/43	100.06	100.05	-.01	.50	.53	+.03
3/4 9/15/44	99.22	99.23	+.01	.89	.88	-.01
3/4 12/15/45	99.11	99.11	.00	.94	.94	.00
1 3/15/46	99.15	99.14	-.01	1.15	1.16	+.01
1-1/2 12/15/46	100.13	100.11	-.02	1.41	1.42	+.01
Taxable Bonds						
2% 3/15/48-50	101.16	101.12	-.04	1.72	1.75	+.03
2 6/15/49-51	100.26	100.22	-.04	1.88	1.89	+.01
2 9/15/49-51	100.24	100.19	-.05	1.89	1.91	+.02
2 12/15/51-55	100.16	100.10	-.06	1.94	1.96	+.02
2-1/2 3/15/52-54	104.07	104.00	-.07	2.02	2.04	+.02
2-1/4 6/15/52-55	101.13	101.05	-.08	2.09	2.12	+.03
2-1/2 3/15/56-58	103.11	102.31	-.12	2.22	2.25	+.03
2-1/2 6/15/62-67	-	-	-	-	-	-
2-1/2 9/15/67-72	101.10	101.01	-.09	2.43	2.45	+.02
Wholly Tax-exempt Notes						
2% 9/15/42	100.17	100.16	-.01	2/32*	2/32*	0/32*
1-3/4 12/15/42	100.26	100.24	-.02	.09	.15	+.06
1-1/8 6/15/43	100.25	100.26	+.01	.33	.29	-.04
1 9/15/43	100.25	100.25	.00	.37	.36	-.01
1-1/8 12/15/43	101.04	101.03	-.01	.37	.38	+.01
1 3/15/44	100.29	100.29	.00	.48	.47	-.01
3/4 6/15/44	100.14	100.14	.00	.53	.53	.00
1 9/15/44	101.02	101.02	.00	.52	.52	.00
3/4 3/15/45	100.14	100.13	-.01	.59	.60	+.01
Partially Tax-exempt Bonds						
3-3/8% 6/15/43-47	102.24	102.21	-.03	.58	.62	+.04
3-1/4 10/15/43-45	103.10	103.08	-.02	.73	.74	+.01
3-1/4 4/15/44-46	104.09	104.07	-.02	.88	.89	+.01
4 12/15/44-54	107.17	107.13	-.04	.93	.96	+.03
2-3/4 9/15/45-47	105.15	105.13	-.02	1.03	1.04	+.01
2-1/2 12/15/45	105.04	105.01	-.03	1.00	1.02	+.02
3-3/4 3/15/46-56	109.14	109.08	-.06	1.16	1.20	+.04
3 6/15/46-48	107.04	107.01	-.03	1.17	1.18	+.01
3-1/8 6/15/46-49	107.18	107.14	-.04	1.18	1.20	+.02
4-1/4 10/15/47-52	115.07	115.06	-.01	1.28	1.28	.00
2 12/15/47	104.19	104.13	-.06	1.13	1.17	+.04
2-3/4 3/15/48-51	107.24	107.19	-.05	1.34	1.37	+.03
2-1/2 9/15/48	107.01	106.28	-.05	1.32	1.34	+.02
2 12/15/48-50	104.20	104.14	-.06	1.26	1.28	+.02
3-1/8 12/15/49-52	110.27	110.22	-.05	1.58	1.60	+.02
2-1/2 12/15/49-53	106.22	106.16	-.06	1.55	1.57	+.02
2-1/2 9/15/50-52	107.02	106.28	-.06	1.58	1.60	+.02
2-3/4 6/15/51-54	108.27	108.22	-.05	1.69	1.70	+.01
3 9/15/51-55	110.28	110.20	-.08	1.72	1.75	+.03
2-1/4 12/15/51-53	105.13	105.06	-.07	1.63	1.66	+.03
2 6/15/53-55	103.28	103.19	-.09	1.61	1.64	+.03
2-1/4 6/15/54-56	105.18	105.11	-.07	1.73	1.75	+.02
2-7/8 3/15/55-60	110.18	110.09	-.09	1.94	1.96	+.02
2-3/4 9/15/56-59	109.27	109.19	-.08	1.96	1.97	+.01
2-3/4 6/15/58-63	110.01	109.26	-.07	2.01	2.03	+.02
2-3/4 12/15/60-65	110.18	110.10	-.08	2.06	2.08	+.02

Treasury Department, Division of Research and Statistics.

June 25, 1942.

1/ Decimals in prices of certificates are cents.
 * Excess of price over zero yield.

Regraded Unclassified

Table II
Price and Yield Changes of United States Securities
March 19, 1942 to June 25, 1942

(Based on mean of closing bid and asked quotations)

Security	Prices			Yields		
	March 19, 1942	June 25, 1942	Change	March 19, 1942	June 25, 1942	Change
	(Decimals are thirty-seconds) 1/			(Percent)		
Bills						
Average rate last issue	-	-	-	.20	.36	+.16
Certificates						
1/2% 11/1/42	-	100.017	-	-	.45	-
5/8 2/1/43	-	100.009	-	-	.61	-
Taxable Notes						
3/4% 3/15/43	100.12	100.05	-.07	.37	.53	+.16
3/4 9/15/44	99.31	99.23	-.08	.76	.88	+.12
3/4 12/15/45	99.21	99.11	-.10	.84	.94	+.10
1 3/15/46	99.29	99.14	-.15	1.02	1.16	+.14
1-1/2 12/15/46	-	100.11	-	-	1.42	-
Taxable Bonds						
2% 3/15/48-50	101.28	101.12	-.16	1.67	1.75	+.08
2 6/15/49-51	101.04	100.22	-.14	1.83	1.89	+.06
2 9/15/49-51	-	100.19	-	-	1.91	-
2 12/15/51-55	100.12	100.10	-.02	1.96	1.96	.00
2-1/2 3/15/52-54	103.23	104.00	+.09	2.09	2.04	-.05
2-1/4 6/15/52-55	101.06	101.05	-.01	2.12	2.12	.00
2-1/2 3/15/56-58	103.05	102.31	-.06	2.24	2.25	+.01
2-1/2 6/15/62-67	-	-	-	-	-	-
2-1/2 9/15/67-72	100.27	101.01	+.06	2.46	2.45	-.01
Wholly Tax-exempt Notes						
2% 9/15/42	101.04	100.16	-.20	5/32*	2/32*	-3/32*
1-3/4 12/15/42	101.11	100.24	-.19	2/32*	.15	-4/32*
1-1/8 6/15/43	101.04	100.26	-.10	.22	.29	+.07
1 9/15/43	101.03	100.25	-.10	.26	.36	+.10
1-1/8 12/15/43	101.16	101.03	-.13	.26	.38	+.12
1 3/15/44	101.10	100.29	-.13	.34	.47	+.13
3/4 6/15/44	100.27	100.14	-.13	.37	.53	+.16
1 9/15/44	101.16	101.02	-.14	.39	.52	+.13
3/4 3/15/45	101.00	100.13	-.19	.41	.60	+.19
Partially Tax-exempt Bonds						
3-3/8% 6/15/43-47	103.21	102.21	-1.00	.41	.62	+.21
3-1/4 10/15/43-45	104.06	103.08	-.30	.57	.74	+.17
3-1/4 4/15/44-46	105.06	104.07	-.31	.72	.89	+.17
4 12/15/44-54	108.11	107.13	-.30	.91	.96	+.05
2-3/4 9/15/45-47	106.06	105.13	-.25	.94	1.04	+.10
2-1/2 12/15/45	105.28	105.01	-.27	.90	1.02	+.12
3-3/4 3/15/46-56	110.08	109.08	-1.00	1.11	1.20	+.09
3 6/15/46-48	107.28	107.01	-.27	1.09	1.18	+.09
3-1/8 6/15/46-49	108.08	107.14	-.26	1.13	1.20	+.07
4-1/4 10/15/47-52	115.20	115.06	-.14	1.33	1.28	-.05
2 12/15/47	104.23	104.13	-.10	1.15	1.17	+.02
2-3/4 3/15/48-51	107.28	107.19	-.09	1.38	1.37	-.01
2-1/2 9/15/48	107.07	106.28	-.11	1.33	1.34	+.01
2 12/15/48-50	104.21	104.14	-.07	1.28	1.28	.00
3-1/8 12/15/49-52	110.22	110.22	.00	1.65	1.60	-.05
2-1/2 12/15/49-53	106.16	106.16	.00	1.60	1.57	-.03
2-1/2 9/15/50-52	106.20	106.28	+.08	1.66	1.60	-.06
2-3/4 6/15/51-54	108.18	108.22	+.04	1.74	1.70	-.04
3 9/15/51-55	110.20	110.20	.00	1.78	1.75	-.03
2-1/4 12/15/51-53	104.29	105.06	+.09	1.70	1.66	-.04
2 6/15/53-55	103.10	103.19	+.09	1.68	1.64	-.04
2-1/4 6/15/54-56	104.28	105.11	+.15	1.80	1.75	-.05
2-7/8 3/15/55-60	110.00	110.09	+.09	2.00	1.96	-.04
2-3/4 9/15/56-59	109.10	109.19	+.09	2.01	1.97	-.04
2-3/4 6/15/58-63	109.12	109.26	+.14	2.07	2.03	-.04
2-3/4 12/15/60-65	110.00	110.10	+.10	2.10	2.08	-.02

Treasury Department, Division of Research and Statistics.

June 25, 1942.

1/ Decimals in prices of certificates are cents.
 2/ Excess of price over zero yield.

June 26,
1942.

Harold Graves

Secretary Morgenthau

Please look at Thursday night's Washington News, Lansburgh Department Store's ad featuring Marlene Dietrich and War Bonds. I think it is a pretty terrible kind of advertising. I don't think we have to sell our War Bonds in that manner. I hope you agree with me.

39

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942.

TO THE SECRETARY
FROM TED R. GAMBLE

I am attaching Mr. Madden's letter covering his plans for the test to be made on the Post Office designations. Mr. Madden originally stated that he might have as many as 75 men but you will note that he says that he is selecting carefully 25 or more. I told him over the telephone that it was most important that he include in this letter only what he was sure of doing, so I think this accounts for the difference in the number of people discussed. He might well end up with the 75 and increase the number of people to be interviewed during the test.

I think it is a very good report and I would like to point out to you what he says on page 2 about the thoroughness of the follow-up to be made by the banks. Mr. Madden is taking up with Mr. Potter, who represents the Banking Committee, the desire of having the banks study each individual pledge so that they can convert to bank draft orders these pledges received from customers of the bank. I have shown this to Mr. Tiekton and I believe that he feels that this tightens up the bank operation in a desired way.

Mr. Tiekton, Mr. Madden and I are of the opinion that if this test shows that the people select post offices only as a

-2-

matter of convenience, that we then should have the banks follow up all the pledges designating post offices.

I am attaching also a letter received from the Postmaster General's Office declining for the third time our invitation to help out in this program.



TREASURY DEPARTMENT

WAR

~~DEFENSE~~ SAVINGS STAFF521 Fifth Avenue
New York, N.Y.
*Rec'd
6-26*

June 24, 1942.

Mr. T. R. Gamble, Assistant to
the Secretary of the Treasury
Treasury Department
Washington, D. C.

Dear Ted:

This memo follows our 'phone conversation. As agreed,
around the 2nd or 3rd of July I have arranged the following:

1. I am selecting carefully 25 or more high grade men from different organizations around the City. These men will be thoroughly trained and will fully understand the follow-up test plan we have in mind.
2. As material for this survey we will pick out between 100 and 200 pledgees in a given area and our trained group will call on this list. The obvious purpose will be to get a cross section reaction of the dependability and the possible dollar value of pledges.
3. During these visits our test squad, in a tactful, pleasant manner, will cover the following points:
 - (a) Tie up their call with the pledge recently made.
 - (b) Bring along a portfolio of Stamps in all denominations, which, if desired, will enable them to consummate purchases on the spot.
 - (c) Bring along blank checks and order blanks for the purchase of Bonds.
 - (d) Have along a bank draft permitting pledgees to make regular deductions at their bank if an account is maintained, - a desirable service.
 - (e) In an incidental but definite manner inquire as to why the pledgee designated a Post Office as the place of payment for his pledge.

I will make certain that this job is done in a thorough and efficient manner as we all join with the Secretary and you in our deep desire to see the maximum dollar result come from these pledges.

I am hopeful that much good will result. Only today a friend of mine gave me a company pledge for \$50,000. and a personal pledge for \$3000. and immediately followed by saying that I might as well pick these pledges up with the purchase in the next day or so, and forthwith made arrangements. I am inclined to think there is much of this kind of feeling around the Greater City and that during the following weeks and months we will see a material upward trend.





TREASURY DEPARTMENT

WAR

~~DEFENSE~~ SAVINGS STAFF

OFFICE OF STATE ADMINISTRATOR

521 Fifth Avenue
New York, N.Y.

Mr. T. R. Gamble

- 2 -

June 24, 1942.

As explained, I am also covering carefully with Mr. William C. Potter, representing the banks in the Greater City, our feeling that all institutions be notified immediately to thoroughly examine pledges placed with them for fulfillment. This would enable them to give attention at the first opportunity to people indicating a desire to make regular purchases at the institution. It may well be that some will fit into the minimum \$6. War Bond Account plan, others may properly open a regular account at the institution and leave a draft for deductions of \$18.75 and buy at regular intervals, and other cases, make specific arrangements for the purchase of Stamps at certain intervals. Of course, in our own institution's case the problem is quite simple, as every one of our 68 branches will endeavor to convert pledgees into our Victory Club Account which permits great flexibility of function in connection with this whole idea. I am sure that the institutions around the Greater City will give this request a wholehearted response.

I agree completely with you that so much depends on the alert, intelligent, constructive handling of these pledges, which would result in the maximum amount of dollars reasonably soon, contrasted with indifferent, routine attention which could only result in a minimum.

With warmest good wishes to all,

Sincerely,

John T. Madden, Chairman
War Bond Pledge Campaign



Dear Mr.

43

The United States Treasury Department has just notified us that you have pledged yourself to buy War Bonds and Stamps on a continuing basis. Your pledge form has been registered with us for whatever attention may be required.

We are pleased to learn of this patriotic obligation which you have assumed, and if there is any further information we can furnish, or any service we can render you in fulfilling your pledge, we know you will not hesitate to call on us.

Very truly yours,



The Greatest Pledge of All: "WE MUTUALLY PLEDGE TO EACH OTHER OUR LIVES, OUR FORTUNES, AND OUR SACRED HONOR."—*Declaration of Independence.*



Office of the Postmaster General
Washington, D. C.

44
Rec'd 6/23

June 23, 1942

Mr. Ted R. Gamble
Assistant to the Secretary
Treasury Department
Washington, D.C.

Dear Mr. Gamble:

Reference is made to your letter of June 20, suggesting texts of letters to be sent by the Postmasters to those persons in greater New York who have in the course of the Treasury Department's campaign designated post offices as the issuing agency through which they intend to purchase Bonds and Stamps.

The Post Office Department has no objection to the Treasury Department, or the War Savings Staff, writing such letters over the signature of such official of the Treasury Department as the Secretary of the Treasury may designate.

The Post Office Department has long adhered to the policy, which is unbroken, of refusing to permit postmasters generally corresponding or sending broadside communications to people within their communities. This has been a necessary step so that postmasters would attend to postal business and so that the Postal Service would not be subjected to criticism that its postmasters were publicizing themselves, or conducting campaigns which the public and the Congress might feel were not directly connected with the operations of the postal business. It is the standing policy of the Post Office Department that postmasters' correspondence with members of the public is only in connection with requests by members of the public for information or in reply to inquiries or complaints dealing with the operations of his office. Any other policy would open the way to abuses, misunderstandings, and discredit to the Postal Service.

The War Bond and Stamp Program is the program of the Treasury Department and in New York the pledge campaign was organized, sponsored, and executed by the Treasury Department, and properly so. The Post Office Department's connection with that program is only one of service to postal patrons; we did not obtain the pledges

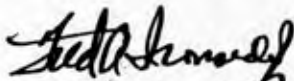
Mr. Ted R. Gamble

- 2 -

June 23, 1942

nor do we have the pledges, which were collected by members of the Treasury staff. Inasmuch as the Treasury Department has the pledges and has conducted this pledge program in New York, the Post Office Department has no objection to the use of the suggested letter if issued by the Treasury Department over the signature of such Treasury official as the Secretary of the Treasury may designate.

Very truly yours,



Fred A. Ironside, Jr.,
Confidential Legal Aide to the
Postmaster General.

FAI FC



TREASURY DEPARTMENT

WASHINGTON

June 26, 1942

MEMORANDUM FOR THE SECRETARY:

Herewith two memoranda from Mr. Sloan, regarding the complaint of Mr. Charles H. Hill, Jr., to the effect that he has been unable to buy 25¢ stamps in the city of Gloucester, Mass.

You will note that our people report that stamps are available at not fewer than twenty five stores in Gloucester.


GRAVES.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 25, 1942

TO MR. GRAVES

FROM E. W. SLOAN *EW Sloan*

Supplementing my memorandum of yesterday, relative to the complaint from Charles Hill, Jr., of Gloucester, Mass., this is to advise that Mr. Doherty talked with Mr. Loeffler the Chairman at Gloucester today and Mr. Loeffler reports that he personally knew of the complaint and had checked it himself. Loeffler states that Hill could have secured stamps if willing to go to prescription counter of the Sterling Drug Store. Gloucester now has at least 25 stores selling Stamps. Loeffler has already taken the matter up with the Chamber of Commerce and Merchants Division Local Committee. He will personally urge all stores to carry ample supply of stamps and further expand the outlets.

The original letter from Mr. Hill has been referred to Mr. Doherty and the matter will no doubt be handled personally by Mr. Loeffler.



TREASURY DEPARTMENT

WASHINGTON

June 24, 1942

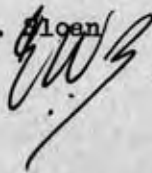
MR. GRAVES:

Upon receipt of the attached memorandum from the Secretary we contacted Mr. Doherty, State Administrator for Massachusetts, regarding the complaint of Mr. Charles H. Hill, Jr., that he was unable to purchase War Savings Stamps in Gloucester, Massachusetts.

Mr. Doherty advises by teletype that Mr. Loeffler, Chairman of the War Savings Committee for Gloucester, is out of town until tomorrow. The records show that twelve representative stores centrally located are selling stamps. Also the Strand and North Shore Theatres are participating in the program. Mr. Doherty further advises that Mr. Loeffler is one of the most efficient chairmen in his State.

Gloucester has a population of less than 25,000. Stamp sales from May 1, 1941 to May, 1942 total \$76,347. and Bond sales for the same period amount to over one and three quarter millions dollars.

Mr. Doherty will take the matter up with Mr. Loeffler personally tomorrow and will advise us by teletype of his discussion and findings.

E. W. Allen


DEFENSE

BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

-COPY-

June 24, 1942.

To Harold Graves
From Secretary Morgenthau

Amongst my weekly mail is a letter from Charles H. Hill, Jr., Gloucester, Massachusetts saying he can't get 25¢ stamps. I wish you would check this case, and also some other places and see if it is so difficult to get stamps. It seems to me that by this time we ought to have enough places where people can buy stamps easily, and where they would be on sale at all times. Please let me hear from you on this in the next day or two.



TREASURY DEPARTMENT

WASHINGTON

June 26, 1942

MEMORANDUM FOR THE SECRETARY:

Herewith a memorandum from Admiral Conard, prepared by him at my suggestion, reporting progress on the payroll allotment plan in the Federal service.

Please note especially the reference to Mr. Bartelt, as marked on page 2. You will recall that you expressed the intention of commending him personally.


GRAVES.



OFFICE OF CHAIRMAN
TREASURY DEPARTMENT

INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE
WASHINGTON

June 25, 1942

MEMORANDUM FOR SECRETARY OF THE TREASURY:

Executive Order No. 9135 establishing the Interdepartmental War Savings Bond Committee, was published in the Federal Register April 17, 1942. On April 21 to 24 personal letters were addressed by the Chairman to heads of departments, establishments and agencies enclosing a copy of the Executive Order and suggesting the designation of alternates.

Replies to these letters came in during the following two weeks, and when a sufficient number had been received, a meeting of the alternate members of the Committee was called for May 18, 1942. During the interim a uniform plan for voluntary pay roll allotments was developed in detail. For this purpose the plan worked out for the Treasury Department was modified, principally in terminology, so as to be applicable to all Government agencies. It was based on the original Navy plan, which, however, involved the use of special Navy Issuing Agents, and in that respect was not considered suitable for general adoption. Consequently at the meeting of May 18, a well digested plan was presented for consideration. This plan was adopted by resolution of the meeting.

It was agreed that the Treasury Department should proceed as soon as practicable to undertake its campaign. The other Government agencies agreed to set up the same or similar campaign organizations as that shown in the adopted plan as soon as they could designate the necessary personnel and obtain the forms required for that purpose. They further agreed by resolution that the Group Agent Plan would be discontinued by all Government organizations as soon as practicable.

On May 19th, Committee Members were requested to submit requests for quantities of the forms and publications required to carry out the campaign and to put the plan into effect. At the same time steps were taken to have printed all publications to be used by the various agencies.

The Procurement Division of the Treasury agreed to handle the receipt, storage and issuance of forms and publications (in some cases 2,500,000 copies were involved) and the business of printing and distribution of these forms has been proceeding since that date and is now practically accomplished.



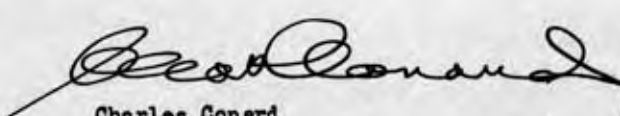
- 2 -

On May 29, 1942 all Alternate Committee Members were furnished with a sample of the form of report which they would be required to submit to the Chairman. Close touch has been maintained with all Government agencies as to the progress of their organizational efforts and their campaigns. Representatives of this office have upon request attended their meetings and made addresses explaining the plan. A complete check-up of progress is now being conducted.

The success of the Treasury campaign is, of course, well known. Mr. Bartelt's contribution to the uniform plan has been invaluable. His bulletins issued during the course of the Treasury campaign have been supplied to all of the agencies as an aid to them in the conduct of their own campaigns.

All agencies have been notified that the month of July should show substantial results of the plan as reflected in the pay rolls. It is estimated, however, that the program will not be fully in force until after August 1, as the organizational work, especially in the large departments with extensive field services requires much study and preparation. The War Department, for example, employs about one-third of the civilian personnel of the Government. It already had a pay roll savings plan in effect, and it will take a considerable time to modify it to accord with the standard plan.

Copies of Circulars 1 to 4 inclusive are attached.



Charles Conard



INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE

OFFICE OF THE CHAIRMAN

WASHINGTON

Circular No. 1

May 19, 1942

TO COMMITTEE MEMBERS:

The Committee at its meeting held May 18, 1942 in the Departmental Auditorium, adopted by resolution a uniform plan whereby all civilian officers and employees may systematically purchase War Savings Bonds through voluntary pay allotments.

The plan thus adopted follows in general the plan prepared by the Treasury Department for employees of that Department and includes: (1) A "Campaign System", (2) the Procedure for Making Allotments and Issuing Bonds; (3) the "Regulations" as contained in Treasury "Department Circular No. 677 (Revised)", and (4) Reports to be Rendered.

1. CAMPAIGN SYSTEM

This is covered by the letter of May 11, 1942 issued by the Treasury Departmental Chairman. It describes how applications from employees to participate in the Pay Roll Allotment Plan are obtained and handled. Each Governmental organization is expected to set up its own method of campaign activities patterned as closely along the lines of this letter as practicable, but modified where necessary to suit its own conditions. The designation of "Minute Men" for direct contact with the employees is important, as it is advisable to differentiate between their functions and those of the "Group Agents". Those who are serving as Group Agents may readily be utilized as Minute Men, however.

2. PROCEDURE FOR MAKING ALLOTMENTS AND ISSUING BONDS.

This part of the Plan must be common for all Government organizations, since it uses the forms approved by the Comptroller General and conforms to the accounting practices of the Government.

3. REGULATIONS.

This part of the plan will be controlling in all instances. It contains instructions by the Secretary of the Treasury as to issuing and general handling of bonds together with the fundamental features of the Pay Roll Savings Plan.



- 2 -

4. REPORTS TO BE RENDERED.

This part of the plan can be adapted to suit the local conditions in each organization except that the system of reporting progress must be such as to furnish the necessary figures for the semi-monthly consolidated report to be made to the Chairman, for which an additional form is now being drawn up.

A resolution was adopted as follows:

"It is the sense of the Committee that the Group Agent Plan be discontinued by all Government organizations as soon as practicable".

Referring to the folder entitled "Pay-Roll Allotment Plan for the Purchase of War Savings Bonds", a copy of which was furnished each representative present at the meeting, it is requested that the Chairman be advised as promptly as possible as to the number of copies which will be required of the following:

1. T. D. Form No. 2254.
2. T. D. Circular No. 677.
3. Procedure for making allotments and issuing bonds, (Attachment No. 2).
4. Handbook for Minute Men (Attachment No. 4).
5. Campaign Handbook (i.e., Message to Employees, Attachment No. 5).
6. Questions and answers (Attachment No. 6).



Chairman

INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE
OFFICE OF THE CHAIRMAN
WASHINGTON

Treasury Department

May 29, 1942

Circular No. 2

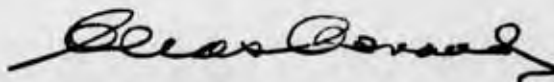
TO ALTERNATE COMMITTEE MEMBERS:

Enclosed herewith is an advance sample of form No. 10, which form will be used by departments, establishments and agencies in making semi-monthly reports to the Chairman relative to the progress of the Pay Roll Savings Plan. The form is being printed for distribution.

It will be noted that the form provides for reports under the headings "Departmental" and "Field". As the program gets under way, it will probably be possible to furnish the Departmental figures sooner than figures for the Field, and it is suggested that in that case Departmental figures be furnished as soon as available and separate reports for the Field be made when the figures become available.

The purpose in furnishing the advance sample of the form is to inform all concerned as to the character of the reports which will be required.

The Division of Disbursement, Treasury Department, has a limited stock of Bond Issuance Schedules, T. D. Forms 1737 and 1737a, and will upon request furnish the various departments, establishments and agencies with an initial supply in order to assist them in starting the Pay Roll Savings Plan. Request for this initial supply should be submitted to the Supply Section, Division of Disbursement, Treasury Annex No. 1, Room 161. Additional requirements for these forms should be submitted to the Public Printer.



Chairman

CC:fw

U. S. GOVERNMENT PAY ROLL SAVINGS PLAN
SEMI-MONTHLY REPORT OF,

TO OFFICE OF THE CHAIRMAN, INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE

PERIOD _____

	<u>DEPARTMENTAL</u>	<u>FIELD</u>	<u>TOTAL</u>
1. Number of Employees on Pay Roll	_____	_____	_____
2. Number of employees Participating in Plan	_____	_____	_____
3. Percentage of Employees Participating (Item 2 divided by Item 1).	_____ %	_____ %	_____ %
4. Gross Pay Roll	\$ _____	\$ _____	\$ _____
5. Amount Allotted on Pay Roll	\$ _____	\$ _____	\$ _____
6. Percentage Allotted (Item 5 divided by Item 4).	_____ %	_____ %	_____ %
7. Average Allotment (Item 5 divided by Item 2).	\$ _____	\$ _____	\$ _____

Committee Member (Alternate)

INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE
Washington

Office of Chairman
Treasury Department

June 12, 1942

Circular No. 3

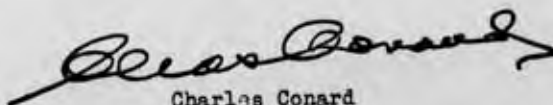
TO ALL ALTERNATE COMMITTEE MEMBERS:

The Treasury Department reports complete success in its campaign in which more than 90% participation by personnel will be attained, and in which allotments amounting to more than 10% of the gross pay roll are being secured.

A copy each of Bulletins No. 1 to 4 inclusive, issued by the Treasury Department during its campaign is being furnished for the information of all Committee Members. These Bulletins contain information which will be of assistance to all Government Agencies in the conduct of their own campaigns, even though the plan followed does not conform precisely to that of the Treasury Department.

The publications listed in the final paragraph of Circular No. 1, of May 19, 1942, are now being distributed to the various Government Agencies in compliance with the requests received. Items 5 (Campaign Handbook) and 6 (Questions and Answers) have been combined in one pamphlet entitled "A Message To You". In cases where different quantities of items 5 and 6 were requested, the larger quantity has been used in supplying the combined items.

When these publications have been received, it is expected that all Agencies will be enabled to undertake an intensive and sustained campaign for the enrollment of personnel.



Charles Conard
Chairman

INTERDEPARTMENTAL WAR SAVINGS BOND COMMITTEE
Washington

Office of Chairman
Treasury Department

June 20, 1942

Circular No. 4

TO ALL ALTERNATE COMMITTEE MEMBERS:

The forms and publications mentioned in Circular No. 1 have been distributed to nearly all agencies, and reports indicate that campaigns for enrollment of personnel in the Pay Roll Savings Plan are either in progress or will be started very soon. While it is appreciated that organizational work requires much study and preparation, it is extremely important that actual participation in the plan commence as soon as possible. Rolls valid during the month of July should show substantial results of the plan.

Form No. 10, "Semi-Monthly Report" is being printed and a supply will be distributed in about ten days from this date. No requisition is necessary for this distribution, but subsequent lots should be requested in the quantities desired.

A sample of the "Minute Man's Record" card (Form No. 1) is enclosed. A supply of these is now available, and they will be furnished upon request of those desiring them.

Bulletins Nos. 5 and 6 issued by the Treasury Department during its campaign are also enclosed.

Buttons to indicate participation by individuals are available and may be obtained by requisition on this office.



Charles Conard
Chairman

Analysis of Exposure to Payroll Savings Plans

June 20, 1942

	Number exposed to payroll savings plans	Total number in the country (estimated)	Percent of total exposed
--	---	--	--------------------------------

Part A - Summary by Number of Organizations Exposed

I. Business organizations			
(1) Firms with 5,000 employees or more.....	476	480	99
(2) Firms with 500 to 4,999 employees.....	4,920	6,205	79
(3) Firms with 100 to 499 employees.....	<u>19,220</u>	<u>27,057</u>	<u>71</u>
(4) Subtotal - large firms.....	24,616	33,742	73
(5) Firms with less than 100 employees.....	<u>78,141</u>	*	*
(6) Total business organizations.....	102,757	*	*
II. Governmental organizations.....	*	*	*
III. Grand total.....	<u>102,757</u>	<u>*</u>	<u>*</u>

Part B - Summary by Number of Employees Exposed

I. Business organizations			
(1) Firms with 5,000 employees or more.....	7,779,558	*	*
(2) Firms with 500 to 4,999 employees.....	6,648,587	*	*
(3) Firms with 100 to 499 employees.....	<u>4,553,530</u>	*	*
(4) Subtotal - large firms.....	18,981,675	*	*
(5) Firms with less than 100 employees.....	<u>2,082,809</u>	*	*
(6) Total business organizations.....	21,064,484	30,000,000 1/	70
II. Governmental organizations.			
(1) Federal Government.....	397,981	2,100,000 1/	19
(2) State and local governments.....	<u>1,144,110</u>	<u>2,700,000</u>	<u>42</u>
(3) Total governmental organizations.....	<u>1,542,091</u>	<u>4,800,000</u>	<u>32</u>
III. Grand total.....	<u>22,606,575</u>	<u>34,800,000 1/</u>	<u>65</u>

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 26, 1942.

1/ Excludes agricultural employees, military personnel, employees on WPA or NYA or CCC projects, proprietors, firm members, self-employed, casual workers and persons in domestic service.

* Data not available.

Regraded Unclassified

Firms Employing 100 to 499 Persons Participating in Payroll Savings Plans

(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Apr. 18	June 13	June 20		Apr. 18	June 13	June 20
Alabama.....	149	219	221	285	52	77	78
Arizona.....	43	56	59	64	67	88	92
Arkansas.....	44	48	49	142	31	34	35
Northern California.....	512	616	624	624	82	99	100
Southern California.....	756	855	869	1,171	65	73	74
Colorado.....	113	121	122	124	91	98	98
Connecticut.....	277	304	305	622	45	49	49
Delaware.....	21	49	49	85	25	58	58
District of Columbia.....	52	78	87	152	34	51	57
Florida.....	147	177	180	180	82	98	100
Georgia.....	133	272	276	590	23	46	47
Idaho.....	31	31	31	39	79	79	79
Illinois.....	1,300	1,564	1,584	2,252	58	69	70
Indiana.....	415	559	579	587	71	95	99
Iowa.....	165	201	201	272	61	74	74
Kansas.....	276	278	278	278	99	100	100
Kentucky.....	136	180	181	312	44	58	58
Louisiana.....	179	251	254	384	47	65	66
Maine.....	60	99	107	198	30	50	54
Maryland.....	177	225	230	405	44	56	57
Massachusetts.....	639	746	770	1,523	42	49	51
Michigan.....	689	831	847	1,022	67	81	83
Minnesota.....	376	416	417	417	90	99	100
Mississippi.....	59	62	63	143	41	43	44
Missouri.....	472	572	586	664	71	88	88
Montana.....	40	44	45	45	89	98	100
Nebraska.....	103	111	112	123	84	90	91
Nevada.....	14	16	16	21	67	76	76
New Hampshire.....	89	102	102*	145	61	70	70
New Jersey.....	463	685	704	867	53	79	81
New Mexico.....	33	33	33*	42	79	79	79
New York.....	2,060	2,774	2,794	4,240	49	65	66
North Carolina.....	282	382	388	499	57	77	78
North Dakota.....	14	19	19*	29	48	66	66
Ohio.....	1,126	1,233	1,236	1,739	65	71	71
Oklahoma.....	166	206	209	345	48	60	61
Oregon.....	211	266	266	271	78	98	98
Pennsylvania.....	1,682	1,914	1,937	2,032	83	94	95
Rhode Island.....	154	184	187	224	69	82	83
South Carolina.....	71	125	127	174	41	72	73
South Dakota.....	21	23	23	23	91	100	100
Tennessee.....	199	199	231	449	44	44	51
Texas.....	326	437	439	1,376	24	32	32
Utah.....	36	44	44*	111	32	40	40
Vermont.....	59	60	60	63	94	95	95
Virginia.....	281	354	357	357	79	99	100
Washington.....	234	304	311	323	72	94	96
West Virginia.....	134	143	156	272	49	53	57
Wisconsin.....	278	380	386	680	41	56	57
Wyoming.....	17	18	18*	18	94	100	100
Alaska.....	2	2	2*	2	100	100	100
Railroads.....	49	49	49	52	94	94	94
Total.....	15,365	18,917	19,220	27,057	57	70	71

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 26, 1942.

* Data are for June 13, inasmuch as no June 20 report was received.

Regraded Unclassified

Firms Employing 500 Persons or More Participating in Payroll Savings Plans
(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Apr. 18	June 13	June 20		Apr. 18	June 13	June 20
Alabama.....	41	60	62	83	49	72	75
Arizona.....	9	10	10	13	69	77	77
Arkansas.....	16	16	16	22	73	73	73
Northern California.....	122	125	125	175	70	71	71
Southern California.....	121	130	130	165	73	79	79
Colorado.....	25	28	28	29	86	97	97
Connecticut.....	114	117	118	153	75	76	77
Delaware.....	15	18	18	24	63	75	75
District of Columbia.....	32	33	33	53	60	62	62
Florida.....	28	31	31	63	44	49	49
Georgia.....	86	106	106	111	77	95	95
Idaho.....	11	11	11	11	100	100	100
Illinois.....	391	421	423	550	71	77	77
Indiana.....	88	125	126	171	51	73	74
Iowa.....	22	29	29	41	54	71	71
Kansas.....	23	24	24	24	96	100	100
Kentucky.....	38	45	45	73	52	62	62
Louisiana.....	29	40	45	80	36	50	56
Maine.....	48	55	56	60	80	92	93
Maryland.....	84	91	91	108	78	84	84
Massachusetts.....	237	272	277	358	66	76	77
Michigan.....	265	277	277	309	86	90	90
Minnesota.....	79	80	80	84	94	95	95
Mississippi.....	26	30	31	38	68	79	82
Missouri.....	103	115	119	139	74	83	86
Montana.....	3	3	3	3	100	100	100
Nebraska.....	23	24	24	31	74	77	77
Nevada.....	4	4	4	5	80	80	80
New Hampshire.....	29	32	32*	32	91	100	100
New Jersey.....	142	167	171	207	69	81	83
New Mexico.....	5	5	5*	5	100	100	100
New York.....	759	816	819	1,098	69	74	75
North Carolina.....	103	128	129	160	64	80	81
North Dakota.....	0	0	0	0	0	0	0
Ohio.....	412	426	427	496	83	86	86
Oklahoma.....	31	39	39	51	61	76	76
Oregon.....	48	54	54	54	89	100	100
Pennsylvania.....	551	576	577	624	88	92	92
Rhode Island.....	61	69	69	81	75	85	85
South Carolina.....	84	94	94	103	82	91	91
South Dakota.....	5	5	5	5	100	100	100
Tennessee.....	50	50	56	108	46	46	52
Texas.....	63	78	78	142	44	55	55
Utah.....	8	10	10*	16	50	63	63
Vermont.....	12	12	12	12	100	100	100
Virginia.....	93	98	100	101	92	97	99
Washington.....	49	64	65	74	66	86	88
West Virginia.....	36	58	61	67	54	87	91
Wisconsin.....	127	138	138	154	82	90	90
Wyoming.....	1	1	1*	1	100	100	100
Alaska.....	3	3	3*	3	100	100	100
Railroads.....	109	109	109	115	95	95	95
Total.....	4,864	5,352	5,396	6,685	73	80	81

UNITED STATES SAVINGS BONDS - SERIES E

Comparison of June sales to date with sales during the
same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days				June as percent of May
		June	May	April		
June 1942						
1	\$ 19,834	\$ 19,834	\$ 12,679	\$ 12,993		156.4%
2	8,008	27,841	24,263	24,256		114.7
3	12,970	40,811	46,532	35,050		87.7
4	17,388	58,199	55,460	47,119		104.9
5	24,789	82,988	73,824	65,115		112.4
6	15,209	98,197	97,049	73,795		101.2
8	27,048	125,245	114,218	85,714		109.7
9	8,912	134,157	128,670	97,925		104.3
10	20,085	154,242	151,956	108,707		101.5
11	15,678	169,920	161,346	116,081		105.3
12	16,550	186,470	177,133	138,272		105.3
13	15,230	201,700	194,047	146,937		103.9
15	23,984	225,684	208,939	154,623		108.0
16	7,535	233,218	223,242	168,103		104.5
17	15,815	249,033	247,532	178,870		100.6
18	12,288	261,321	257,374	189,156		101.5
19	19,421	280,742	271,079	207,742		103.6
20	10,987	291,729	290,485	217,104		100.4
22	29,386	321,114	309,584	229,140		103.7
23	10,692	331,806	323,705	241,644		102.5
24	15,866	347,673	347,494	256,076		100.1
25	14,877	362,550	360,564	267,396		100.6

June 26, 1942.

Office of the Secretary of the Treasury,
Division of Research and Statistics.

Source: All figures are deposits with the Treasurer of the United States on
account of proceeds of sales of United States savings bonds.

Note: Figures have been rounded to nearest thousand and will not necessarily
add to totals.

UNITED STATES SAVINGS BONDS - SERIES F AND G COMBINED

Comparison of June sales to date with sales during the
same number of business days in April and May 1942

(At issue price in thousands of dollars)

		Cumulative sales by business days			
Date	June daily sales	June	May	April	June as percent of May
June 1942					
1	\$ 9,705	\$ 9,705	\$ 7,302	\$ 11,987	132.9%
2	7,895	17,601	15,168	21,677	116.0
3	8,634	26,235	25,516	29,097	102.8
4	13,774	40,009	33,145	35,818	120.7
5	9,344	49,353	48,751	46,174	101.2
6	6,535	55,888	60,817	55,991	91.9
8	11,526	67,414	67,213	63,695	100.3
9	4,952	72,366	72,794	70,364	99.4
10	9,945	82,310	80,845	77,197	101.8
11	7,542	89,852	85,410	80,586	105.2
12	5,402	95,254	94,391	91,623	100.9
13	6,210	101,464	102,106	96,031	99.4
15	7,251	108,715	108,923	102,657	99.8
16	3,564	112,279	114,129	111,829	98.4
17	7,470	119,749	123,534	116,374	96.9
18	6,299	126,048	127,724	120,625	98.7
19	8,014	134,062	138,908	131,852	96.5
20	3,367	137,429	149,502	136,532	91.9
22	10,269	147,698	156,587	145,250	94.3
23	5,834	153,532	161,404	152,983	95.1
24	9,242	162,774	171,335	160,398	95.0
25	7,773	170,547	179,208	166,278	95.2

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 26, 1942.

Source: All figures are deposits with the Treasurer of the United States on
account of proceeds of sales of United States savings bonds.

Note: Figures have been rounded to nearest thousand and will not necessarily
add to totals.

UNITED STATES SAVINGS BONDS - TOTAL

Comparison of June sales to date with sales during the same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days				June as percent of May
		June	May	April		
June 1942						
1	\$ 29,539	\$ 29,539	\$ 19,981	\$ 24,980		147.8%
2	15,903	45,442	39,430	45,933		115.2
3	21,604	67,046	72,048	64,147		93.1
4	31,162	98,208	88,605	82,937		110.8
5	34,132	132,341	122,575	111,289		108.0
6	21,744	154,085	157,866	129,786		97.6
8	38,574	192,659	181,431	149,409		106.2
9	13,863	206,523	201,464	168,289		102.5
10	30,029	236,552	232,801	185,904		101.6
11	23,220	259,772	246,756	196,667		105.3
12	21,952	281,724	271,525	229,895		103.8
13	21,439	303,163	296,152	242,969		102.4
15	31,235	334,398	317,861	257,280		105.2
16	11,099	345,497	337,371	279,933		102.4
17	23,285	368,782	371,066	295,244		99.4
18	18,587	387,369	385,098	309,780		100.6
19	27,435	414,804	409,987	339,594		101.2
20	14,354	429,158	439,987	353,636		97.5
22	39,655	468,812	466,171	374,391		100.6
23	16,526	485,338	485,109	394,628		100.0
24	25,108	510,446	518,829	416,474		98.4
25	22,650	533,097	539,771	433,674		98.8

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 26, 1942.

Source: All figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds.

Note: Figures have been rounded to nearest thousand and will not necessarily add to totals.

Sales of United States Savings Bonds
From June 1 through June 25, 1942
Compared with Sales Quota for Same Period
(At issue price in millions of dollars)

Date	Series E				Series F and G				Total			
	Actual Sales		Quota,	Sales	Actual Sales		Quota,	Sales	Actual Sales		Quota,	Sales
	June 1		June 1	to Date	June 1		June 1	to Date	June 1		June 1	to Date
	Daily	to	to	as % of	Daily	to	to	as % of	Daily	to	to	as % of
	Date	Date	Date	Quota	Date	Date	Date*	Quota	Date	Date	Date	Quota
1	\$ 19.8	\$ 19.8	\$ 21.7	91.2%	\$ 9.7	\$ 9.7	\$ 14.0	69.3%	\$ 29.5	\$ 29.5	\$ 35.7	82.6%
2	8.0	27.8	32.0	86.9	7.9	17.6	23.0	76.5	15.9	45.4	55.0	82.5
3	13.0	40.8	46.4	87.9	8.6	26.2	37.9	69.1	21.6	67.0	84.3	79.5
4	17.4	58.2	63.6	91.5	13.8	40.0	51.0	78.4	31.2	98.2	114.6	85.7
5	24.8	83.0	79.6	104.3	9.3	49.4	61.7	80.1	34.1	132.3	141.3	93.6
6	15.2	98.2	93.7	104.8	6.5	55.9	69.4	80.5	21.7	154.1	163.1	94.5
8	27.0	125.2	120.0	104.3	11.5	67.4	82.2	82.0	38.6	192.7	202.2	95.3
9	8.9	134.2	132.4	101.4	5.0	72.4	89.2	81.2	13.9	206.5	221.6	93.2
10	20.1	154.2	149.6	103.1	9.9	82.3	99.6	82.6	30.0	236.6	249.2	94.9
11	15.7	169.9	170.0	99.9	7.5	89.9	108.4	82.9	23.2	259.8	278.4	93.3
12	16.5	186.5	189.0	98.7	5.4	95.3	115.4	82.6	22.0	281.7	304.4	92.5
13	15.2	201.7	205.6	98.1	6.2	101.5	120.8	84.0	21.4	303.2	326.4	92.9
15	24.0	225.7	236.5	95.4	7.3	108.7	130.9	83.0	31.2	334.4	367.4	91.0
16	7.5	233.2	251.1	92.9	3.6	112.3	137.3	81.8	11.1	345.5	388.4	89.0
17	15.8	249.0	271.3	91.8	7.5	119.7	147.8	81.0	23.3	368.8	419.1	88.0
18	12.3	261.3	295.2	88.5	6.3	126.0	157.0	80.3	18.6	387.4	452.2	85.7
19	19.4	280.7	317.4	88.4	8.0	134.1	164.6	81.5	27.4	414.8	482.0	86.1
20	11.0	291.7	336.9	86.6	3.4	137.4	170.6	80.5	14.4	429.2	507.5	84.6
22	29.4	321.1	373.0	86.1	10.3	147.7	181.9	81.2	39.7	468.8	554.9	84.5
23	10.7	331.8	390.0	85.1	5.8	153.5	189.2	81.1	16.5	485.3	579.2	83.8
24	15.9	347.7	413.5	84.1	9.2	162.8	201.3	80.9	25.1	510.4	614.8	83.0
25	14.9	362.5	441.1	82.2	7.8	170.5	212.0	80.4	22.7	533.1	653.1	81.6
26			466.8				221.0				687.8	
27			489.2				228.0				717.2	
29			530.6				241.4				772.0	
30			550.0				250.0				800.0	

June 26, 1942.

Office of the Secretary of the Treasury, Division of Research and Statistics.

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.

* Takes into account both the daily trend during the week and the monthly trend during the month.

MEMORANDUM FOR THE SECRETARY.

June 26, 1942.

Mail Report

The lack of definite action on new proposals in connection with tax and bond matters is reflected in the falling off of the current mail receipts. The usual topics were discussed during the past week.

In each 10 letters speaking of source deduction for income taxes, 5 were unfavorable, 1 favorable, and 4 simply commented on the proposition. Joint income tax returns were favored by only one correspondent. On the other side were a number of professional women's clubs, a Chamber of Commerce, and several individuals.

Only two comments were received on the suggested ceiling income of \$25,000 -- 1 favorable, 1 opposed. Taxes on the incomes of corporations are discussed in a number of letters -- most of them opposing higher rates in order that dividends received by small investors, with no other income, may not be reduced or entirely eliminated. There were several letters opposing taxation on educational, religious and charitable institutions, and several pleas were received for exemptions for insurance premiums, investments in War Bonds, children over 18 who are still students, hospitalization and death expenses, etc. There were 6 letters opposing the Sales Tax to 1 recommending it.

The use stamp for cars was a popular subject -- many letters suggesting that no gas ration cards be issued until the \$5 stamp has been purchased.

Suggestions for new types of bonds are frequent. A great many patriots want some sort of bond that carries no interest. Several ask for bonds of smaller denominations, and a few ask the removal of the present limitation as to the amount purchaseable within a year. There are many slogans, poems, posters and ideas for sales promotion, and also many requests for insignia or letters of commendation for individuals and companies.

J. F. Forbush

- 1 -

General Comments

William H. Cotton, Bronxville, N. Y. * * * I am an American citizen and was formerly in the employ of the I. G. Farbenindustrie A. G. of Germany. On January 1, 1939, I was pensioned. * * * I have in my possession a contract signed by the I. G. Farbenindustrie A. G. guaranteeing me this pension, to which I have contributed in part, for the rest of my life and my wife's life. * * * On September 25, 1941, the Irving Trust Company wrote me as follows: "We have been requested to notify you that, due to Executive Order No. 8389 as amended, payments made to you through us on the twentieth of each month will be discontinued until such time as the existing restrictions are rescinded." The Irving Trust Company refuses to inform me who authorized them to pay me my pension and who requested them to write the above letter of September 25, 1941. I have however been given to understand that the payments were made by or through an American firm. I cannot imagine that the Executive Order No. 8389 as amended, which was issued by you, was intended to penalize an American Citizen at the expense of a German firm. I have taken this matter up with the Federal Reserve Bank of New York, but they informed me that they were unable to be of any assistance to me at the present time, and suggested that I contact the Alien Property Custodian. This I have done, but the Alien Property Custodian refers me back to the Federal Reserve Bank as he writes, that although he has vested in himself certain property of the I. G. Farbenindustrie A. G. in this country, he has not as yet taken any action with respect to bank accounts held in the name of the I. G. Farbenindustrie A. G. from which a claim such as mine might be satisfied. I am therefore at a loss to know what further steps to take, as each department refers me back to the other. * * *

Max Leuchter, Publisher, Vineland Times Journal, Vineland, N. J. * * * May I express to you and the Administration my admiration for the manner in which the nation is being guided during the greatest of all crises in its history. It does appear that, at long last, Alexander Hamilton may no longer be referred to as "The greatest Secretary of the Treasury".

- 2 -

J. R. Hill, H-Y Oil Company, Fort Worth, Texas. * * *
If the rationing of gasoline is made nation wide, it will break thousands of oil operators; every one in the United States is moving Heaven and Earth collecting scrap rubber in order to divert the rationing of gasoline, yet in the face of this campaign, Henderson has gone ahead with plans to ration gasoline, not knowing the amount of rubber that will be available. If they ration gasoline, more people will be thrown out of employment, and more people broke, than during any panic this country has ever seen. The oil business radiates out into every line of business in the country. Therefore, other business will be affected, and this will cause more dissatisfaction with the Government than anything that could happen to the country.

Albert H. Wikoy, Jr., Post Commander, Woodfords, Maine.
Enclosed you will please find check of the Ralph D. Caldwell Post No. 129, American Legion, of this city, drawn payable to the Treasurer of the United States for \$25.00. A number of years ago the Post received from Government authorities two obsolete salute guns for mementoes to be placed upon the grounds of the Post Home. After the attack upon Pearl Harbor, it was the unanimous opinion of the members that the guns should be returned to the source from which received, as it seemed that the metal was much needed by the Government. However, it was found that the only disposition that could be made was through a sale, which was immediately consummated, the proceeds of which are represented in the enclosed check for \$25, which we trust will be placed in a fund to be used for the emergency now existing. We appreciate the fact that the amount is trivial, but hope that other similar contributions may have been received to have built up the fund to a sizeable figure.

- 3 -

Favorable Comments on Taxation

Irving H. Kutcher, Philadelphia, Pa. It is with an appreciation of your excellent endeavors to finance our war effort that I am writing to suggest an additional source of revenue for the Federal Government. There are hundreds of millions of dollars in escheatable funds available in this country. These funds consist, in part, of the unclaimed deposits left with the thousands of utilities, unclaimed bonds which have matured, unclaimed dividends, unclaimed bank deposits, and insurance policies whose insured must have died many years ago, and many other similar items. * * * Only a few States have effective escheat laws, and in the remainder of the country there is no means whereby those funds might be recovered by Governmental authority. * * * With profound regard for the manner in which you are handling an enormous undertaking.

S. R. Firestone, N. Y. C. Since no one can use his car without a gasoline ration card, why does not the Treasury Dept. use the machinery set up to issue these cards to collect the \$5 tax on each car, due July 1? Those who have already purchased their stamps could produce them when applying for their ration card, and the others could purchase them when applying for their ration card. Immediate publicity to this effect, and changing the date of the tax from July 1 to July 22 would keep people from pasting their new stamp on their windshields until after it had been presented and recorded at the Ration Card Station.

Irving Wolf, Brooklyn, N. Y. * * * I really believe that the passage of the Joint Tax section of the tax bill will not endanger the future of the American women. I hope you are successful in having this section included.

- 4 -

Unfavorable Comments on Taxation

Mrs. P. L. White, Indianapolis, Ind. At the instance of your Department we have heard a lot of advertising recently for the purchase of Tax Bonds against future taxes. Today I called the Internal Revenue Department, which serves the State of Indiana, only to find that they did not sell Tax Bonds, nor had they any information as to the denomination, or place of sale. I finally called my bank, The Peoples State Bank, whose officers were most courteous, and from whom I purchased the Bonds. Is there any reason why it is too much trouble for your sub-departments to do likewise?

Senator Tom Stewart, (Tennessee), sends a letter he has received from a constituent -- Fitzgerald Hall, President, The Nashville, Chattanooga and St. Louis Railway, Nashville, Tennessee. I understand that the Treasury Department is recommending to the Congress that all or some of the revenue of such privately operated institutions as Vanderbilt University be subject to the Federal income tax laws. I am amazed at any one suggesting this, unless it is a part of a deliberate plan to impair or destroy all educational and eleemosynary institutions not operated directly or indirectly by public authority. * * * When we reach the point that the Federal Government is going to tax the income of privately endowed institutions of learning, charities, humanitarian works for crippled children, and others, then I feel that much which we are supposed to be fighting for is of doubtful value, outside of the fact that, at the moment, we are fighting to save our skins. * * * It would be very interesting if, without too much trouble, you could find out for me also whether the Treasury Department is recommending imposing income taxes upon the incomes of Labor Unions.

W. H. O'Tolle, Accountant-Analyst, St. Paul, Minn. As one who is, in the aggregate, close to substantial payroll volume, I am of the opinion that the application of income tax at the source through payroll deduction would be a serious error. Such a measure will create a resentment on the part of both employer and employee that will be reflected in a marked decrease in Bond and Savings Stamp sales. * * *

- 5 -

Henry Phillips, Syracuse, N. Y. The suggestion that bequests to religious, charitable and educational institutions shall be taxed under the new revenue law would very seriously interfere with the operation of our privately endowed colleges and universities. The School of Citizenship and Public Affairs at Syracuse University is wholly financed by the George H. Maxwell Foundation. I am told by the secretary of this Foundation that it would not be possible to continue to provide \$75,000 annually for the support of that school if this proposed tax is placed in effect, and as a Trustee of Syracuse University, and being fully informed in the matter of its financial situation, I have no question of the truthfulness of the statement of the secretary. Furthermore, we need in this country more education for the masses of our young people, rather than less. * * * I am surprised that any young man capable of holding a position in any responsible Department of the Government would feel inclined to place a restriction such as is proposed in the new revenue measure. Inasmuch as your father is an honorary alumnus of Syracuse University, I am sure that we can count upon his support in this contention. * * *

Jay Haight, (Jeweler), San Francisco, Calif. Are you opposed to a college education? Or do you think that merely the children of this present generation should be deprived of it? I have two children upon each of whom I was allowed a \$400 exemption while they grew up through grammar and high schools. They are now in college, where their expense to me is three or four times as great. * * * The Government holds that they are capable of self-support, which is probably true, but they are not capable of self-support while in college. * * * All our lives their mother and I have expected to give them the college education which we ourselves had, believing they were entitled to it. But with the increase in income tax, and this failure of the Government to recognize their dependency, I am hard-pressed, and, I confess, resentful. * * *

Wm. R. Biedermann, Commercial Audit and Appraisal Company, Bernardsville, N. J. The writer has just noted in the papers about the possible 10% deductions from employees for the matter of income taxes. This seems unjust for the reason that if the employee must contribute in advance,

- 6 -

what about the corporation and business man? Is there also going to be a setup for business? It is going to put an additional expense on all business firms to keep these records. Then too, there is no question that you will run into complications where the employee has other income and other transactions, as well as his total accumulations deducted from his earnings. * * * What happens where the employee who has no tax to pay at the end of the year, when some unforeseen item may come up that puts him out of the tax class -- such as an additional dependent or some allowable loss, etc? * * *

Sherwood Williamson, Middlesboro, Ky. I noticed in the papers that you have proposed, and Congress is about to pass, a measure by which salaried men will have a 10% deduction to meet income taxes. Such a measure would be class legislation of the worst type, and an injustice to payroll men, who are the best taxpayers. Unless you have been a payroll worker yourself, you do not understand the many deductions already made; group insurance to keep our families off U. S. relief later, social security for the same purpose, pension tax for the same purpose, and yet those who are paying to save the country expense later, must now dig up 10% to pay taxes. It is realized by all that taxes must be collected. I have never failed to pay mine without a collection agency. We are wondering what steps you propose for doctors, lawyers, bootleggers, and numerous other classes whose income is not known to you, and they are not on payrolls. Also for those who are receiving direct or indirect aid from the Government and are capable of being on payrolls were it not for this aid.

- 7 -

Warren A. Jeffords, Chattanooga, Tennessee. * * * I have worked with payrolls most of my life. The tenderest spot in which you can touch a person is his pay envelope. It is already burdened pretty heavily with deductions. The proposed withholding tax implies inability to manage one's own finances and will arouse fresh resentment every week of the year from those affected. I am told Hitler's "take" out of the pay envelope is about 30%, but surely that doesn't justify us. A general Sales Tax is much to be preferred.

Favorable Comments on Bonds

Anonymous - Asheville, N. C. I think Government employees should all buy War Bonds, or their jobs be cancelled. Bob Reynolds tells his appointees here not to buy War Bonds for President Roosevelt to give the money to Russian Communists and Great Britain. Reynolds says we will be better off under Hitler than under Roosevelt -- that Hitler will make leaders of all whose names are not on War Bonds.

Mrs. Llewellyn Parker, Los Angeles, Calif. * * * I have a son, Capt. Robert G. Parker, U.S.M.C.R., on Midway Island. He has been there since November 20, and like many others there, has had no furlough in all that time. With no place to go, no place to spend their money, they have lots of it, if they have no families. My son has just written me that if you would make some arrangement out there, you could sell at least \$50,000 worth of War Bonds a month - probably more. Bob says money just doesn't mean a thing to most of those boys.

Jo Delinois, Producer-Editor, L'Heure Francaise, (A monthly magazine). For nearly twenty years I have enjoyed the hospitality of this country. Never have I appreciated it more than in the past two years. I would consider it an honor to express my thankful loyalty in the fullest measure of the very modest means at my disposal. I am therefore happy to offer my services in the sale of War Bonds at this office. * * *

George F. Kelling, Assistant State's Attorney, Belleville, Ill. There are many thousands of persons who from thrift and savings motives have entered into systematic contractual savings and investment plans with financial institutions. These contracts were entered into by such persons prior to the declaration of war, and for the most part without any anticipation of the tremendous changes that a war situation inevitably necessitates. The necessity of continuing to make the systematic payments in order to keep such contracts

in effect without loss to the investor, is seriously handicapping such persons from participating in the purchase of Defense Bonds. * * * Another problem is that many financial institutions will not permit the funds already accumulated by such investors to be made available without a serious loss if cancellation or liquidation of the contract is made prior to its normal maturity. There are many loyal persons who would be willing to liquidate such contracts immediately, were it possible to do so without substantial loss to them, thus making their presently accumulated funds available for Defense Bond purchasing. Such persons would no doubt likewise welcome a diversion of future periodic payments (where liquidation or cancellation is not desired) to Defense Bond purchases. This might be accomplished by a moratorium on future payments, provided the money which would annually be paid on a contract was used for the purchase of Defense Bonds. * * *

- 10 -

Unfavorable Comments on Bonds

Forrest M. Smith, Chairman, El Paso County War Bond Committee, El Paso, Texas. Last March, this committee was informed through Mr. Frank Scofield, State War Bond Administrator, at Austin, Texas, that if this community sold \$275,000 in War Bonds within a ten-day period, a bomber would be named for the city. * * * There has never been a more forceful appeal made to the American people in the sale of Bonds than to suggest that their dollars were going to buy a bomber. Many old ladies purchased War Bonds with their accumulated savings of years, and hundreds of persons made some sacrifice to get their dollars in on those campaigns. To date, we of the City and County of El Paso have not seen or heard of any bomber having been so named, in accordance with the Government's promise, and we are being asked questions as to what happened to the bombers. Certainly neither the Treasury Department nor the War Department can break faith with these people who were so sincere in the investment of their funds, and even though the country is very busy in its war effort, it would not take but a few minutes to attend to such a small detail as the naming of some bomber, and it would satisfy the demands of the people here on the home front, who are just as anxious to support the war effort as any one. * * *

John E. Smith, Kewanee, Ill., sends copy of letter he addressed to the Honorable Donald Nelson, commenting as follows: Our Labor-Management Production Committee put on a Defense Bond Drive recently and achieved better than a 99% subscription for payroll buying of Bonds. Now after we made this drive, work in some departments has been going down until now some of our departments are scheduled for 2 seven-hour days this week. Many employees are cancelling their subscriptions for Bonds because of this work shortage. I, as Chairman of this Labor-Management Production Committee, have been trying desperately to obtain new orders and material allotments to keep this plant going, but all I have so far is a chain of letters referring to some other office of the War Production Board, until even I am getting disgusted. More than a month has passed since

- 11 -

I started these pleas for more work for this plant, and we have been steadily going down to less and less. We can't get war production on a 2 seven-hour day basis. We can't expect these men to buy Bonds, pay rent and maintain a family on 2 days a week at the present cost of living. We don't believe we should put up our more production posters when men are being laid off for lack of work. Some of these men will be lost to this company because they will get work some other place. Men who are experienced, willing, ready and perhaps many who have bought homes here will be lost, never to return. Why do these things have to happen when our country is at war? When they need war materials, when they need purchases of Bonds, and when they need these men of the production army. * * *

Edith B. Alexander, Germantown, Philadelphia, Pa. I wish to register my opposition to the "War Show", which I am told is your idea. We think it an outrageous waste of material vital to our fighting men. We Americans are well aware that we are at war. We don't need "shows" to make us conscious of that.

THE WHITE HOUSE
WASHINGTON

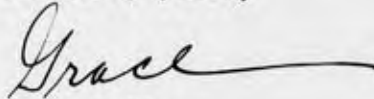
June 26, 1942.

Dear Mr. Secretary:

This will introduce to you my nephew, Harold Sinton, Jr., about whom I spoke to you on the telephone yesterday.

With much appreciation of your kindness in giving him the privilege of coming in to see you personally, believe me,

Very sincerely yours,



Grace G. Tully

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury,
Washington, D. C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942.

TO MRS. H. S. KLOTZ
FROM MR. W. H. THOMPSON *WHT*

SUBJECT: DISSEMINATION OF YELLOW AND BLUE WARNINGS AND THEIR
CONFIDENTIAL NATURE.

The employees of the Treasury Building will participate in a practice air-raid drill in cooperation with the District of Columbia at an unannounced time between the hours of 10 A.M. and 12 A.M. June 27, 1942.

For your convenience, arrangements have been made to have your office notified of the Yellow and Blue warnings in the event of an actual air-raid or practice air-raid drill.

The telephone operator will call your office and merely announce "Yellow Warning" and will give the time that this warning was received at telephone headquarters. This signal will be given approximately twenty minutes before the District air-raid sirens will sound announcing the public warning. Next, your office will receive a second signal in which the operator will merely announce "Blue Warning" and the time at which this signal was received at telephone headquarters. This signal will be given approximately twelve minutes before the District air-raid alarm is sounded. The Red warning, or 5-minute warning, is only announced by the District air-raid alarm system.

These signals have been declared to be confidential military information. Civilians properly authorized to receive the preliminary warnings are obliged to comply with paragraph 9d of Army Regulations 380-5 which provides:

"Confidential military information will neither be discussed with nor disclosed to unauthorized persons. The contents or whereabouts of confidential documents, cryptographic devices, or material will be disclosed only to those persons in the Government service whose duties require that they have such knowledge and to such other persons of especial trust who must be informed. Those to whom confidential information is entrusted or disclosed are responsible for its safe custody and security.

"The dissemination of confidential information affects the national defense of the United States within the meaning of the Espionage Act and its transmission to unauthorized persons is prohibited."

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 26, 1942

TO Secretary Morgenthau
FROM Mr. Kamarok

Subject: Orders to Military Duty

I have been ordered to active duty to Fort Bragg, effective July 9.

If there is no objection, I would still like to take my vacation as you approved, beginning tomorrow, Saturday through to July 7, a week from this coming Tuesday.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON, D. C.

TELEPHONE HOWART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission
who enclose Statement No. 39 - Aircraft Despatched
- for week ended June 23, 1942.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.

June 26, 1942.

MOST SECRETSTATEMENT NO. 39AIRCRAFT DESPATCHED FROM THE UNITED STATES
WEEK ENDED JUNE 23rd, 1942

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DEL'D FOR USE IN CAN.
<u>BOEING</u> B 17 E	U.K.	Canada en route		3	
<u>CONSOLIDATED</u> B 24D	U.K.	Canada en route		6	
<u>CURTIS</u> Kittyhawks IA	Middle East	Port Sudan	21		
<u>LOCKHEED</u>					
A 29A AC 151	U.K.	Canada en route		3	
A 28 Hudson VI A	U.K.	Canada en route		2	
C 60 Lodestar IIA	Middle East	Middle East		1	
Ventura	Canada	Canada			3
"	South Africa	South Africa		7	
"	U.K.	Canada en route		36	
<u>GLENN MARTIN</u>					
B 26A Marauder	U.K.	Canada en route		1	
Baltimore	South Africa	Capetown	22		
<u>NORTH AMERICAN</u>					
B 25 B	U.K.	Canada en route		2	
B 25C	U.K.	" "		12	
<u>STEARMAN</u>					
PT 27	Canada	Canada			11
<u>VULTURE</u>					
Vengeance	India	Bombay	6		
TOTALS			49	73	14

British Air Commission
June 26th, 1942.

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

June 26, 1942

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended June 17, 1942 showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York, and the means by which these expenditures were financed.



1mc/6/26/42

C
O
P
YFEDERAL RESERVE BANK
OF NEW YORK

June 25, 1942

CONFIDENTIALDear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended June 17, 1942, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ L. W. Knoke

L. W. Knoke,
Vice President.

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury,
Washington, D. C.

Enclosure

Copy:vw:6-26-42

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Week Ended June 17, 1942

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)								BANK OF FRANCE							
	DEBITS				CREDITS				DEBITS				CREDITS			
	Total	Gov't	Other	Total	Proceeds of	Other	Net Incr.		Total	Gov't	Other	Total	Proceeds of	Other	Net Incr.	
	Debits	Expenditures (a)	Debits	Credits	Gold	Securities (Official) (b)	or Decr. (-) in Balance		Debits	Expenditures (d)	Debits	Credits	of Gold Sales	Credits	or Decr. (-) in Balance	
First year of war (8/29/39-8/28/40)*	1,793.2	605.6	1,187.6	1,828.2	1,356.1	52.0	420.1	+ 35.0	866.3 (e)	416.6 (e)	449.7	1,095.3 (e)	900.2	195.1 (e)	+229.0	
War period through December, 1940	2,792.3	1,425.6	1,356.7	2,793.1	2,109.5	108.0	575.6	+ 10.8	878.3	421.4	456.9	1,098.4	900.2	198.2	+220.1	
Second year of war (8/29/40-8/27/41)**	2,203.0	1,792.2	410.8	2,189.8	1,193.7	274.0	722.1	- 13.2	38.9	4.8	34.1	8.8	-	8.8	- 30.1	
1941																
Aug. 28 - Oct. 1	140.9	105.9	35.0	176.2	20.1	2.0	154.1	+ 35.3	0.3	-	0.3	0.5	-	0.5	+ 0.2	
Oct. 2 - Oct. 29	109.0	77.3	31.7	150.9	0.8	-	150.1	+ 41.9	0.3	-	0.3	0.3	-	0.3	-	
Oct. 30 - Dec. 3	156.1	111.6	44.5	134.6	-	1.0	133.6	- 21.5	16.1	-	16.1	0.4	-	0.4	- 15.7	
Dec. 4 - Dec. 31	88.4	69.6	18.8	51.5	-	-	51.5	- 36.9	0.8	-	0.8	0.4	-	0.4	- 0.4	
1942																
Jan. 1 - Jan. 28	102.3	73.2	29.1	69.3	-	0.5	68.8	- 33.0	0.2	-	0.2	0.4	-	0.4	+ 0.2	
Jan. 29 - Feb. 25	87.2	63.8	23.4	57.2	-	1.0	56.2	- 30.0	-	-	-	0.3	-	0.3	+ 0.3	
Feb. 26 - Apr. 1	121.4	86.4	35.0	171.4	-	-	171.4	+ 50.0	0.1	-	0.1	0.4	-	0.4	+ 0.3	
Apr. 2 - Apr. 29	98.1	64.2	33.9	70.6	-	0.5	70.1	- 27.5	0.2	-	0.2	0.4	-	0.4	+ 0.2	
Apr. 30 - June 3	104.0	81.4	22.6	165.7	-	-	165.7	+ 61.7	-	-	-	0.3	-	0.3	+ 0.3	
WEEK ENDED:																
May 27	20.5	15.8	4.7	28.6	-	-	28.6	+ 8.1	-	-	-	-	-	-	-	
June 3	16.3	12.8	3.5	18.2	-	-	18.2	+ 1.9	-	-	-	0.1	-	0.1	+ 0.1	
10	32.0	28.5	3.5	62.3	-	-	62.3	+ 30.3	-	-	-	0.1	-	0.1	+ 0.1	
17	22.1	15.7	6.4	19.0	-	-	19.0 (f)	- 3.1	-	-	-	0.1	-	0.1	+ 0.1	

Average Weekly Expenditures Since Outbreak of War
France (through June 19, 1940) \$19.6 million

England (through June 19, 1940) 27.6 million

England (since June 19, 1940) 37.5 million

*For monthly breakdown see tabulations prior to April 23, 1941.
**For monthly breakdown see tabulations prior to October 8, 1941.
(See attached sheet for other footnotes)

Transfers from British Purchasing Commission to
Bank of Canada for French Account

Week ended June 17, 1942

Cumulation from July 6, 1940

\$ -
\$ 162.7

million
million

Regraded Unclassified

- [REDACTED]
- (a) Includes payments for account of British Purchasing Commission, British Air Ministry, British Supply Board, Ministry of Supply, Timber Control, and Ministry of Shipping.
 - (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$394 million.
 - (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent the acquisition of proceeds of exports from the sterling area and other currently accruing dollar receipts.
 - (d) Includes payments for account of French Air Commission and French Purchasing Commission.
 - (e) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
 - (f) Includes \$10 million to be held at disposal of U. S. Army in United Kingdom.

Strictly
Confidential

(Over)

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

TELEPHONE: REPUBLIC 7880

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

26th June, 1942

SECRET AND CONFIDENTIAL

Dear Mr. Hicks,

The figures you wanted are as follows:

	Feb. <u>28</u>	May <u>22</u>	1942 May <u>30</u>	June <u>5</u>	June <u>12</u>	June <u>19</u>
Total Gold (including Belgian	617½	696	714	719	724	727
Official Dollar Balance	<u>53½</u>	<u>99</u>	<u>106</u>	<u>90</u>	<u>145</u>	<u>135</u>
Total Gold and Dollars	671	795	820	809	869	862
Less: Belgian Gold	105	105	105	105	105	105
Scattered Gold	68	10	73	74	86	86
Gold reserve against immediate liabilities	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Available Gold and Dollars	<u>488</u>	<u>670</u>	<u>632</u>	<u>620</u>	<u>668</u>	<u>661</u>

The increase in the dollar balance between June 5 and June 12 is of course mainly due to the receipt of forty-two million odd dollars from the recent Ordnance contract take-out arrangements.

Yours sincerely,

Mr. Earl Hicks,
United States Treasury,
Washington, D.C.

JUN 26 1936

Gentlemen:

Attention: H. E. Sanford

Reference is made to my letter of February 26, 1936, enclosing a form of letter which I approved and which I authorized and requested you, as fiscal agent of the United States, to write to the Bank of Canada, Ottawa, Ontario, Canada, requesting the purchase of newly-minted Canadian silver, and also to my letters of May 13, 1936, November 5, 1936, January 26, 1938, March 29, 1940 and September 14, 1940, in this connection.

It is my understanding that the Bank of Canada has advised you that it wishes to renew, for the month of July, 1942, the arrangement provided for by your letter to it of February 29, 1936 as amended and clarified by your letters of May 27, 1936, November 10, 1936, January 27, 1938, March 30, 1940 and September 24, 1940. This is to advise you that you are authorized and requested, as fiscal agent of the United States, to renew such arrangement for the month of July, 1942, all as stated in your letter to the Bank of Canada above mentioned, as amended and clarified, except that during July, 1942, you may purchase newly-minted Canadian silver which according to the production date marked on the bars was produced in Canada during June, July or August, 1942, and so to advise the Bank of Canada, and to carry out during such month the transactions contemplated by your letters of February 29, 1936, May 27, 1936, November 10, 1936, January 27, 1938, March 30, 1940 and September 24, 1940.

It is understood that the terms of the Department's letter to you of June 19, 1934, regarding the purchase for the account of the United States of silver, at bars or shreds, shall apply to the action taken by you pursuant to the foregoing, except that the silver purchased pursuant to this authorization need not be of the degree of fineness, or carry the marks, required for "good delivery" in the market of the place where the purchase is made or where delivery is to be taken.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Federal Reserve Bank of New York,
33 Liberty Street,
New York, New York.

ME:LEP-6/25/42

JUN 26 1942

Gentlemen:

Attention: H. L. Sanford

Reference is made to my letter of November 19, 1941, enclosing a form of letter which I approved and which I authorized and requested you, as fiscal agent of the United States, to write to Banco de Mexico, S. A., Mexico City, Mexico, respecting the purchase of newly-mined Mexican silver.

It is my understanding that Banco de Mexico has advised you that it wishes to renew, for the month of July, 1942, the arrangement provided for by your letter of November 21, 1941, to it. This is to advise you that you are authorized and requested, as fiscal agent of the United States, to renew such arrangement for the month of July, 1942, all as stated in your letter to Banco de Mexico above mentioned, except that during July 1942, you may purchase newly-mined Mexican silver which according to the production date marked on the bars was produced in Mexico during June, July or August, 1942, and so to advise Banco de Mexico, and to carry out during each month the transactions contemplated by your letter of November 21, 1941.

It is understood that the terms of the Department's letter to you of June 19, 1934, regarding the purchase for the account of the United States of silver, at home or abroad, shall apply to the action taken by you pursuant to the foregoing, except that the silver purchased pursuant to this authorization need not be of the degrees of fineness, or carry the marks, required for "good delivery" in the market of the place where the purchase is made or where delivery is to be taken.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Federal Reserve Bank of New York.
33 Liberty Street,
New York, New York.

RMhp-6/15/42

June 26, 1942

Mr. Livesey

Mr. White

Will you please send the attached cable to the American Embassy,
Chungking, China.

"For Adler from Mr. White."

73-701 6-26-42

June 26, 1942

American Embassy,

Chungking (China).

For Adler from Mr. White.

Treasury officials and family of Mr. Fox are grateful for your attending to last rites. Mrs. Fox particularly requests that we forward her thanks to Chinese officials and other friends of Mr. Fox in Chungking for their generous and warm tributes. Mrs. Fox wishes that Mr. Fox's personal effects be distributed among his friends as you see fit, and requests that members of his household be appropriately compensated.

ISW/cfs

6/26/42

TELEGRAM SENT

FMH

June 26, 1942

This telegram must be
paraphrased before being 8 p.m.
communicated to anyone
other than a Governmental
agency. (BR)

AMERICAN EMBASSY,
CHUNGKING, (CHINA).

563

FOR ADIER FROM MR. WHITE.

Treasury officials and family of Mr. Fox are grateful for your attending to last rites. Mrs. Fox particularly requests that we forward her thanks to Chinese officials and other friends of Mr. Fox in Chungking for their generous and warm tributes. Mrs. Fox wishes that Mr. Fox's personal effects be distributed among his friends as you see fit, and requests that members of his household be appropriately compensated.

HULL
(FL)

FD:FL:MLB

June 26, 1942

Mr. Liversy

Mr. D. W. Bell

Will you please send the following telegram to the American Consul, Curacao, Dutch West Indies.

From Treasury.

"(1) The Treasury contemplates appointing the Curacao Bank, Curacao, Dutch West Indies, a depository of public moneys of the United States. Under this designation the Bank would be authorized to accept and maintain on its books accounts to the official credit of Finance Officers of the United States Army and their agents and District Officers of the United States Navy and their agents in such amounts as may be deposited from time to time.

(2) The funds to maintain these accounts will be provided by telegraphic transfers in United States dollars paid to a New York correspondent of the Curacao Bank. The Bank will then establish credits in United States dollars to the account of the beneficiary, against which drawings will be made in local currency.

(3) In order that the Treasury may have some idea of the amount involved, will you please obtain from the Curacao Bank an estimate of the total of United States Treasury checks and United States currency which it exchanges for local currency for official purposes over a period of one month.

- 2 -

(4) It is the intention of the Treasury that, if necessary, it will provide the bank with a means of income to off-set any expenses which may be involved in the operation of the accounts mentioned.

(5) As it is contemplated that a similar designation will be given to the Aruba Bank, Aruba, Dutch West Indies, will you please request the Vice Consul at Aruba to provide you with similar information with respect to the Aruba Bank.²

C
O
P
Y

IM

PLAIN

Bern

Dated June 26, 1942

Rec'd 10:53 a.m.

Secretary of State,

Washington.

2959, twenty-sixth.

Your 1639, June 25.

Following obligatory registration by holders all securities in excess 100,000 marks value purchased since outbreak war decree dated June ninth empowers Reichsbank to purchase at quotation of December 31, 1941 all or part securities so registered with payment in treasury bonds to be administered fiduciarily by Reichsbank and saleable only for good reason and with prior consent bank. Securities declared and registered are consequently blocked. Estimated value securities involved 1,000,000,000 marks. Feared that 100,000 mark exemption can be reduced at any time. Development gives Reichsbank possibility to control market by breaking up large blocks and selling to small holders. Quotation December 1941 approximately 20% to 30% above market June ninth. Effect on Berlin exchange has been disappearance of larger traders. Popular stocks such as I.G. Farben not quoted. Business stock exchange virtually ceasing and its functions may degenerate into a device to permit government manipulate market. This measure appears to complete German legislation designed to eliminate speculation in securities and competition by exchange for money desired by government to finance war expenditures. The process apparently emulates Italian control measures previously devised and executed.

NPL

Copy:vw;6-29-42

HARRISON

(COPY:JGS:SS)
(COMP:)

DIVISION OF COMMERCIAL AFFAIRS

STRICTLY CONFIDENTIAL

VOLUNTARY

To the

American Legation,

B e r n .

SWITZERLAND, THE REICH'S FOREMOST SUPPLIER
OF FOREIGN EXCHANGE

From

WALTER H. SHOLES, American Consul General

Basel, Switzerland. Date of completion: June 26, 1942.

Date of mailing: June 26, 1942.

Germany's ability to provide herself with a continuous supply of Swiss francs and Portuguese escudos has not only greatly facilitated her political and economic programs in Europe but has in the opinion of the well informed, permitted the Reich to transfer considerable funds to South America where much of it is, no doubt, used for political purposes. Remittances to at least one important country, namely, the Argentine, have recently come to the attention of this Consulate, as reported by this office to the Legation by telegram of May 18, 1942. The part played by the free currencies of Switzerland and Portugal and their manipulation by the Germans during the present conflict will, therefore, be examined in this report.

SWITZERLAND SUPPLIES MOST FOREIGN EXCHANGE

According to excellent sources, Switzerland is the Reich's foremost supplier of foreign exchange, and the Reich's Swiss franc credits and holdings are at present probably not less than one billion Swiss francs. Moreover, one of these sources is authority for the statement that the Reichsbank alone has, through the intermediary of Swiss banks, obtained no less than 1,140,000,000 escudos, equal to approximately \$45,000,000 during the nine months' period of August 1941 to April 1942. This represents a daily turnover of about 4 1/4 million escudos. The majority of these escudos was, it seems, obtained by direct sales of Swiss francs to Portuguese banks. Among the Swiss banks operating in escudos for the Reichsbank appears to be the Leu bank and Zurich which deals in amounts of 10,000,000 escudos at a time. Applications made to

the Bank

- 2 -

the Bank of Portugal at Lisbon by this bank and others for escudos, despite recent Portuguese currency control regulations, apparently are approved after little or no delay. Consequently, it is the considered opinion of competent observers that no firm control of the foreign exchange market exists at Lisbon, despite Portuguese pretensions to the contrary.

SWISS FRANCS - HOW OBTAINED BY THE REICH

Germany apparently has many ways of obtaining Swiss francs. Five ways have come to the attention of this Consulate, namely: (1) selling gold not only on the Swiss market but also to the Swiss National Bank, often at that bank's request - it may be here added if the Germans avoid selling gold in Lisbon, they do not hesitate to do so in Switzerland against Swiss francs which they subsequently use to obtain escudos in Portugal; (2) Under the Swiss-German Clearing arrangement, by virtue of which 11 1/2 percent of German exports to this country is paid to her in free exchange; (3) American dollar sales; (4) sale of art objects, paintings of the Masters and antiques from occupied countries and the Reich, the proceeds of which are not infrequently passed to the Reich's credit outside of clearing; and (5) the Swiss 800,000,000 franc credit obtained last year, of which little more than one-fifth has been used by the Germans to date. If we accept 60,000,000 francs a month as the value of German exports to this country, it will at once be seen that Germany's franc credit balances from this source alone must be no less than 7,000,000 francs monthly, or little short of francs one hundred million annually. Thus, through these sales large sums of Swiss francs enter German portfolios every year. In fact, Germany through her dollar sales in Switzerland, dollars acquired by her in large amounts in France, Belgium, Holland, and Poland, and from the sale of art objects, much of them obtained in devious ways in France and occupied countries, has been able to supplement to a very great extent her reserves of Swiss francs. In this connection, it is only necessary to recall that in Poland alone before the war no less than 200 million dollars more or less were kept in stockings and otherwise hoarded. In Basel alone, for example, dollar sales over a period of months have reached many millions each month. Proceeds from art sales to individuals, museums, and dealers are, of course, limited, but, in the opinion of observers, readily yield the Germans approximately 10 or more million francs annually.

MORE DETAILS ON THE REICH'S INTEREST IN ART SALES

The art sales here mentioned are for the most part held at Lucerne at the Galerie Fischer, Haldenstrasse 17. Dr. Hans Wendland, a German with a long business record in various parts of Switzerland, residing at Lucerne, is said to be the financial representative of Herr Hitler and Field Marshall Goering. This man seems to be playing an active part in these transactions in France and Switzerland and through an alleged American agent living in New York, whose name was furnished the Department

by this

- 3 -

by this Consulate some time ago. He is said to be the bearer of a diplomatic passport and a frequent visitor to Paris. He was last reported at Cannes.

Sales to private dealers, museums and individuals of such works of art are a daily occurrence. The latter buy master pieces, antiques, et cetera today for investment purposes, and very large sums have been invested by them and the moneyed classes generally in such objects. But the market for these objects is narrowing because it has begun to dawn on nearly every one that stolen goods must one day be returned once Europe is liberated from her ruthless despoiler and rightful owners establish their claims. The fact that the work of the masters can be imported into Switzerland under a nominal customs tariff has, of course, greatly facilitated this business. Here are some of the Swiss import tariffs on paintings:

Framed paintings.....	Frs. 130 per 100 kilograms
Unframed paintings.....	" 50 per 100 kilograms

In addition, turnover tax from Frs. 240 to Frs. 500 per 100 kilograms. There is, in addition, a 2 percent import fee.

SPAIN ASKS SWISS FRANCS OR GOLD FOR SPANISH SILVER

The present day importance of Swiss francs to the Reich is well illustrated by the following incident:

When the Germans some months ago evinced interest in the purchase of Spain's silver reserve, some 900 tons of silver currency then in the vaults of the Madrid Government, and offered dollars, the Spaniards demanded Swiss francs. They had been asking 80 francs a kilo for this silver, but raised the price to francs 100 a kilo to the Germans, a price the Germans were quite ready to pay in dollars, as already stated. But the Spaniards demurred.

Soon after, when dollars in large amounts suddenly appeared on the Swiss market, more than one leading banker here was convinced that the Reich was behind these dollar sales. In fact, one of them informed the writer that he had refused to act for the Germans on the Basel market. Very large parcels of dollars which were to be sold at fixed periods were involved, he said.

AMERICAN BANK DUMPS DOLLARS

It is of more than ordinary interest that the Banking Department of the American Express Company at Basel was a heavy seller of American dollars at this time, admittedly obtained in France. A young Swiss banker who was then in the market for dollars for his personal account

has informed

- 4 -

has informed the Consulate of the friendly financial advice obtained from the American Express Company's bank at that time. He said that an employee of this bank had advised his agent to stay out of the market for the present as his bank would be unloading dollars for some days to come. The banker, in relating this incident to a representative of the Consulate, said he was amazed by the spectacle of an American bank dumping dollars, adding that no respectable Swiss bank would ever be found guilty of such action and conduct with regard to Swiss currency. It will be recalled that as a result of these dollar sales in Basel and elsewhere, the American dollar was on May 6 forced down to Frs. 2.00, but recovered lost ground quickly thereafter. It now stands at Frs. 2.48 to 2.50.

THE MECHANICS OF GERMAN FOREIGN EXCHANGE OPERATIONS IN SWITZERLAND

No less interesting are the mechanics of German foreign exchange operations in this country. The operation is the following: Swiss francs in German portfolios are, when occasion requires, sold against escudos by Swiss banks to Portuguese bankers who, in turn, transfer the Swiss francs to the Bank of Portugal. The Bank of Portugal, for its part, uses its Swiss franc balances in Switzerland, purchasing gold with them, which they deposit in part with the Swiss National Bank for safekeeping and the rest is transferred to the mother country. It is not uncommon, consequently, for gold transfers from the Swiss National Bank to Lisbon to be for Portuguese rather than Swiss account, which should explain in some measure the considerable movement of gold between Switzerland and Portugal at different times. It may be said here that Swiss banks are very secretive about their gold transfers and it is exceedingly difficult to obtain firsthand information on such transactions from their managers.

If the Germans have been both clever and successful in obtaining Swiss francs, the Swiss, in their turn, have been no less adept in obtaining French, Swedish, and Argentine escudo balances, in the opinion of those following with attentive eyes the operations of both countries. The Germans have obtained large French escudo balances at Lisbon at least on one occasion by exerting pressure at Vichy.

GERMANS OBTAIN ESCUDO BALANCES FROM VICHY GOVERNMENT

According to information from trustworthy Basel financial circles, the Reich, on the above occasion, obtained from 80,000,000 to 100,000,000 escudos from the French Government, then in Lisbon to the credit of Vichy. On May 18, 1942, the French credit balance in Portugal was so low that a 3000 kilo gold shipment was sent to Lisbon by the Bank of France. Mr. Court de Meurville of the latter bank accompanied the shipment to Portugal. This gold shipment was valued at approximately 90,000,000 escudos. Whether the Germans have also been

able

- 5 -

able to obtain this new balance is not clear, but there has been considerable speculation here concerning it, and local bankers are not convinced that the gold was sent to Lisbon for its countervalue in goods.

ITALY ALSO BUYS ESCUDOS AT LISBON

Germany has been, as will be seen here, an active buyer of escudos at Lisbon. These purchases apparently stopped early in May. Thereafter the Italians suddenly appeared on the market as buyers of escudos. Why the two Axis Powers should have alternated in these purchases has never been made clear. However, some bankers here attributed it to Italian food purchases, but such purchases soon ceased and the Germans reappeared on the escudo market.

Moreover, these German and Italian operations in escudos were not at first considered important. One of the best informed bankers here was indeed not amazed when made acquainted with the figures, namely, that the Reich alone had obtained nearly 1 1/4 billion escudos in the nine months' period ended April 30, 1942. He had greatly underestimated the volume of these transactions.

PORTUGAL ESTABLISHES FOREIGN EXCHANGE CONTROL

These considerable transactions in escudos soon brought Lisbon in the limelight, and a Portuguese foreign exchange control system was inaugurated, but this system enjoys little or no confidence at London and Allied capitals. There was no limit at first to individual transactions under the Portuguese control system. Subsequently, the size of individual deals was limited. This limitation, however, was in no wise effective. It simply resulted in an increase of individual deals. Swiss banks, for example, would divide their transactions over a greater number of correspondents in Portugal. This condition was also subsequently remedied, but the fact remains that big escudo deals are put through upon written applications to the Bank of Portugal. This Consulate is informed such applications are freely, if not instantly, approved by that institution.

ENGLISH PURCHASES IMPEDED BY LACK OF ESCUDOS

The Consulate is informed that England has found her operations in Lisbon very much impeded by lack of escudo balances. Yet, nothing has been done by the British to remedy this situation as far as is known here, except complaints made against the Swiss for facilitating German financial operations. When Britain a year or more ago had the opportunity of concluding a commercial credit with Swiss banks, London posed impossible conditions, say Swiss bankers, insisting that the interest rate should be no greater than that on British Treasury notes, namely 7/16 of 1 percent on the Swiss francs 100,000,000 commercial

credit

- 6 -

credit offered her at the time by Swiss banks. This was unacceptable to the Swiss and the matter was dropped. Sentiment in Switzerland, at the time, was favorable to a liberal extension of credit to London as a token and evidence of Swiss neutrality, but London seemed to be uninterested and nothing became of the matter. There was talk at one time of a Swiss commercial credit of as high as Swiss francs 500,000,000.

LONDON AND ALLIED POWERS RECOMMENDED TO ACT

It is the considered opinion of at least one important banker here that the British badly bungled matters when they refused Swiss credits, and the British should long since have adopted in Switzerland and Portugal the policy adopted by them in the Balkans when huge purchases of all kinds were made of goods, commodities et cetera, to prevent them from passing into the hands of the Germans. This banker is of the opinion that it is still not too late to act along these lines in this country, in Portugal and elsewhere and that Swiss credits, financial and commercial, in large sums would be had for the asking from the Swiss, which sums could be used as London thought best.

GERMANS PLAYING A WAITING GAME?

Perhaps the Germans have been expecting some such move on the part of London and will, when the time comes, use their large Swiss franc credit balances in this country for counter operations here and in Portugal. In this connection, the question may well be asked why did the Germans obtain a 900 million franc credit from the Swiss last year for which they seemingly had no use, and which continues to remain intact for the most part?

"BRITISH BLUNDERING"

Anyhow, in London Government circles the Swiss are charged with (1) unfairness; (2) undue ingenuity in locating and utilizing escudo balances; (3) for generally facilitating the game of the Reich on her foreign exchange markets, operations which have provided Germany with a continuous supply of Portuguese escudos, whereas England's purchasing program has been impeded by a lack of funds. Observers here, however, refuse to put the whole blame on the Swiss explaining that if England's purchasing program has been impeded as stated, this is due to not availing itself of Swiss credits and, therefore, is more a case of "British blundering" than anything else. They, moreover, point out that the Reich by means of the free exchange obtained under the Swiss-German Clearing agreement, sale of gold and other Swiss franc sources, as indicated elsewhere in this report, has regularly acquired very considerable amounts of Swiss francs, which apparently have been overlooked in London.

351.5
WHS/dh

2 copies to Department
Copies to Zurich, London,
Lisbon and Vichy.

Copy:imc:8/3/42

C
O
P
Y

HEL

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (RR)

Beirut

Dated June 26, 1942

Rec'd 4 p.m.

Secretary of State,

Washington.

231, June 26, 8 a.m.

By a general authorization published today the local exchange office is authorized to cede to any applicants an unlimited amount of sterling or sterling area exchange provided: (a) that the purchase is paid in Lebanese or Syrian bank notes (repeat bank notes); (b) that the exchange will be transferred to London or other place within sterling area by bankers draft. Exchange thus purchased may be deposited in a local bank in the form of any currency of sterling bloc. This exchange will have the same status as foreign assets held abroad before the institution of exchange control (please see report of December 16, 1939). Operations connected with transfer, transport, et cetera, of these assets will fall under disposition of Article 16 and Article 17 Decree 152 LR June 12, 1940. The above authorization is revocable at any moment within 24 hours notice.

I am informed by British Treasury representative that the sole object of the measure is to bring back into the banking machinery of the country bank notes which are at present not being used and which are now urgently required for everyday life of the country. It is

emphasized

- 2 -

emphasized that this note shortage is only temporary and that large shipments of notes which have been ordered from England are already on the way and should be arriving shortly.

CONFIDENTIAL. British Treasury representative here, at whose request this measure was taken, states that acute shortage of bank notes now prevailing is due in large part to army expenditures and by the requirements of wheat purchasing scheme described in telegram No. 189, May 27, noon. Present reserves of bank notes held by Bank of Syria are insufficient to last until the end of this month.

UNSIGNED

JRL

Copy:imc:6/29/42

105

COPY NO. 13

BRITISH MOST SECRET
U.S. SECRET

OPTEL No. 217

Information received up to 7 A.M., 26th June, 1942.

1. NAVAL

Air reconnaissance of KIEL on 23rd June shows PRINZ EUGEN in dry dock with new stern now in position.

2. MILITARY

EGYPT. 24th. Our withdrawal continued. At dawn, the enemy moved forward in strength from between SIDI OMAR and MADDALENA behind advanced covering elements which by nightfall were within 50 miles of MATRUH. The enemy main body following closely on his advanced troops was engaged by the 7th Motorised Brigade which fought a successful delaying action in the area about 45 miles south of SIDI BARRANI. No news of operations during 25th has yet been received.

3. AIR OPERATIONS

WESTERN FRONT. 25th. 4 Hurricane bombers, escorted by 3 squadrons of Spitfires attacked 8 large mine-sweepers off USHANT. 1 direct hit and 1 near miss are claimed. 2 Spitfires are missing.

25th/26th. 1,115 aircraft, including 312 heavy, were despatched - BREMEN 1,007, aerodromes 8. Over BREMEN there was thick cloud and most of the aircraft bombed the estimated position of the town. 54 aircraft are missing, nearly all from BREMEN.

LIBYA. 24th. Our light bombers and fighter bombers continuously attacked with good results enemy columns moving eastwards across the frontier south of SCHEFERZEN.

24th/25th. Over 80 bombers attacked shipping and harbour installations at BENGHAZI.

MALTA. Between 5 P.M. 24th and 6.15 A.M. 25th, 29 enemy aircraft attacked. 4 were shot down by our fighters and anti-aircraft.

*your sentence
to the jury*

The Court of Appeals of the State of New York

June 27, 1942

Dear Henry:-

I have just received the enclosed communication. I do not want to urge you to do anything in the matter, but I feel that I must send it to you. You know that I have complete confidence in your judgment. Drop the matter if you think best. We are sure of your complete good will.

Ever yours in affectionate
greetings to you & Eleanor
Yours
Frank D.

107

Original transmitted to Mr. Sumner
elles with Secretary's card on 6/30.

MEMORANDUM ON THE REFUGEE SITUATION IN SHANGHAI.

The plight of some 22,000 refugees in Shanghai has become indescribably tragic since December 7, 1941. Prior to the declaration of war by the United States, there were 13,000 refugees in Shanghai who were receiving daily, food, housing and medical aid from the Joint Distribution Committee. Undoubtedly thousands of others have become dependent in the last months. The relief activities are carried on by a volunteer group of Jews in Shanghai, aided by two American representatives of the J.D.C., one of whom arrived in Shanghai in April, 1941 (Miss Laura L. Margolis), well known and highly respected by Mr. Avra M. Warren, our new Minister to San Domingo, and the second, Mr. Manuel Siegel, in November, 1941. They are still there.

In March, 1941 the J.D.C. notified most of the local relief committees abroad that in the event of a break in communications between them and the J.D.C. office in New York, they were authorized to continue to carry on their activities for a period of several months, by borrowing locally at the same budgetary rate as for the month in which the break had occurred. A definite period of six months was set on December 10, 1941 in order to limit the liability of the J.D.C. in any post-war settlement. The J.D.C. had been remitting \$30,000 a month to Shanghai for its relief activities. On this basis the committee in Shanghai was authorized to borrow locally the equivalent of \$180,000 on the commitment made by the J.D.C. before the war, for repayment after the war or at such time as it would be legal and feasible to do so.

We have learned that our American representatives in Shanghai were able to secure the equivalent of \$180,000 and that the program of feeding has since been continued for December, 1941 and the first five months of 1942. The request has come to us from our American representatives that the same procedure be followed for the next six months on the basis of \$40,000 a month. The funds would be secured from individuals in Shanghai who are in a position to make such advances, realizing that the repayment in American dollars would not be made to them until after the war. In the first instance, we wish to point out that this procedure in no way brings aid or comfort to the enemy. The funds in Shanghai are in the possession of private individuals, presumably Russian nationals, who are prepared to make such advances against the hope of eventual reimbursement.

The refugees are for the most part German and Austrian nationals, now declared stateless by the German Government, and consequently there is no government that can intercede in their behalf. There are also about 1,000 Polish nationals and some Dutch and Czech nationals among the refugees. The aid which we have thus far been able to extend to them is on a minimal basis. They will be placed in a desperate position unless it is possible for our American representatives to secure funds locally in order to carry on the program of relief.

If it were possible to send a cable to our American representatives in Shanghai through the Swiss Embassy, to the effect that the J.D.C. would be prepared to repeat the authorization for another six months on the same basis as the first six months, that should be sufficient for the relief activities to be carried on. The question of sending such a cable through the Swiss Embassy was first presented informally to Mr. M.L. Hoffman of the Foreign Funds Control Office of the

Treasury Department in Washington. Mr. Hoffman, after consultation with his colleagues, informed us that since this did not involve an exchange transaction in which dollars would be paid now for foreign exchange, the Treasury had no jurisdiction over the matter. The problem was one of communication with enemy-occupied territory. He suggested that we take it up with the Special Division of the Department of State. We then saw Mr. Joseph Green, of the Special Division, and presented the problem to him. He took the position that unless the sending of the cable were approved by the Treasury, he would not feel free to send it through the regular channels of the State Department, via the Swiss Embassy. This in turn was reported to the Treasury, and the State and Treasury Departments we understand conferred on the question and it was decided that the Treasury assume the responsibility of authorizing the transmission of cables of this kind. The Treasury decision in our case was negative, and they advised us that they could not authorize the sending of such a cable. There is no matter rents at this moment.

Moses A. Leavitt



June 17, 1942

180 BROADWAY
NEW YORK

June 25, 1942.

Hon. Irving Lehman
36 West 44th Street
New York.

Dear Judge Lehman:

I take the liberty of enclosing a memorandum with regard to Shanghai which explains itself.

You will understand that we are most anxious not to let this matter rest. On the other hand, we do not want to approach the Secretary of the Treasury direct, and I was wondering whether it would be possible for you to approach him in an entirely unofficial manner.

The fact that I am writing you is not known to my colleagues. If at your own time you can find an opportunity to discuss the matter with our friend, who is so very sympathetic toward our difficulties, I would consider it a great favor.

Hoping you are well,

Sincerely yours,

Paul Newman

111

June 27, 1942

This material sent to Congressman
Ludlow by Mr. Graves. (see 7/4
for Congressman's acknowledgment
of HM, Jr's thank you letter for
having used it on floor of House.)

The amount of \$45,000,000 recommended by the Committee under the heading "Expenses of Loans, 1942," is for all expenses of the Public Debt Service during the year, no provision having been made in the Treasury-Post Office Bill for that purpose. The item was omitted from the regular Bill in order to permit later and more accurate estimates to be provided by the Treasury as to the costs of the War Savings Bond Program.

This item of \$45,000,000 falls into two subdivisions: (a) \$33,000,000 for the cost of manufacturing, issuing, registering, paying, and redeeming bonds, notes, and certificates involved in all issues of Government securities, and other expenses in connection with the administration of the Public Debt; and (b) \$12,000,000 for the cost of promoting the sale of War Savings Bonds.

WAR SAVINGS BONDS

War Savings Bonds, then called Defense Savings Bonds, were placed on sale May 1, 1941. From that date to the present time, total sales of Savings Bonds have amounted to approximately \$6,700,000,000. Expenditures for promoting the sale of these Bonds in the same period have amounted to

-2-

approximately \$8,000,000. The bulk of this cost has been for promotional material distributed by the Treasury to all communities in the country, including stamp albums, posters, billboards and window displays, pamphlets, and so forth.

The cost of promotion has been slightly in excess of one-tenth of one percent of the dollar volume of sales based on the issue price of the securities.

It is estimated by the Treasury that not fewer than 18,000,000 persons are now purchasers of Defense or War Savings Bonds. Of this number approximately 14,000,000 are buying regularly out of current salaries or wages under payroll-allotment plans now operating in more than 100,000 establishments throughout the country.

VOLUNTEER WORKERS

The War Savings Program is being carried on largely by voluntary workers. Paid employees are used only sparingly. The total number of such paid employees in the War Savings Staff on May 31, 1942, was approximately 800. Of this number some 500 were on duty in the field and about 300 in Washington.

Committees of volunteers representing every significant group and occupation are now carrying on this work in every

-3-

State, city and county in the nation. On May 31, 1942, there were more than 4000 such committees, with an aggregate membership of over 270,000. All of these persons, many of them giving full time, are serving without compensation.

These figures do not include thousands of other volunteers who on a full time or part time basis are giving invaluable aid in promoting the sale of War Savings Bonds and Stamps. For example, they do not include the thousands of persons engaged in direct selling, nor the 1,500,000 volunteers serving as Minute Men and Women in the War Savings Pledge Campaigns.

The War Savings Staff has scrupulously disregarded partisan considerations of any kind in selecting the chairmen of voluntary committees and in the appointment of all paid personnel. Workers of nearly every political affiliation are cooperating loyally and zealously in this program.

SALES OUTLETS

Except for the post offices, the sales outlets for War Savings Bonds are provided entirely without cost to the Treasury. About 15 percent of the dollar volume of sales has been through the post offices; 85 percent has been accounted for by banks, building and loan associations, saving

-4-

and loan associations, credit unions, industrial corporations, and other issuing agents, all of which perform this service without remuneration in any form.

The number of such voluntary agencies now serving as issuing agents is as follows: (in round numbers)

<u>Agency</u>	<u>Number</u>
National Banks	5,000
State Banks	9,000
Mutual Savings Banks	550
Building and Loan Associations and	
Saving and Loan Associations	2,500
Credit Unions	2,900
Corporations	2,450
	<u>22,400</u>

It is estimated that these agencies are providing the equivalent of the full-time services of not fewer than 25,000 employees in performing their functions as sales and issuing agents, all on a voluntary basis.

It is estimated that over 500,000 retail stores are selling War Savings Stamps without cost to the Treasury. Many such stores are also selling and issuing bonds, and the number doing so is rapidly increasing.

Nearly 900 newspapers are using their carrier boys to sell War Savings Stamps to their subscribers. Throughout the Country between 150,000 and 200,000 carrier boys are

-5-

performing this service. Since the beginning of the program, these boys have sold more than 350,000,000 ten cent stamps, aggregating over \$35,000,000. Their sales are now proceeding at the rate of about \$1,000,000 weekly.

As has been said, more than 100,000 establishments employing some 23,000,000 people, are administering payroll savings plans. A growing number of these employers are issuing the bonds purchased by their employees under these plans.

Fifteen thousand motion picture theatres have volunteered to sell War Savings Stamps to their patrons. In addition there are innumerable other unpaid outlets for War Savings Bonds and Stamps in schools and colleges, trade unions, radio stations, Victory Houses, and so forth.

ADVERTISING AND PUBLICITY

The Treasury Department does not pay for advertising space or time. War Savings advertising and publicity on the radio, the motion-picture screen, on billboards, in newspapers and magazines, and through other media, has been a cooperative undertaking of the entire advertising, entertainment, and publicity industries. Space, time and talent

-6-

have been generously contributed. Some idea of the magnitude of this contribution may be gathered from the following brief and incomplete analysis:

Radio:

Radio stations and net works, without exception, and program sponsors in large numbers have cooperated. They have contributed a total of not less than 60,000 station hours of time.

Newspapers and Magazines:

News stories, special articles and features promoting the sale of War Bonds and Stamps appear in practically every newspaper in the country. Upwards of 10,000 daily, weekly, labor, religious, farm and foreign language publications are cooperating in this campaign. Literally millions of column inches of space have been devoted to the sale of War Savings Bonds and Stamps.

More than 200 monthly magazines, a dozen leading national weeklies and trade company and labor magazines are carrying material dealing with the War Bond Program.

In addition to news, special articles and features, newspapers and magazines have contributed advertising space. Hundreds of national and local advertisers, such as retail

-7-

stores, manufacturers and banks have contributed advertisements on behalf of the War Savings Program. They have systematically included War Bond copy along with their own.

Outdoor Advertising:

More than 70,000 outdoor advertising panels have already been posted and the volume is steadily increasing. Approximately half of this has been contributed by members of the outdoor advertising industry and the balance by national and local advertisers.

Motion Pictures:

Besides selling Stamps and Bonds in theatres, the motion picture industry has contributed feature end clips, trailers, shorts, and newsreel shots in large numbers. Moreover, the industry has made liberal contributions of talent to every phase of War Bond promotion.

CONCLUSION

As we have seen, the War Savings Program is being carried on almost wholly on the basis of unpaid cooperation and voluntary service. The estimated annual value of such contributed service is certainly not less than \$100,000,000. The appropriation of \$12,000,000 recommended by the Committee will be

-8-

used merely to provide the facilities necessary to permit this voluntary program to go forward.

The estimate contemplates the addition of local offices in a limited number of communities in which such facilities are not now provided, and a moderate increase in the paid Staff. But of the amount recommended by the Committee, almost half, or approximately \$8,000,000 will be used for stamp albums, the preparation of copy, posters and other display material, and literature for the use of volunteer workers.

NOTE

Nothing has been said (and it would perhaps be wise to say nothing) with respect to the estimated sales of War Savings Bonds during the fiscal year 1943. The Department's hope is, however, that this may be brought up to at least an average of 1 billion dollars per month.

Cost of the Liberty Bond Promotion:

It would be very difficult to make any fair or accurate cost comparison between the Liberty Loan drives of World War I, and the present War Savings Campaign. The differences

-9-

between the Liberty Bonds and the present War Savings Bonds, as well as the restrictions now imposed on the purchase of the present securities, preclude any such comparison.

Nevertheless the following figures concerning the cost of Liberty Bond promotions may be interesting.

A total of \$22,580,000,000 worth of Bonds were sold in a series of five drives.

The Government's total over-all direct cost, for fiscal agency and Liberty Loan Organization expense, for the Liberty and Victory Bonds and related issues from 1917 to 1920, inclusive, was almost \$63 millions.

Of this total roughly one-half or some \$30,000,000 represented the cost of promotion.

Operation of Payroll Savings Plans in Selected Industries
April - May 1942

Part I. Industries are ranked in order of largest wage increases during year ended April 1942.

Industry	Wage changes during year ended April 1942 (Percent)	Estimated number of employees in the industry May 1942 (Thousands)	Number of employees in compan- ies report- ing to the Treasury (Thousands)	Number of employees participat- ing in com- panies re- porting to the Treasury (Thousands)	Percent- age of employ- ees par- ticipat- ing	Percentage of pay de- ducted per employee partici- pating	Average deduc- tion per employee partici- pating
Coal mining.....	+90	550.0	129.1	91.7	71.1	4.7	6.84
Engine and turbine manufacturing.....	+42	180.0	86.5	66.9	77.4	4.7	10.98
Automobile manufacturing.....	+40	400.0	396.9	297.0	74.8	4.9	11.75
Radios and phonographs.....	+35	60.0	49.1	35.1	71.4	5.4	9.30
Shipbuilding.....	+35	650.0	354.6	192.4	54.2	7.0	15.63
Heating apparatus manufacturing..	+33	60.0	37.0	23.7	64.0	5.1	9.91
Railroad car manufacturing.....	+33	75.0	47.4	39.3	82.9	4.5	11.01
Aluminum manufacturing.....	+32	75.0	69.1	27.5	39.8	5.0	9.91
Cotton goods manufacturing.....	+31	550.0	185.9	100.3	54.0	4.9	4.94
Aircraft.....	+30	430.0	311.7	137.0	44.0	4.6	9.74
Explosives.....	+26	60.0	34.1	28.7	84.2	5.3	10.76
Foundry and machine shop products	+25	700.0	184.8	109.1	59.1	5.7	11.65
Machine tools.....	+23	140.0	54.8	26.5	48.4	6.6	14.78
Electrical machinery and apparatus.....	+23	450.0	414.3	295.1	71.2	4.5	9.44
Meat packing.....	+16	200.0	138.7	118.6	85.5	5.6	8.14
Paper and pulp manufacturing.....	+14	170.0	88.5	46.9	53.0	5.1	8.52
Railroads.....	+12	1,300.0	1,224.5	523.5	42.8	4.1	7.75
Agricultural implements.....	+10	100.0	92.3	81.7	88.5	5.8	12.13
Steel mills.....	+ 7	700.0	678.8	483.3	71.2	5.3	10.03
Telephone and telegraph.....	+ 4	460.0	376.1	320.4	85.2	4.6	7.59
All industries - April.....		30,000.0	10,942.0	6,178.0	56.5	4.9	8.31
All industries - May.....		30,000.0	7,655.0	4,965.0	64.9	5.3	9.09

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 27, 1942.

Operation of Payroll Savings Plans in Selected Industries,
April - May 1942

Part II. Industries are ranked in order of largest weekly earnings per employee

Industry	Average weekly earnings per employee in the industry in April 1942	Average monthly deduction per employee in the participating companies	Percent of pay deducted per employee participating
Engine and turbine manufacturing.....	53.62	10.98	4.7
Shipbuilding.....	53.30	15.63	7.0
Machine tools.....	50.79	14.78	6.6
Automobile manufacturing.....	50.29	11.75	4.9
Aircraft.....	45.94	9.74	4.6
Railroads.....	45.00	7.75	4.1
Explosives.....	44.67	10.76	5.3
Foundry and machine shop products.....	43.49	11.65	5.7
Heating apparatus.....	42.81	9.91	5.1
Railroad car manufacturing.....	42.15	11.01	4.5
Electrical machinery and apparatus.....	41.80	9.44	4.5
Aluminum manufacturing.....	41.37	9.91	5.0
Agricultural implements.....	40.93	12.13	5.8
Steel mills.....	40.22	10.03	5.3
Radios and phonographs.....	34.00	9.30	5.4
Coal mining.....	33.00	6.84	4.7
Paper and pulp.....	32.84	8.52	5.1
Telephone and telegraph.....	32.77	7.59	4.6
Meat packing.....	31.49	8.14	5.6
Cotton goods manufacturing.....	27.28	4.94	4.9

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 27, 1942.

Engine and Turbine
Manufacturing Industry

Engine and Turbine Manufacturing Industry

STRICTLY CONFIDENTIAL

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Buick Motor Div., General Motors Corp..... Mich	April	17,687	17,251	97.5	4.3	11.01
Wright Aeronautical Corp.... Ohio	May	14,916	14,060	94.3	2.6	5.32
Allison Div., General Motors Corp..... Ind	April	13,481	9,257	68.7	5.2	11.13
Continental Motors Corp.... Mich	May	9,282	8,100	87.3	6.8	19.59
Nordberg Mfg. Co..... Wis	May	3,100	627	20.2	4.5	7.24
Hercules Motors Corp..... Ohio	April	3,030	2,098	69.2	6.0	14.47
Detroit Diesel Engine Div., Gen'l Motors Corp..... Mich	April	2,788	2,379	85.3	4.0	10.82
Aviation Mfg. Corp..... Pa.	May	2,780	2,029	73.0	5.5	15.86
DeLaval Steam Turbine Co.... N.J.	April	2,380	1,795	75.4	4.4	9.10
Reo Motors, Inc..... Mich	April	2,340	1,764	75.4	6.6	13.46
Ranger Aircraft Engines..... NY	April	2,298	948	41.3	2.9	5.50
Briggs and Stratton Corp.... Wis	April	2,278	402	17.6	3.6	7.10
Buda Company..... Ill	April	2,234	2,214	99.1	4.4	8.85
Cleveland Diesel Eng. Div., General Motors Corp..... Ohio	April	2,052	730	35.6	6.0	16.88
Waukesha Motor Co..... Wis	May	1,668	1,004	60.2	3.7	7.61
Jacobs Aircraft Engine Co... Pa.	May	1,442	1,176	81.6	6.5	13.26
Cummins Engine Co..... Ind	May	1,429	1,023	71.6	6.5	11.81
International-Plainfield Motor Co..... N.J.	April	1,348	83	6.2	2.9	7.07
Total for companies reporting.....		86,533	66,940	77.4	4.7	10.98
All other companies in the country.....		93,467				
Total all companies.....		180,000				

ce of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942

Asterisk denotes issuing agent.

Shipbuilding
Industry

STRICTLY CONFIDENTIAL

Shipbuilding Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
California Shipbuilding Corp. Cal.	April	30,666	18,033	58.8	5.6	16.48
Oregon Shipbuilding Corp. Ore.	May	30,502	22,227	72.9	8.2	19.34
Seattle Tacoma Shipbuilding Corp. and Shipyard. Wash.	May	29,371	5,152	17.5	8.6	18.72
Newport News Shipbuilding and Drydock Co. Va.	May	27,169	17,924	66.0	7.0	12.70
Federal Shipbuilding and Drydock Co. (U. S. Steel) N.Y.	May	25,969	22,449	86.4	7.0	13.78
New York Shipbuilding Corp. N.Y.	May	23,737	14,755	62.2	6.8	17.03
Sun Shipbuilding and Drydock Co. Cal.	May	21,623	15,200	70.3	4.5	11.38
Alabama Drydocks. Ala.	May	12,926	1,920	14.9	5.0	11.51
North Carolina Shipbuilding Co. N.C.	May	11,445	7,855	68.6	10.4	17.31
Consolidated Steel Corp. Tex.	May	11,098	10,318	93.0	8.5	21.67
Todd-Bath Iron Shipbuilding. Me.	April	11,000	2,000	18.2	5.2	8.50
Delta Shipbuilding Co., Inc. La.	May	10,500	9,400	89.5	5.6	10.64
Gulf Shipbuilding Co. Ala.	May	10,021	3,655	36.5	13.3	31.90
Cramp Shipbuilding Co. Pa.	May	8,599	5,067	58.9	7.6	17.63
Bath Iron Works Corp. Me.	April	7,010	3,476	49.6	5.3	11.89
South Portland Shipyard. Me.	April	7,000	450	6.4	2.7	4.67
Los Angeles Shipbuilding and Drydock. Cal.	May	6,686	3,750	56.1	7.8	18.67
Tampa Shipbuilding Co. Fla.	May	6,176	4,000	64.8	5.0	11.91
Maryland Drydock Co. Md.	May	6,095	3,757	61.6	4.7	9.39
American Shipbuilding Co. Ohio	May	5,381	2,826	52.5	5.1	11.11

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942

* asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Shipbuilding Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Willamette Iron and Steel Corp. ^{Ore}	May	5,094	1,269	24.9	12.8	29.13
Higgins Industries, Inc. ^{La.}	May	4,490	2,489	55.4	3.8	6.87
Manitowoc Shipbuilding Co. ^{Wis.}	April	4,294	1,757	40.9	6.5	14.94
Ingalls Shipbuilding Corp. ^{Miss.}	April	4,050	1,475	36.4	8.8	15.25
Lake Washington Shipyards. ^{Wash.}	April	4,000	408	10.2	13.2	29.41
Associated Shipbuilders. ^{Wash.}	May	3,520	745	21.2	11.2	21.20
Defoe Boat and Motor Works. ^{Mich.}	May	3,080	2,114	68.6	4.2	10.60
Pusey and Jones Corp. ^{Cal.}	May	2,919	1,520	52.1	6.2	13.58
Todd Seattle Drydock. ^{Wash.}	May	2,600	650	25.0	5.0	15.58
Todd-Johnson Drydocks, Inc. ^{La.}	April	2,552	279	10.9	10.6	19.46
General Engineering and Drydock Co. ^{Cal.}	April	2,500	981	39.2	7.0	21.41
Sullivan Drydock and Repair Corp. ^{N.Y.}	May	2,500	430	17.2	9.3	23.96
Atlantic Basin Iron Works. ^{N.Y.}	May	2,093	811	38.7	9.0	19.91
Great Lakes Engineering Works. ^{Mich.}	May	1,828	785	42.9	7.5	16.90
United Engineering Co. and Subsidiary. ^{Cal.}	May	1,700	521	30.6	8.6	25.48
Gibbs Gas Engine Co. ^{Fla.}	April	1,210	260	21.5	6.1	9.94
Concrete Ship Constructors. ^{Cal.}	May	1,100	328	29.8	7.2	17.45
Pacific Bridge Co. ^{Cal.}	May	1,058	750	70.9	5.6	12.23
Norfolk Shipbuilding and Dry Dock Co. ^{Va.}	May	<u>1,015</u>	<u>566</u>	<u>55.8</u>	<u>8.5</u>	<u>15.60</u>
Total for companies reporting.....		354,577	<u>192,352</u>	<u>54.2</u>	<u>7.0</u>	<u>15.63</u>
All other companies in the country.....		<u>295,423</u>				
Total all companies.....		<u>650,000</u>				

of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Machine Tool
Industry

STRICTLY CONFIDENTIAL

Machine Tool Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Brown and Sharpe Manufacturing Co.....RI	April	10,800	3,700	34.3	7.5	18.11
The Bullard Co.....Conn	April	5,341	1,291	24.2	8.5	20.14
National Acme Co.....Ohio	May	4,468	2,562	57.3	6.1	13.21
Warner-Swasey Co.....Ohio	May	4,200	3,019	71.9	6.3	16.00
Parker Appliance Co.....Ohio	April	4,158	1,404	33.8	4.1	7.63
The New Britain Machine Co....Conn	May	3,516	2,210	62.9	4.5	9.84
Heald Machine Co.....Mass	May	3,193	2,975	93.2	6.5	16.95
Gisholt Machine Co.....Wis	May	2,913	906	31.1	7.3	15.06
Jones and Lamson Machine Co...Vt.	April	2,638	1,064	40.3	6.8	14.02
The Fellows Gear Shaper Co....Vt.	May	2,524	905	35.9	7.9	15.94
The Monarch Machine Tool Co...Ohio	May	2,394	745	31.1	5.1	8.92
Cone Automatic Machine Co., Ind.	May	2,192	1,918	87.5	5.5	9.00
Leland-Gifford Co.....Mass	May	1,827	1,186	64.9	6.9	17.51
R. K. Le-Blond Machine Tool Co...Ohio	April	1,329	427	32.1	9.5	23.23
Bryant Chucking Grinder Co....Vt.	May	1,250	520	41.6	11.3	19.41
Giddings and Lewis Machine Tool Co.....Wis	May	1,048	819	78.1	6.4	15.90
Consolidated Machine Tool Corp.	April	1,000	849	84.9	6.9	14.60
Total for companies reporting.....		54,791	26,500	48.4	6.6	14.78
All other companies in the country.....		85,209				
Total all companies.....		140,000				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* asterisk denotes issuing agent.

Automobile
Manufacturing Industry

Automobile Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
General Motors Corp., Automobile Divisions.....Mich	April	117,599	96,946	82.4	4.2	9.89
Ford Motor Co.....Mich	April	116,350	96,931	83.3	4.7	10.97
Chrysler Corp.....Mich	April	51,619	36,578	70.9	6.1	14.38
Packard Motor Car Co.....Mich	April	20,165	13,481	66.9	6.6	18.09
Hudson Motor Car Co.....Mich	May	16,485	4,874	29.6	8.5	23.01
Yellow Truck and Coach Manufacturing Co.....Mich	May	12,687	12,028	94.8	4.9	10.80
Kelsey-Hayes Wheel Co.....Mich	May	7,610	3,852	50.6	7.5	22.35
Spicer Manufacturing Corp.....Ohio	May	6,774	2,760	40.7	5.2	14.58
Timken Detroit Axle Co.....Mich	May	6,500	3,300	50.8	3.6	9.24
White Motor Co.....Ohio	May	5,455	4,527	83.0	3.7	8.24
Clark Equipment Co.....Mich	May	5,372	1,546	28.8	6.3	13.90
Budd Wheel Co.....Mich	April	3,791	2,845	75.0	5.7	15.97
Edward G. Budd Manufacturing Co.....Mich	April	3,542	1,780	50.3	6.5	18.02
Motor Wheel Corp.....Mich	May	3,074	1,163	37.8	4.2	10.61
Carter Carburetor Co.....Ne	May	2,900	1,900	65.5	3.8	7.37
The Heil Co.....Wis	May	2,600	1,900	73.1	2.5	5.21
Autocar Co.....Pa	May	2,206	1,612	73.1	6.8	13.80
Motor Products Corp.....Mich	May	2,056	1,970	95.8	6.8	15.66
Trico Products Corp.....NY	May	1,869	1,604	85.8	3.6	6.78
Four Wheel Drive Auto Co.....Wis	May	1,750	575	32.9	5.7	9.83

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agent.

Automobile Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Diamond T Motor Car Co.....Ill	May	1,721	1,672	97.2	9.9	18.27
McCord Radiator and Manufactur- ing Co.....Mich	May	1,503	884	58.8	4.5	8.16
American La France and Foamite Corp.....N.Y.	April	1,190	335	28.2	5.7	9.01
Trailer Co. of America.....Ohio	May	1,100	1,000	90.9	4.9	8.50
Highway Trailer Co.....Wis	May	<u>1,022</u>	<u>889</u>	<u>87.0</u>	<u>5.6</u>	<u>7.08</u>
Total for companies reporting.....		396,940	<u>296,952</u>	<u>74.8</u>	<u>4.9</u>	<u>11.75</u>
All other companies in the country.....		<u>3,060</u>				
Total all companies.....		<u>400,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Aircraft
Industry

STRICTLY CONFIDENTIAL

Aircraft Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was required	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Curtiss Wright Corp.....NY	April	60,318	26,836	44.5	4.7	11.17
Consolidated Aircraft Corp.....Cal	May	42,656	9,629	22.6	2.7	5.29
Glenn L. Martin Co.....Md.	April	42,616	10,838	25.4	4.8	10.48
Lockheed Aircraft Corp.....Cal	April	33,814	10,921	32.3	3.9	7.92
Boeing Aircraft Co.....Wash	May	28,000	15,550	55.5	5.9	12.28
North American Aviation, Inc.....Cal	April	25,050	20,418	81.5	3.9	6.62
Vega Aircraft Corp.....Cal	May	18,605	7,170	38.5	6.5	13.75
Bell Aircraft Corp.....NY	April	12,000	4,800	40.0	4.9	9.38
Vultee Aircraft Corp.....Cal	April	9,922	7,895	79.6	4.7	9.82
Republic Aviation Corp.....NY	May	8,328	2,862	34.4	4.4	10.97
Northrup Aircraft Manufacturing Co.....Cal	May	8,000	4,400	55.0	7.0	12.50
Eastern Aircraft Division, (General Motors Corp.).....NY	April	3,375	3,333	98.8	3.6	9.42
Fleetwings, Inc.....Pa.	April	3,185	2,619	82.2	3.5	7.74
Rohr Aircraft Corp.....Cal	April	3,133	503	16.1	5.0	7.61
Aeroproducts Division, (General Motors Corp.).....NY	April	1,820	1,809	99.4	5.0	12.26
Liberty Aircraft Products Corp.....NY	April	1,484	1,484	100.0	4.7	8.67
Adel Precision ProductsCal	May	1,381	453	32.8	7.3	12.63
Edo Aircraft Corp.....NY	April	1,343	646	48.1	5.2	12.03
Stinson Aircraft.....Mich	April	1,218	1,210	99.3	6.3	11.96
Air Associates, Inc.....NY	May	1,186	839	70.7	3.9	9.37

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Aircraft Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942
(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Columbia Aircraft Industries, Ore. Pa.	May	1,125	1,000	88.9	2.8	4.80
Piper Aircraft Co.....	May	1,115	700	62.8	4.5	5.24
Link Aviation Devices, Inc., NY.	May	1,059	500	47.2	5.7	11.09
Kellett Autogiro Corp., Pa.	May	<u>1,000</u>	<u>600</u>	<u>60.0</u>	<u>7.3</u>	<u>17.09</u>
Total for companies reporting.....		311,733	<u>137,015</u>	<u>44.0</u>	<u>4.6</u>	<u>9.74</u>
All other companies in the country.....		<u>118,267</u>				
Total all companies.....		<u>430,000</u>				

of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Railroad
Industry

Railroad Industry

STRICTLY CONFIDENTIAL

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
The Pennsylvania Railroad Co. Pa.	April	161,260	65,548	40.6	4.1	7.80
New York Central System N.Y.	April	121,697	25,906	21.3	3.4	6.48
Southern Pacific Company Cal.	April	60,200	15,200	25.2	3.2	6.26
Baltimore and Ohio Md.	April	57,783	31,889	55.2	3.9	7.14
Union Pacific R. R. Neb.	May	53,000	38,175	72.0	4.5	9.10
The Atchison Topeka & Santa Fe Ry. System..... Ill.	May	52,876	21,096	39.9	5.4	10.54
Southern Railway System D.C.	April	40,021	10,830	27.1	5.5	10.58
Illinois Central System Ill.	April	37,807	24,000	63.5	3.3	6.01
Chicago, Milwaukee, St. Paul & Pacific Ill.	April	32,642	16,182	49.6	3.8	7.03
Missouri Pacific Lines Mo.	April	32,000	7,178	22.4	2.6	5.24
Chesapeake & Ohio Lines Ohio	April	28,952	3,469	12.0	4.7	8.35
Chicago & Northwestern Line .. Ill.	May	28,100	9,420	33.5	4.0	7.44
Chicago, Burlington & Quincy R. R. Co. Ill.	May	26,454	21,321	80.6	4.9	8.69
Great Northern Railway Minn.	May	25,622	10,711	41.8	4.0	7.18
New York, New Haven & Hartford R. R. Co. Conn.	May	23,809	12,819	53.8	2.8	5.20
Erie Railroad Co. Ohio	April	23,614	15,180	64.3	3.5	6.71
Rock Island Lines Ill.	April	22,887	5,999	26.2	2.4	4.38
Norfolk & Western Railway Co. Va.	May	21,778	18,496	84.9	4.0	7.21
Northern Pacific Railway Minn.	April	21,271	2,122	10.0	2.8	5.39
Reading Company Pa.	May	19,500	10,235	52.5	3.9	7.00
Seaboard Airline Ry. & Subsidiaries Va.	May	17,809	8,709	48.9	6.3	12.11
Atlantic Coast Line R. R. Co. N.C.	May	16,937	5,017	29.6	6.1	11.42
Texas & New Orleans Railroad Co. Tex.	April	16,503	5,623	34.1	4.5	7.72
St. Louis-San Francisco Ry. Co. Mo.	May	16,186	13,022	80.5	4.5	8.41
Boston and Maine Railroad Mass.	April	14,920	12,764	85.5	4.3	7.77

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Railroad Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Delaware, Lackawanna & Western R. R. Co.NY.	April	14,820	7,300	49.3	3.4	5.80
New York, Chicago & St. Louis R. R. Co.Ohio	April	12,490	2,200	17.6	4.3	8.22
Lehigh Valley Railroad Co.NY	May	11,984	4,040	33.7	3.4	6.99
Central Railroad of New Jersey ..NJ	May	11,500	6,180	53.7	2.4	4.98
Wabash Railway Co.Mo.	April	11,372	3,349	29.4	2.4	4.70
Canadian National Railways ..Can	April	10,814	2,981	27.6	4.1	7.00
Missouri-Kansas-Texas Railroad Co.Mo.	April	9,812	6,536	66.6	4.6	8.53
The Delaware & Hudson Railroad Corp.NY	May	9,434	2,296	24.3	4.2	7.68
Texas & Pacific Railway Co.Tex	May	8,731	3,686	42.2	5.4	9.89
St. Louis Southwestern Railway LinesMo.	May	7,750	1,288	16.6	5.6	9.76
Sault Ste. Marie RailwayMinn	April	7,539	6,135	81.4	3.2	6.57
Western Pacific Railroad Co.Cal	April	6,779	902	13.3	6.6	11.96
Nashville, Chattanooga & St. Louis Ry.Tenn	April	6,600	662	10.0	2.9	5.29
Pere Marquette Railway Co.Ohio	April	6,457	2,380	36.9	4.0	7.69
Elgin, Joliet & Eastern Railway Co.Ill	April	6,100	3,160	51.8	4.4	8.57
The Alton Railway Co.Ill	May	5,821	4,010	68.9	3.6	7.00
Central of Georgia Railway Co.Ga.	April	5,470	2,565	46.9	1.7	2.99
Chicago, Saint Paul, Minneapolis & Omaha Railway CompanyMinn	April	4,900	616	12.6	3.8	7.46
Duluth, Missabe & Iron Range Ry. Co.Minn	May	4,659	2,116	45.4	7.5	15.26
Western Maryland RailroadMd.	May	4,636	4,576	98.7	6.3	12.26

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Railroad Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 3)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Chicago & Eastern Illinois Railroad	May	4,585	3,560	77.6	4.5	8.24
Chicago Great Western Railway	May	4,500	2,300	51.1	3.8	6.92
Wheeling & Lake Erie Ry. Co.	May	4,306	3,962	92.0	8.5	16.08
Terminal Railroad Assn. of St. Louis	April	4,233	348	8.2	3.8	7.45
Maine Central Railroad Co.	May	4,206	3,641	86.6	4.4	7.76
Kansas City Southern Railway Co.	April	4,190	2,042	48.7	4.5	8.67
Los Angeles Railway Co.	May	4,043	2,433	60.2	4.2	7.15
Washington Terminal Company	May	3,677	2,730	74.2	3.3	5.42
Richmond, Fredericksburg, Potomac R. R.	May	3,662	590	16.1	8.4	14.81
The Western Railway of Alabama	April	3,292	664	20.2	5.4	8.66
The Virginian Railway Company	May	3,250	1,809	55.7	4.5	8.50
Union Railroad Co.	April	3,214	1,442	44.9	4.4	8.67
Florida East Coast Railway	May	2,843	2,045	71.9	3.6	6.73
Spokane, Portland & Seattle Ry. Co.	April	2,760	1,448	52.5	1.8	3.51
Minneapolis & St. Louis Railway	May	2,700	2,418	89.6	4.0	8.22
Louisiana & Arkansas Railway Co.	April	2,417	1,625	67.2	3.4	5.59
Chicago, Indianapolis & Louisville R. R.	May	2,181	1,286	59.0	4.1	6.96
K.C. Terminal Railway Co.	May	1,642	400	24.4	3.9	6.72
Norfolk & Southern Railroad	May	1,600	298	18.6	4.7	8.10
The Belt Ry. Co. of Chicago	May	1,600	1,151	71.9	4.0	7.21
Atlanta, Birmingham & Coast R.R. Co.	May	1,600	262	16.4	6.9	9.73
Illinois Terminal Railroad Co.	May	1,584	1,108	70.0	3.9	7.00
Bangor & Aroostook Railroad	May	1,538	800	52.0	7.8	8.86
Fort Worth & Denver City Railway Co.	April	1,477	876	59.3	4.4	8.18
Cincinnati Union Terminal Co.	May	1,450	1,081	74.6	2.7	4.63

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Railroad Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 4)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Colorado & Southern Railway Co. Colo.	April	1,342	661	49.3	5.5	11.03
Clinchfield Railroad Co. Tenn.	May	1,326	711	53.6	4.7	9.68
Canadian Pacific Railway Co. Can.	May	1,308	270	20.6	3.5	6.27
Chicago & Western Indiana R.R. Co. Ill.	May	1,250	1,135	90.8	4.7	7.54
Rutland Railroad Co. Vt.	May	1,221	593	48.6	2.9	4.61
Tennessee Central Railway Co. Tenn.	April	1,118	282	25.2	3.9	6.21
Northern Pacific Terminal Co. Ore.	April	1,051	365	34.7	6.1	9.23
Chicago & Illinois Railroad Co. Ill.	May	1,039	948	91.2	7.5	13.98
Ann Arbor Railroad Co. Ohio	April	1,022	345	33.8	3.6	6.46
Total for companies reporting		1,224,523	<u>523,518</u>	<u>42.8</u>	<u>4.1</u>	<u>7.75</u>
All other companies in the country		<u>75,477</u>				
Total all companies		<u>1,300,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.
* Asterisk denotes issuing agent.

June 27, 1942.

Explosives
Industry

Explosives Industry

STRICTLY CONFIDENTIALSummary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* Hercules Powder Co..... Del	May	19,925	18,127	91.0	5.2	12.25
Proctor and Gamble Defense Corp. Tenn	May	6,866	5,149	75.0	5.4	7.07
* Atlas Powder Co..... Del	April	3,783	2,514	66.5	4.4	7.52
* Trojan Powder Co..... Ohio	May	<u>3,500</u>	<u>2,885</u>	<u>82.4</u>	<u>5.2</u>	<u>10.81</u>
Total for companies reporting.....		34,074	<u>28,675</u>	<u>84.2</u>	<u>5.3</u>	<u>10.76</u>
All other companies in the country.....		<u>25,926</u>				
Total all companies.....		<u>60,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Foundry & Machine Shop
Products Industry

Foundry and Machine Shop Products Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Tinken Roller Bearing.....Ohio	May	15,715	7,000	44.5	6.8	11.64
New Departure Division of General Motors.....NY.	April	13,078	10,707	81.9	5.7	11.66
Link Belt Co.....Ill	April	9,041	6,281	69.5	5.2	11.59
General Fire Extinguisher.....RI.	May	8,000	2,500	31.3	4.3	7.03
Western Pipe and Steel Co....Cal	April	7,833	2,500	31.9	5.2	12.27
American Brake Shoe & Foundry Company.....NY.	May	7,600	6,474	85.2	4.4	9.05
Ingersoll Rand Co.....NY.	April	7,050	5,350	75.9	4.6	8.88
Westinghouse Air Brake.....Pa.	April	6,975	3,030	43.4	5.6	11.43
Yale & Towne Manufacturing CoConn	May	6,357	5,926	93.2	5.8	11.45
Aafnir Bearing Co.....Conn	May	6,341	2,616	41.3	5.5	8.83
S.K.F. Industries, Inc.....Pa.	May	5,500	2,557	46.5	5.2	10.22
Thompson Products, Inc.....Ohio	May	4,553	2,945	64.7	4.7	10.99
R. G. LeTourneau Co.....Ill	May	4,125	2,889	70.0	5.3	11.09
E. W. Bliss Co.....NY.	April	3,937	1,683	42.7	6.8	17.69
Bucyrus-Erie Co.....Wis	May	3,700	1,702	46.0	4.7	10.09
Harnischfeger Corporation....Wis	April	3,300	554	16.8	7.6	16.76
Ohio Crankshaft, Inc.....Ohio	May	2,915	2,871	98.5	5.1	11.88
Miehle Printing Press & Mfg.CoIll	May	2,800	2,600	92.9	9.5	21.15
Addressograph Multigraph CorpOhio	April	2,760	1,050	38.0	9.7	23.15
Titeflex Metal Hose Co.....NJ.	May	2,628	1,359	51.7	5.3	9.47
The Jeffrey Mfg. Co.....Ohio	May	2,550	2,060	80.8	5.2	12.70
Mergenthaler Linotype Co.....NY.	May	2,501	1,623	64.9	5.5	12.09
Marion Steam Shovel.....Ohio	April	2,287	2,114	92.4	3.4	6.15

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agent.

Foundry and Machine Shop Products Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Chapman Valve Mfg. Co.....Mass	May	2,274	1,800	79.2	4.8	10.05
Foot Bros. Gear & Machine Corp.....Ill	April	2,052	1,088	53.0	8.8	29.04
W. W. Kellogg Co.....Ill	April	2,000	584	29.2	2.9	6.93
Sullivan Machinery Co.....Ind	April	1,979	1,286	65.0	3.9	6.63
DeLaval Separator Co.....	May	1,950	767	39.3	4.2	10.41
Foster Wheeler Corp.....NJ	April	1,934	1,246	64.4	4.1	7.50
R. Hoe & Co., Inc.....NY	April	1,658	550	33.2	5.3	12.76
Halliburton Oil Well Cementing Company.....Okla	April	1,650	132	8.0	12.1	22.05
Goodman Mfg. Co.....Ill	April	1,621	1,431	88.3	6.5	17.32
Sealed Power Corp.....Mich	May	1,600	1,156	72.3	5.1	9.88
Henry Vogt Machine Co.....Ky	May	1,600	400	25.0	5.3	7.64
Dayton Malleable Iron Co.....Ohio	April	1,527	294	19.3	6.0	11.47
Ferro Machine & Foundry Co.....Ohio	May	1,502	914	60.9	3.5	5.67
Bower Roller Bearing Co.....Mich	April	1,450	303	20.9	14.7	23.50
American Hoist & Derrick Co.....Minn	May	1,450	1,395	96.2	8.0	16.49
Busch Sulzer Bros. Diesel Engine Co.....Mo	May	1,425	1,052	73.8	5.6	13.04
Auto Specialties Mfg. Co.....Mich	April	1,408	1,000	71.0	4.5	5.80
Norma-Hoffman Bearings Corp.....Conn	May	1,403	1,032	73.6	3.3	4.67
Duplex Printing Press Co.....Mich	May	1,380	1,159	84.0	6.6	12.55
Commercial Iron Works.....Ore	May	1,375	350	25.5	10.1	27.12
Steel Products Engineering Co.....Ohio	May	1,250	646	51.7	8.4	17.65
American Machine & Metals.....Ill	May	1,223	742	60.7	9.6	19.85
Continental Gin Co.....Ala	April	1,223	366	29.9	9.5	19.14

(Continued)

of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agent.

Foundry and Machine Shop Products Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 3)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Chicago Railway Equipment Co. Ill	April	1,213	1,137	93.7	4.0	5.82
McQuay Norris Mfg. Co. Ind	April	1,194	986	82.6	4.3	6.74
American Blower Corp. Mich	April	1,193	972	81.5	7.1	17.32
Albin Malleable Iron Co. Mich	May	1,162	500	43.0	4.4	6.46
Harris-Seybold Potter Co. Ohio	May	1,135	639	56.3	5.3	14.89
Bendix-Westinghouse Air-Brake Co. Ohio	May	1,106	490	44.3	4.6	9.73
Whiting Corp. Ill	May	1,102	893	81.0	4.9	12.45
Lahey Foundry & Machine Co. Mich	April	1,065	790	74.2	4.8	7.08
Emsco Derrick & Equipment Co. Cal	May	1,059	801	75.6	4.6	9.36
Summerill Tubing Co. Pa.	May	1,041	761	73.1	5.3	10.20
Combustion Engineering Co., Inc. NY	April	1,025	366	35.7	7.7	20.59
Woodward Governor Co. Ill	May	1,016	1,010	99.4	8.3	17.39
Waterbury Farrel Foundry Machine. Conn	May	1,000	363	36.3	4.5	9.23
C. L. Gougler Machine Co. Ohio	April	1,000	500	50.0	3.3	6.16
C. F. Braun and Co. Cal	May	1,000	850	85.0	7.6	24.58
Total for companies reporting.		184,791	<u>109,142</u>	<u>59.1</u>	<u>5.7</u>	<u>11.65</u>
All other companies in the country.			<u>515,209</u>			
Total all companies.			<u>700,000</u>			

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agent.

Heating Apparatus
Manufacturing Industry

Heating Apparatus Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* Crane Co..... Ill.	April	16,951	9,784	57.7	5.4	11.30
* Walworth Co..... Ill.	May	7,848	6,850	87.3	4.7	8.22
American Bosch Corp..... Mass.	May	4,790	1,912	39.9	5.1	9.57
Minneapolis Honeywell Regulator Co..... Minn.	May	2,626	2,139	81.5	6.2	11.92
* The Lunkenheimer Co..... Ohio	May	2,123	1,554	73.2	5.2	9.90
National Radiator Co. and Branches..... Pa.	May	1,560	820	52.6	3.7	7.07
U. S. Radiator Corp..... Mich.	April	<u>1,100</u>	<u>610</u>	<u>55.5</u>	<u>2.6</u>	<u>4.43</u>
Total for companies reporting.....		36,998	<u>23,669</u>	<u>64.0</u>	<u>5.1</u>	<u>9.91</u>
All other companies in the country.....		<u>23,002</u>				
Total all companies.....		<u>60,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Railroad Car
Manufacturing Industry

Railroad Car Manufacturing Industry

STRICTLY CONFIDENTIAL

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
*Pullman-Standard Car Mfg. Co. Ill	May	15,542	12,611	81.1	4.6	11.93
*American Car and Foundry Company NY	May	14,900	13,058	87.6	4.1	10.44
Pressed Steel Car Co., Inc., Pa.	May	6,869	6,075	88.4	4.8	10.92
General American Transportation Corp. Ill	May	5,800	4,800	82.8	5.1	10.94
*J. G. Brill Co. Pa.	May	2,266	1,655	73.0	2.9	7.96
The Ralston Steel Car Co. Ohio	April	1,025	207	20.2	7.7	8.43
Union Tank Car Co. Ill	May	<u>1,008</u>	<u>892</u>	<u>88.5</u>	<u>4.8</u>	<u>13.68</u>
Total for companies reporting		47,410	<u>39,298</u>	<u>82.9</u>	<u>4.5</u>	<u>11.01</u>
All other companies in the country		<u>27,590</u>				
Total all companies		<u>75,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Electrical Machinery
& Apparatus Industry

STRICTLY CONFIDENTIAL

Electrical Machinery and Apparatus Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* General Electric Co..... ^{NY}	May	132,340	106,000	80.1	5.7	11.93
* Westinghouse Electric and Mfg. ^{Pa} Co. (All branches).....	May	78,476	42,842	54.6	3.5	8.35
Western Electric Co., Inc..... ^{NY}	April	67,640	61,023	90.2	3.1	6.60
The Electric Auto Lite Co..... ^{Ohio}	May	11,926	7,991	67.0	3.6	6.62
Delco-Remy Div. General Motors ^{NY}	April	11,311	11,223	99.2	4.7	11.02
General Cable Corp..... ^{NY} (all plants & offices)	April	8,500	3,932	46.3	8.2	16.00
* Emerson Electric Mfg. Co..... ^{Mo}	May	7,344	1,181	16.1	6.5	13.67
Delco Products Div..... ^{NY} General Motors Corp.	April	6,489	6,336	97.6	2.7	6.70
* Cutler-Hammer, Inc..... ^{Wis}	April	5,994	1,604	26.8	3.2	6.93
Electric Storage Battery Co. ^{Pa}	April	4,257	3,200	75.2	3.8	6.60
Automatic Electric Co..... ^{Ill}	May	3,931	2,751	70.0	5.4	8.93
General Railway Signal Co..... ^{NY}	May	3,805	2,150	56.5	4.6	9.73
* Wagner Electric Co..... ^{Mo}	April	3,643	232	6.4	6.5	10.00
Union Switch and Signal Co. ^{Pa}	May	3,478	2,584	74.3	4.6	10.48
Delco Appliance Division..... ^{NY} General Motors Corp.	April	3,168	3,097	97.8	2.3	4.17
Westinghouse Electric Supply Co. ^{Pa}	May	2,753	1,046	38.0	5.0	8.77
Teletype Corp..... ^{Ill}	May	2,700	740	27.4	6.6	12.71
* Hobart Mfg. Co..... ^{Ohio}	May	2,647	2,310	87.3	8.9	15.36
Robbins & Myers Co..... ^{Ohio}	May	2,461	2,133	86.7	4.9	9.30
* Edison General Elec. App. Co. ^{Ill}	May	2,262	1,864	82.4	4.1	7.41
* The Hoover Company..... ^{Ohio}	May	2,231	1,018	45.6	4.9	8.76
* Century Electric Co..... ^{Mo}	May	2,225	1,701	76.4	3.4	6.75
* Kellogg Switchboard & Supply Co. ^{Pa}	May	2,150	1,509	70.2	6.1	8.94
* National Electric Products Co. ^{Pa}	May	2,117	1,325	62.6	4.3	7.29
General Instrument Corp..... ^{NJ}	April	2,000	380	19.0	12.5	16.41

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Electrical Machinery and Apparatus Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees participating	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* I. T. E. Circuit Breaker Co. Pa.	April	1,967	1,646	83.7	5.1	11.14
* The B. G. Corporation..... NY	May	1,915	1,250	65.3	3.4	3.76
* Simplex Wire and Cable Co.... Mass	May	1,790	1,504	84.0	4.8	7.04
* Tung-Sol Lamp Works, Inc..... NJ	May	1,700	900	52.9	5.1	7.86
Ward Leonard Electric Co..... NY	May	1,584	1,458	92.0	4.3	7.98
Jefferson Electric Co..... Ill	May	1,520	989	65.1	4.8	5.70
Electrolux Corp..... Conn	May	1,456	930	63.9	4.3	6.83
Cornell Dubilier Electric Co.... NJ	May	1,400	693	49.5	2.9	3.90
Sprague Specialties Co..... Mass	May	1,400	958	68.4	2.5	2.54
Packard Electric Div..... NY	April	1,397	465	33.3	6.2	10.45
General Motors Corp.						
Leece-Neville Co..... Ohio	May	1,385	717	51.8	9.2	14.39
Reliance Electric and Engineer- ing Co..... Ohio	May	1,380	335	24.3	9.2	16.42
* Oak Manufacturing Co..... Ill	May	1,375	1,196	87.0	6.7	11.54
* Trumbull Electric Manufacturing Co..... Conn	May	1,362	1,057	77.6	5.2	9.02
Globe-Union, Inc..... Wis	April	1,360	1,077	79.2	4.9	8.15
International Resistance Co. Pa.	May	1,359	958	70.5	4.4	5.01
* Chicago Transformer Corp.... Ill	May	1,332	1,332	100.0	8.6	9.11
* Dodge Manufacturing Corp.... Ind	May	1,328	998	75.2	5.9	12.92
Lincoln Electric Co..... Ohio	May	1,260	254	20.2	5.7	12.50
* Speer Carbon Co..... Pa.	May	1,197	631	52.7	4.9	8.07
Holtzer-Cabot Electric Co.... Mass	May	1,182	877	74.2	4.9	8.29
Crocker Wheeler Electric Manu- facturing Co..... NJ	May	1,165	540	46.4	5.0	9.72
Leland Electric Co..... Ohio	May	1,151	1,021	88.7	4.0	6.27
Leviton Manufacturing Co., Inc. NY	May	1,137	537	47.2	2.7	8.32
Holmes Electric Protective Co.. NY	May	1,135	445	39.2	4.5	7.47

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

STRICTLY CONFIDENTIAL

Electrical Machinery and Apparatus Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 3)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Stackpole Carbon Co.....Pa.	May	1,099	680	61.9	3.6	5.80
Hammarlund Manufacturing Co., NY	May	1,084	450	41.5	3.4	5.05
Inc.....	May	1,080	1,034	95.7	8.0	12.06
Radio Condenser Co.....NJ.						
Total for companies reporting.....		414,348	295,104	71.2	4.5	9.44
All other companies in the country		35,652				
Total all companies		450,000				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Aluminum
Manufacturing Industry

Aluminum Manufacturing Industry

STRICTLY CONFIDENTIAL

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* Aluminum Co. of America.....Pa.	May	65,000	25,750	39.6	5.0	10.10
Aluminum Goods Manufacturing Co.Pa.	May	1,587	825	52.0	4.0	5.48
Aluminum Industries.....Ohio	May	1,350	603	44.7	3.0	6.26
National Bronze & Aluminum Foundry.....Ohio	April	<u>1,148</u>	<u>303</u>	<u>26.4</u>	<u>6.2</u>	<u>12.93</u>
Total for companies reporting.....		69,085	<u>27,481</u>	<u>39.8</u>	<u>5.0</u>	<u>9.91</u>
All other companies in the country.....		<u>5,915</u>				
Total all companies.....		<u>75,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Agricultural
Implement Industry

Agricultural Implement Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
International Harvester Co.. Ill	May	54,824	53,450	97.5	5.9	12.93
Caterpillar Tractor Co..... Ill	May	14,998	10,860	72.4	4.0	7.69
Deere and Co..... Ill	May	14,373	11,367	79.1	6.8	12.58
Minneapolis Moline Power Implement Co..... Minn	May	4,600	4,000	87.0	5.9	14.50
Cleveland Tractor Co..... Ohio	April	2,100	1,460	69.5	2.6	7.06
Massey-Harris Co..... Wis	April	<u>1,443</u>	<u>574</u>	<u>39.8</u>	<u>4.8</u>	<u>9.43</u>
Total for companies reporting.....		92,338	<u>81,711</u>	<u>88.5</u>	<u>5.8</u>	<u>12.13</u>
All other companies in the country.....		<u>7,662</u>				
Total all companies.....		<u>100,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Steel
Mills

Steel Mills Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
United States Steel Corp.....Pa.	May	221,020	127,974	57.9	4.2	7.29
Bethlehem Steel Corp.....Pa.	May	202,002	164,805	81.6	6.2	13.09
Jones and Laughlin Steel Corp.....Pa.	May	33,700	30,821	91.5	4.2	7.85
Crucible Steel Co.....Pa.	May	26,864	16,499	61.4	4.7	8.69
Wheeling Steel Corp.....W. Va.	April	20,849	14,437	69.2	5.4	8.84
Inland Steel Co.....Ill.	May	16,018	12,633	78.9	4.5	8.22
Allegheny Ludlum Steel Corp.....Pa.	May	11,500	9,927	86.3	5.1	9.77
Colorado Fuel and Iron Corp.....Col.	May	11,229	9,739	86.7	6.2	9.76
Weirton Steel Co.....W. Va.	April	10,900	8,986	82.4	4.2	6.87
American Steel Foundries.....Ill.	May	10,338	9,623	93.1	5.8	9.90
Pittsburgh Steel Co.....Pa.	Apr 11	8,792	3,508	39.9	4.3	7.33
Blow-Knox Co.....Pa.	May	7,800	4,775	61.2	5.0	10.98
Great Lakes Steel Corp.....Mich.	May	7,179	6,571	91.5	4.6	9.86
The Midvale Co.....Pa.	May	6,941	3,614	52.1	7.0	16.12
Otis Steel Co.....Ohio	May	5,170	4,238	82.0	4.1	7.94
Wickwire Spencer Steel Co.....N.Y.	May	4,299	3,614	84.1	4.2	7.76
Gloss-Sheffield.....Ala.	May	4,170	2,971	71.2	6.1	8.04
Sharon Steel Co.....Pa.	May	3,628	2,844	78.4	3.1	5.71
Standard Steel Works Division, Baldwin.....Pa.	May	3,285	3,285	100.0	5.1	9.74
Acme Steel Co.....Ill.	May	3,016	1,974	65.5	4.9	8.78
Woodland Iron Co.....Ala.	May	2,912	2,188	75.1	6.1	10.19
Falk Corp.....W. Va.	April	2,900	510	17.6	12.0	23.53
American Rolling Mills Co.....Ky.	May	2,880	1,778	61.7	6.8	8.94
Ohio Steel Foundry Co.....Ohio	May	2,560	872	34.1	5.5	11.54
Carpenter Steel Co.....Pa.	May	2,558	2,135	83.5	5.9	12.62

(Continued)

of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

terisk denotes issuing agent.

Steel Mills Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942
(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Andrews Steel Co.....Ky.	May	2,500	950	38.0	6.4	8.85
Copperweld Steel Corp.....Ohio	April	2,492	1,991	79.9	4.7	8.55
Harrisburg Steel Corp.....Pa.	April	2,451	2,227	90.9	6.3	12.83
Rustless Iron and Steel Co...Md.	May	2,429	1,269	52.2	5.7	11.42
Taylor Wharton Iron and Steel Co.....NJ.	May	2,212	1,649	74.5	5.0	8.69
Continental Steel Corp.....Ind.	May	2,202	2,202	100.0	5.2	8.08
Continental Roll and Steel Foundry Co.....Ind.	May	2,195	2,050	93.4	6.1	13.71
The Midland Steel Products Co...Ohio	May	2,153	1,413	65.6	5.9	12.52
Scullen Steel Co.....Mo.	May	1,950	350	17.9	9.1	12.00
Keystone Steel and Wire Co...Ill.	May	1,880	1,408	74.9	4.5	8.18
Birdsboro Steel Foundry and Machine Co.....Pa.	April	1,800	1,600	88.9	4.9	7.50
Northwestern Steel and Wire Co...Ill.	May	1,780	1,745	98.0	3.4	6.97
Central Iron and Steel Co...Pa.	May	1,702	1,049	61.6	5.1	8.16
Firth Stirling Steel Co.....Pa.	May	1,682	1,504	89.4	5.4	12.05
Universal Cyclops Steel Corp...Pa.	May	1,559	1,400	89.8	4.8	8.81
Jessop Steel Co.....Pa.	May	1,500	605	40.3	17.1	29.75
Lansdowne Steel and Iron Co...Pa.	May	1,367	910	66.6	8.5	10.72
Buffalo Bolt Co.....Pa.	May	1,289	915	71.0	5.8	11.45
Empire Sheet and Tin Plate Co...Ohio	May	1,285	1,240	96.5	5.6	8.69
Phoenix Iron Co.....Pa.	May	1,256	849	67.6	4.9	7.66

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agents.

Steel Mills Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 3)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
General Metals Corp.....Cal.	May	1,150	1,050	91.3	6.6	15.87
Joslyn Manufacturing and Supply Co.....Ill.	May	1,135	609	53.7	4.5	9.73
Detroit Steel Products Co...Mich	May	1,124	900	80.1	4.6	12.13
Lebanon Steel Foundry.....Pa.	May	1,115	1,050	94.2	6.0	11.31
Wickwire Brothers, Inc.....N.Y.	April	1,054	27	2.6	4.0	5.37
Ohio Seamless Tube Co.....Ohio	April	1,051	1,051	100.0	7.9	15.46
Globe Steel Tuber Co.....Wis.	May	1,015	759	74.8	5.8	9.35
Harrison Steel Castings Co...Ind.	May	1,004	249	24.8	5.1	9.43
Total for companies reporting.....		678,842	<u>483,342</u>	<u>71.2</u>	<u>5.3</u>	<u>10.03</u>
All other companies in the country.....		<u>21,158</u>				
Total all companies.....		<u>700,000</u>				

of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* denotes issuing agent.

Radio and
Phonograph Industry

Radio and Phonograph Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* R. C. A. Manufacturing Co. Inc. ^{NY}	April	18,085	14,381	79.5	6.5	11.75
* Philco Corp. ^{PA}	April	5,951	3,488	58.6	4.3	7.02
Thomas A. Edison, Inc. ^{NY}	May	3,754	3,418	91.0	3.2	6.03
* Ken-Rad Tube & Lamp Corp. ^{PA}	May	3,083	2,873	93.2	4.1	4.28
* R. C. A. Corp. (Indiana) ^{IND}	April	3,050	2,556	83.8	5.6	9.03
Raytheon Production Corp. ^{MASS}	May	2,408	570	23.7	1.6	1.94
Stromberg-Carlson Telephone Manufacturing Co. ^{NY}	May	2,189	2,108	96.3	4.1	9.18
* National Union Radio Corp. ^{NY}	May	1,962	905	46.1	4.1	5.92
Dictaphone Corp. ^{CONN}	May	1,724	798	46.3	4.0	7.76
* Federal Telegraph Co. ^{NY}	May	1,565	738	47.2	7.8	16.07
Zenith Radio Corp. ^{ILL}	May	1,479	945	63.9	4.6	10.66
Galvins Manufacturing Corp. ^{ILL}	April	1,436	682	47.5	6.3	8.76
Colonial Radio Corp. ^{NY}	May	1,400	935	66.8	7.5	10.70
The Magnavox Co. ^{IND}	May	1,050	704	67.0	6.8	9.88
Total for companies reporting.....		49,136	<u>35,101</u>	<u>71.4</u>	<u>5.4</u>	<u>9.30</u>
All other companies in the country.....		<u>10,864</u>				
Total all companies		<u>60,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Coal Mining
Industry

Coal Mining Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Olen Alden Coal Co.....Pa.	May	16,500	15,000	90.9	3.9	4.77
Consolidation Coal Co., Inc.....Pa.	May	9,929	7,446	75.0	4.8	7.26
Hudson Coal Co.....Pa.	May	8,398	7,627	90.8	3.6	4.79
Reabody Coal Co. and Affiliated Companies.....Pa.	May	8,110	5,905	72.8	4.5	7.87
Philadelphia and Reading Coal and Iron Co.....Pa.	May	8,100	7,900	97.5	2.8	4.24
Lehigh Valley Coal Co.....Pa.	May	5,870	5,601	95.4	4.6	6.91
New River and Pocahontas Consolidated Coal Co.....Pa.	May	5,110	1,748	34.2	7.4	10.55
Rochester and Pittsburgh Coal Co.....Pa.	May	5,108	2,309	45.2	7.7	7.76
Lehigh Coal and Navigation Co.....Pa.	April	4,989	4,306	86.3	3.1	5.43
Carter Coal Co., Inc.....Pa.	April	3,467	172	5.0	17.3	27.14
Alabama By-Products Corp.....Ala.	May	3,256	678	20.8	7.0	8.74
Youghiogheny and Ohio Coal Co.....Pa.	May	3,000	1,198	39.9	5.8	8.13
Jeddo-Highland Coal Co.....Pa.	May	2,872	2,715	94.5	3.1	4.89
Union Pacific Coal Co.....Pa.	May	2,847	1,774	62.3	6.9	11.93
Red Jacket Coal Co.....Pa.	May	2,725	1,102	40.4	6.8	10.44
Chicago, Wilmington and Franklin Coal.....Pa.	May	2,611	1,850	70.9	5.1	8.27
Pennsylvania Coal and Coke Corp.....Pa.	April	2,438	646	26.5	4.6	6.92
Christopher Mining Interests.....Pa.	May	2,380	2,115	89.6	13.0	20.62
Pennsylvania Coal Co.....Pa.	May	2,180	1,248	57.2	3.4	4.99
Superior Coal Co.....Pa.	May	1,976	1,966	99.5	5.7	5.48

(Continued)

June 27, 1942.

Office of the Secretary of the Treasury, Division of Research and Statistics.

* Asterisk denotes issuing agent.

Coal Mining Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Westmoreland Coal Co.....Pa.	May	1,750	1,373	78.5	6.2	9.73
West Kentucky Coal Co.....Ky.	May	1,705	916	53.7	3.1	4.09
Clinchfield Coal Corp.....Va.	April	1,600	64	4.0	18.4	23.69
Bell and Zoller Coal and Mining Co.....Ill.	May	1,580	1,511	95.6	6.0	9.00
De Bardeleben Coal Corp.....Ala.	April	1,500	404	26.9	6.1	7.27
Union Collieries Co.....Pa.	May	1,430	1,290	90.2	4.7	8.57
Valley Camp Coal Co.....Ohio	April	1,400	991	70.8	4.0	6.80
Haddock Mining Co.....Pa.	May	1,340	1,230	91.8	7.0	9.51
Jewell Ridge Coal Corp.....Pa.	May	1,312	858	65.4	8.9	11.47
Pittsburgh Coke and Iron Co.....Pa.	May	1,300	1,215	93.5	4.0	8.06
Alabama Fuel and Iron Co.....Ala.	April	1,250	800	64.0	1.6	2.48
Edison Anthracite Coal Co.....Pa.	May	1,188	1,187	99.9	3.9	4.69
Ebensburg Coal Co.....Pa.	May	1,171	1,152	98.4	3.9	6.79
Ford Collieries Co.....Mich.	April	1,168	1,059	90.7	4.3	7.31
Penn Anthracite Collieries Co.....Pa.	May	1,156	961	83.1	3.7	5.40
Columbus Mining Co.....Ill.	May	1,111	521	46.9	7.4	9.87
Blue Diamond Coal Co.....Va.	April	1,100	90	8.2	4.6	7.28
Kehoe-Berke Coal Co.....Pa.	April	1,089	651	59.8	3.8	4.80
Powhatan Mining Co.....Ohio	May	1,056	502	47.5	6.0	9.61
Weirton Coal Co.....W. Va.	April	1,029	1,008	98.0	4.4	6.77
Winding Gulf Collieries.....W. Va.	May	1,003	656	65.4	8.0	11.05
Total for companies reporting.....		129,084	<u>91,745</u>	<u>71.1</u>	<u>4.7</u>	<u>6.84</u>
All other companies in the country.....		<u>420,916</u>				
Total all companies.....		<u>550,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Paper and Pulp
Manufacturing Industry

Paper and Pulp Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
International Paper Co..... ^{NY}	May	18,774	13,008	69.3	5.5	9.15
Champion Paper and Fibre Co..... ^{Ohio}	May	8,412	5,307	63.1	3.9	6.91
Crown Zellerbach Corp..... ^{Cal.}	April	7,917	3,119	39.4	5.4	9.77
Kimberly-Clark Corp..... ^{Wis.}	May	6,007	4,822	80.3	6.3	11.02
Brown Co..... ^{Ill.}	April	3,740	910	24.3	4.3	5.52
St. Regis Paper Co..... ^{NY}	May	3,259	2,765	84.8	7.0	11.81
Robert Gair Co., Inc..... ^{NY}	April	3,212	1,525	47.5	4.6	6.82
Marathon Paper Mills Co..... ^{Wis.}	April	2,813	454	16.1	4.2	7.87
Oxford Paper Co..... ^{Ill.}	May	2,657	178	6.7	5.5	8.11
Bird and Son, Inc..... ^{Nash.}	May	2,594	489	18.9	3.8	7.03
Sutherland Paper Co..... ^{Mich.}	May	2,135	400	18.7	4.4	6.01
Hinde and Dauch Paper Co..... ^{Ohio}	May	2,131	1,546	72.5	3.0	4.79
Minnesota and Ontario Paper Co..... ^{Minn.}	May	1,961	1,270	64.8	5.2	8.21
Consolidated Paper Co..... ^{Mich.}	May	1,711	428	25.0	3.0	4.04
Kalamazoo Vegetable Parchment..... ^{Mich.}	May	1,694	604	35.7	4.6	8.50
National Vulcanized Fibre Co..... ^{Del.}	May	1,641	1,051	64.0	6.0	8.94
Northwest Paper Co..... ^{Minn.}	April	1,619	848	52.4	4.4	6.52
Sonoco Products Co..... ^{So.}	May	1,493	1,483	99.3	7.1	11.11
Eastern Corp..... ^{Pa.}	May	1,482	494	33.3	4.1	7.79
Longview Fibre Co..... ^{Wash.}	May	1,477	332	22.5	4.3	9.46
Castanea Paper Co..... ^{NY}	April	1,353	509	37.6	3.2	5.38
Spaulding Fibre Co..... ^{NY}	May	1,337	739	55.3	5.8	9.01
Great Northern Paper Co..... ^{Pa.}	May	1,333	438	32.9	4.2	7.29
Reigel Paper Corp..... ^{Pa.}	May	1,280	379	29.6	4.2	6.32
American Writing Paper Co..... ^{Nash.}	May	1,211	501	41.4	3.5	5.05

(Continued)

June 27, 1942.

Office of the Secretary of the Treasury, Division of Research and Statistics.

Asterisk denotes issuing agent.

Paper and Pulp Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Thilmany Pulp and Paper Co.... ^{Vis}	May	1,150	1,150	100.0	3.5	5.06
Allied Paper Mills..... ^{High}	April	1,050	558	53.1	5.6	6.82
River Raisin Paper Co..... ^{High}	April	1,016	667	65.6	5.4	7.83
Central Fibre Products Co., Inc. ^{Vis}	April	1,015	595	58.6	4.0	6.55
Milprint, Inc..... ^{Vis}	May	<u>1,000</u>	<u>285</u>	<u>28.5</u>	<u>4.3</u>	<u>5.61</u>
Total for companies reporting.....		88,474	<u>46,854</u>	<u>53.0</u>	<u>5.1</u>	<u>8.52</u>
All other companies in the country.....		<u>81,526</u>				
Total all companies.....		<u>170,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* asterisk denotes issuing agent.

Telephone and
Telegraph

Telephone and Telegraph Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* New York Telephone Co.....NY.	May	40,114	36,419	90.8	4.9	10.76
* Pacific Telephone and Telegraph Co.....Cal.	April	39,650	36,171	91.2	4.8	7.61
* The Western Union Telegraph Co.....NY	April	33,350	9,882	29.6	3.3	5.23
* Southwestern Bell Telephone Co.....Mo.	April	29,294	27,382	93.5	4.3	5.90
* Illinois Bell Telephone Co.....Ill.	April	28,677	26,258	91.6	4.2	6.76
* Southern Bell Telephone and Telegraph Co.....Ga.	May	26,933	25,115	93.2	4.6	5.42
* New England Telephone and Telegraph Co.....Mass	April	20,972	20,149	96.1	1.5	2.24
* Bell Telephone Co. of Pennsylvania.....Pa.	May	19,661	17,908	91.1	4.1	6.73
* American Telephone and Telegraph Co.....NY	April	19,175	17,364	90.6	5.1	10.94
* Michigan Bell Telephone Co.....Mich	May	14,484	12,427	85.8	5.6	8.21
* New Jersey Bell Telephone Co.....NJ.	May	13,509	13,126	97.2	5.3	9.12
* Ohio Bell Telephone Co.....Ohio	May	11,856	11,273	95.1	5.2	8.44
* Northwestern Bell Telephone Co.....Iowa	May	10,820	9,058	83.7	6.9	10.16
* Mountain States Telephone and Telegraph Co.....Cal.	May	9,057	8,256	91.2	5.2	6.39
* Wisconsin Telephone Co.....Wis.	May	7,209	6,664	92.4	5.8	7.03
Chesapeake and Potomac Telephone Co.(Baltimore, Md.)	May	5,918	5,409	91.4	4.4	6.67
* The Southern New England Telephone Co.....Conn	May	5,877	5,450	92.7	2.8	4.75
* Chesapeake and Potomac Telephone Co.(Washington, D.C.)	April	5,787	5,013	86.6	4.5	8.15
* Bell Telephone Laboratories, Inc.....NY	May	5,484	5,340	97.4	5.8	19.88
* Indiana Bell Telephone Co.....Ind.	May	4,702	4,464	94.9	7.8	10.75

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Telephone and Telegraph Industry
Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Chesapeake and Potomac Telephone Co. (Richmond, Virginia).....Va.	May	4,600	4,150	90.2	4.6	6.51
Southern Bell and Telephone Co. Cincinnati and Suburban Bell Telephone Co.....Ohio	April	3,706	3,436	92.7	3.8	4.39
The Tri-State Telephone and Telegraph Co.....Neb	May	2,166	1,947	89.9	4.5	8.19
Rochester Telephone Corp....NY.	May	1,756	1,510	86.0	7.9	12.01
	May	1,739	1,640	94.3	3.5	5.64
* International Telephone and Telegraph Corp.....NY.	May	1,600	850	53.1	4.8	13.35
Illinois Commercial Telephone Co. (Springfield, Illinois)...	April	1,459	606	41.5	1.2	1.59
* Illinois Commercial Telephone Co. (Madison, Wisconsin).....Cal	April	1,459	596	40.8	4.7	3.06
* Associated Telephone Co., Ltd.	April	1,407	314	22.3	6.4	9.20
* R.C.A. Communications, Inc...NY.	May	1,390	621	44.7	7.0	14.17
Central Electric and Telephone Co.....SD.	May	1,200	556	46.3	5.3	4.41
Lincoln Telephone and Telegraph Co.....Neb	May	<u>1,065</u>	<u>1,065</u>	<u>100.0</u>	<u>4.4</u>	<u>4.54</u>
Total for companies reporting		376,076	<u>320,419</u>	<u>85.2</u>	<u>4.6</u>	<u>7.59</u>
All other companies in the country.....		<u>83,924</u>				
Total all companies.....		<u>460,000</u>				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Meat Packing
Industry

Meat Packing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* Armour and Co.....Ill	April	64,000	60,000	93.8	6.2	8.33
The Cudahy Packing Co.....Ill	April	18,970	11,413	60.2	4.6	6.81
* Swift and Co. (partial report) Ill	May	18,767	17,607	93.8	6.0	10.41
* John Morrell and Co.....Iowa	May	9,469	7,410	78.3	5.5	6.84
* Rath Packing Co.....Iowa	May	6,414	5,672	88.4	4.8	5.81
* George A. Hormel and Co.....Minn	April	4,280	2,914	68.1	3.1	4.59
Kingman and Co.....Ind	May	3,200	1,600	50.0	3.6	6.25
* Oscar Mayer and Co.....Ill	May	3,616	2,427	67.1	4.2	6.78
* St. Louis Independent Packing Co. Mo.	May	2,511	2,511	100.0	3.3	6.21
Hygrade Food Products Corp...Mich	May	2,361	2,234	94.6	7.0	10.96
Plankinton Packing Co.....Wis	April	1,372	1,372	100.0	3.9	6.52
United Dressed Beef Co.....NY	May	1,258	1,156	91.9	4.0	8.51
G. H. Hammond Co. of Ill.....Ill	May	1,240	1,094	88.2	6.7	13.44
Iowa Packing Co.....Iowa	April	1,214	1,214	100.0	4.3	6.55
Total for companies reporting.....		138,672	118,624	85.5	5.6	8.14
All other companies in the country.....		61,328				
Total all companies.....		200,000				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Asterisk denotes issuing agent.

Cotton Goods
Manufacturing Industry

Cotton Goods Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
* Riverside and Dan River Cotton Mills.....	May	13,885	3,128	22.5	4.5	5.07
* Bibb Manufacturing Co.....	May	9,403	2,415	25.7	7.7	5.81
* West Point Manufacturing Co.....	May	8,050	6,625	82.3	4.6	3.88
* Avondale Mills.....	May	7,487	7,487	100.0	3.2	2.80
* The American Thread Co.....	May	7,400	6,054	81.8	5.0	5.70
Callaway Mills.....	May	7,220	3,120	43.2	5.1	4.65
Pepperell Manufacturing Co.....	May	6,796	4,188	61.6	5.9	5.47
Erwin Cotton Mills Co.....	April	6,336	2,445	38.6	4.8	4.23
Nashua Manufacturing Co.....	April	6,138	4,879	79.5	3.3	4.57
Pacific Mills.....	May	5,347	3,547	66.3	5.0	4.96
The Trion Co.....	May	4,462	1,650	37.0	5.5	4.35
Victor Monaghan Co.....	May	4,239	2,575	60.7	6.3	7.22
Thomaston Cotton Mills.....	May	4,140	3,915	94.6	3.9	3.52
Mt. Vernon Woodberry Mills, Inc.	May	3,755	997	26.6	11.7	13.20
Merrimack Manufacturing Co.....	May	3,354	2,881	85.9	4.6	4.61
Manville Jenckes Corp.....	April	3,119	2,299	73.7	3.7	4.03
Standard-Coosa-Thatcher Co.....	May	2,997	2,547	85.0	5.3	5.25
Dwight Manufacturing Co.....	May	2,800	805	28.8	6.1	5.36
Martha Mills.....	May	2,795	832	29.8	5.5	5.95
Naumkeag Steam Cotton Co.....	May	2,632	854	32.4	5.7	6.61
Washington Mills Co.....	May	2,603	1,911	73.4	6.8	5.25
* Beacon Manufacturing Co.....	April	2,554	1,041	40.8	5.3	6.78
Hoosac Mills Corp.....	April	2,261	1,465	64.8	5.6	5.16
Berkshire Fine Spinning Associates.....	April	2,225	1,425	64.0	3.4	3.79
Roanoke Mills Co.....	May	2,225	1,294	58.2	5.0	5.22

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Cotton Goods Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 2)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Sagamore Manufacturing Co.... Mass	May	2,113	1,526	72.2	4.5	5.56
* Bates Manufacturing Co..... Me.	April	2,025	1,191	58.8	4.7	4.71
Brookside Mills..... Tenn	May	2,025	337	16.6	6.1	5.08
Gramerton Mills..... NC.	May	2,025	1,500	74.1	5.0	5.46
* Gossett Mills..... SC.	May	2,000	400	20.0	4.2	3.50
* Clark Thread Co..... NY.	May	1,995	1,455	72.9	5.3	5.37
Aragon Baldwin Mills..... SC.	May	1,890	370	19.6	8.5	9.85
Union-Buffalo Mills Co..... SC.	May	1,856	944	50.9	5.7	5.83
Kendall Co..... SC.	April	1,781	474	26.6	6.9	6.38
Rosemary Manufacturing Co.... NC.	May	1,675	1,418	84.7	4.2	4.43
Ponemah Mills..... Conn	May	1,624	500	30.8	6.4	6.80
Powdrell and Alexander, Inc. Conn	April	1,600	781	48.8	5.6	6.09
* Hill Manufacturing Co..... Me.	April	1,599	311	19.4	4.8	4.58
Drayton Mills..... SC.	May	1,549	855	55.2	5.1	5.01
Pacolet Manufacturing Co..... SC.	May	1,533	506	33.0	7.6	7.39
* Edwards Manufacturing Co.... Me.	May	1,518	1,480	97.5	3.4	3.60
* Brandon Corp..... SC.	April	1,476	300	20.3	1.4	1.10
Appleton Co..... SC.	May	1,450	250	17.2	5.2	6.00
Cliffside Mills..... NC.	May	1,437	1,251	87.1	7.1	6.38
* Columbus Manufacturing Co.... Ga.	April	1,401	900	64.2	4.0	3.27
Clifton Manufacturing Co.... SC.	May	1,395	660	47.3	4.9	5.30
Woodside Cotton Mills Co.... SC.	May	1,380	515	37.3	3.3	2.86
* Texas Textile Mills..... Tex	April	1,362	1,071	78.6	5.2	4.35
Spartan Mills..... NC.	May	1,350	746	55.3	3.7	3.81
American Yarn and Processing Co	April	1,324	304	23.0	7.1	6.17

(Continued)

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

Cotton Goods Manufacturing Industry

Summary of Operation of Payroll Savings Plans in Companies Reporting to the Treasury
during May and June 1942

(Continued - 3)

Name of company	Month for which report was rendered	Number of employees	Number of employees participating	Percentage of employees participating	Percentage of pay deducted per employee participating	Average deduction per employee participating
Republic Cotton Mills.....SC.	May	1,306	548	42.0	6.8	5.55
John P. King Manufacturing Co..Ga.	May	1,300	531	40.8	5.3	4.79
Forty-Six Cotton Mill.....SC.	April	1,290	1,080	83.7	4.2	3.37
Wyles Finishing Plants.....RI.	May	1,226	854	69.7	2.9	7.11
Monarch Mills.....SC.	May	1,225	395	32.2	8.3	8.39
Leaumont Manufacturing Co.....SC.	May	1,200	475	39.6	4.9	5.44
Astoria Combed Yarn Corp.....NC.	May	1,183	400	33.8	6.3	4.00
Elton Mills.....SC.	May	1,147	425	37.1	5.5	4.77
Math Mills, Inc.....SC.	April	1,103	192	17.4	4.7	4.24
Cartex Mills.....SC.	May	1,100	589	53.5	5.5	5.45
E. Hooper Sons Co.....Md.	April	1,050	266	25.3	5.4	6.04
Watterson Mills Co.....NC.	May	1,050	519	49.4	5.2	5.63
De Dunson Mills.....Ga.	May	1,033	575	55.7	7.6	6.66
De Pinehurst Cloth Mills, Inc..NC.	May	1,024	998	97.5	4.7	4.22
Consolidated Textile Co., Inc..Va.	May	1,020	355	34.8	4.9	4.97
Verick Mills.....Mass	May	1,006	241	24.0	4.8	4.61
Continental Mills.....Me.	April	1,003	711	70.9	4.1	4.23
Anna Textile Mills Co.....SC.	May	1,000	750	75.0	9.5	10.00
Total all companies reporting.....		185,872	100,328	54.0	4.9	4.94
All other companies in the country.....		364,128				
Total all companies.....		550,000				

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

* Asterisk denotes issuing agent.

June 27, 1942

TO: HAROLD N. GRAVES *L*
SUBJECT: PROGRESS REPORT FROM WAR SAVINGS STAFF

EDUCATION

Attached is a preliminary digest of replies received from several hundred teachers of the social sciences in response to a letter sent them May 25. The purpose of this letter was to find out to what extent existing and planned courses are dealing with material on the general problem of paying for the War; to stimulate them to include such material in their courses; to appeal to them (as authors of textbooks) to help get material of this sort in print. (Attachment #1)

Attached is a letter and two enclosures just sent to Directors of Summer School Curriculum Workshops to help them in including material of War importance in their plans for next year's curricula. (Attachment #2)

Handwritten: 6/24/42

EDUCATION (Continued)

Attached is a copy of a speech recently prepared at the request of the 4-H Clubs, and distributed to 4-H Club leaders throughout the country. (Attachment #3)

WOMEN'S DIVISIONHome Front Journal

Copy, pictures, and layout have been prepared for the Home Front Journal, new four page monthly newsletter for women active in War Savings work. Ten-thousand copies of this will be printed and distributed each month as the contribution of the Ladies' Home Journal.

Women's Kit No. 2

Ten-thousand copies of a mimeographed report on the War Savings activities of more than 200 national women's organizations are being mailed to state administrators, and state and local chairmen of women's War Savings committees. (Attachment #4)

Girl Scout Pageant

More than 3,000 out of a possible 6,700 Girl Scout troops in the country will present pageants during the summer.

- 3 -

WOMEN'S DIVISION (Continued)Reorganization of Women's Section

The Women's Section, until now a part of the Division of Education, Women and Literature, under the direction of Orville S. Poland, has been transferred to the Field Division. As the National Women's Division, it will be headed by Miss Harriet Elliott, who comes to the staff from North Carolina University, where she was Dean of Women. This week office space was secured in the DeMoll Building to accommodate an increased staff, and organizational plans for the new Division are being worked out.

Labor Union Auxiliaries

A War Savings representative attended the convention of the American Federation of Labor Auxiliary Unions in St. Louis, Missouri, last week. She arranged for a booth at which literature was distributed and War Stamps sold. She also arranged for a War Savings playlet to be presented by the St. Louis Women's War Savings Committee.

OFFICE OF THE FIELD DIRECTORQuota Campaign

Two counties, Hernando County in Florida and Onslow County in North Carolina, made their June quota on the first day of the month.

OFFICE OF THE FIELD DIRECTOR

Quota Campaign (Continued)

The number of other counties which completed their quota on or before noon, June 25, follows:

Arizona	1	Nebraska	1
Colorado	4	New Mexico	2
Florida	5	North Dakota	1
Georgia	17	Oregon	2
Illinois	13	South Carolina	1
Indiana	4	South Dakota	3
Kentucky	2	Tennessee	6
Louisiana	6	Texas	15
Maryland	3	Vermont	1
Minnesota	8	Virginia	1
Mississippi	6	Washington	1
Montana	1	West Virginia	9
		Total	113

Congratulatory telegrams from Secretary Morgenthau have been sent to the chairmen of these counties.

Payroll Savings Division

The General Electric Company advises that 95 per cent, or over 125,000 of its employees have now authorized 10 per cent payroll allotments. This is the first company of this size to reach this goal.

A recapitulation indicates that of 2,056 telegrams sent by the Secretary to large companies, 1,620 replies have been received.

OFFICE OF THE FIELD DIRECTOR

Payroll Savings Division (Continued)

The wire, sent on four different dates, shows the following results:

<u>Wire of</u>	<u>Number of Employees</u>	<u>Telegrams Sent</u>	<u>Replies Received</u>	<u>No Replies Received</u>
May 1	Over 5,000	439	366	73
12	3,000 - 5,000	214	167	47
15	2,000 - 3,000	352	262	90
26	1,000 - 2,000	<u>1,051</u>	<u>825</u>	<u>226</u>
	TOTAL	2,056	1,620	436

The Gruen Watch Company of Cincinnati reports 100 per cent participation with 10 per cent of the gross payroll being used for War Savings Bonds.

The Northern Pump Company of Minneapolis with 6,630 employees has 100 per cent employee participation, with 14.39 per cent of the payroll being used for the purchase of War Savings Bonds.

Retail Trade Division

To acquaint the field with the full plans of the Retail Section for the special July retail promotion of War Savings Bonds and Stamps, Field Memorandum #330 has been issued. (Attachment #5)

Highlights

The territory of Alaska over-subscribed its June quota by the end of the third week in June.

PRESS

General Press

Western Newspaper Union has mailed us 50,929 tearsheets of weekly and small daily newspapers which have used Treasury releases as of June 19, 1942. (Attachment #7)

Used between May 1 and June 15, the releases consisted of the May and June quota releases with the feature "What You Buy With War Bonds", and other smaller features.

The average space used in each tearsheet was 15 inches, which made a total of 763,935 column inches in the 50,929 tearsheets.

Photoprints of Fourth of July cartoons by four leading cartoonists were mailed to city editors of all metropolitan dailies. (Attachment #8)

Postal Telegraph advises us several million EFM service blanks will carry War Bond slogans. (Attachment #9)

State quota figures for July have been sent to all newspapers for release Monday, June 29. County quota figures for July have been mailed for release Wednesday, July 1.

Religious Press

A story concerning the Treasury decision to increase the yearly limit on F and G Bonds to \$100,000 was printed generally in the religious press.

PRESS (Continued)Women's Press

Clippings show "Budget for Bonds in your Home" shield is being used widely as paragraph insets, and even as mast-head ears.

New users of "Penny Wise" feature: San Francisco News, Chicago Herald & American, and Boston Herald. Eleventh edition, "Penny", just issued.

Magazines

At last count approximately 150 magazines are carrying War Bond slogans on the Fourth of July flag covers.

Coronet for July contains six page "Portfolio of Personalities" on War Savings Staff. (Attachment #10)

American Home is adopting our shield for July or August, and continuing covers.

Vogue carries full page art and editorial on Minute Man in July issue.

Parent's Press have issued one edition magazine, "How Boys & Girls Can Help Win the War," in which center spread is devoted to art and copy on "What Your Bonds Will Buy." Cover also carries message that all income from sale of book goes into War Savings. (Attachment #11)

The Farm Section reports that the Meredith Publishing Company of Des Moines will henceforth direct its major editorial policy to the selling of War Bonds. Sales points for Bonds will be

PRESSMagazines (Continued)

woven into nearly all articles. This means this publishing company is adopting our Bond story as a policy. Attached are tearsheets showing this theme in use in Meredith's "Better Homes and Gardens" (circulation, 2,400,000). Meredith's "Successful Farming" (circulation, 1,226,000) will employ the same theme. (Attachment #12)

PM's picture magazine continues with loyal support. (Attachment #13)

Comic Books

Nearly 40 different comic books on the stands this month have devoted a full page to a letter from Secretary Morgenthau addressed to the Boys and Girls of America. In addition, the War Savings theme was used as a basis for full length continuities in several of the books and was featured on the cover of "Batman" Magazine. The latter has reproduced its cover on a large truck banner which has been placed on delivery trucks all over the country.

The attached four-page continuity, "The Minute Man Answers the Call", will appear in next month's issues of six comic books totaling 1,500,000 circulation. (Attachment #13A)

RADIO"Treasury Star Parade" and Payroll Savings

796 radio stations (out of 868) are now broadcasting the "Treasury Star Parade" series three times weekly.

396 of the nation's radio stations have installed Payroll Savings Plans, 100 per cent. In addition, 489 radio stations have installed Payroll Savings Plan.

Special

Lead story in Radio Daily of June 17 reports that over 1,500,000 announcements on Bonds and Stamps were used through the month of April. (Attachment #15)

Special Broadcasts

"Report to the Nation" program, 10:30 to 11:00 PM, Sunday night, June 28, over CBS coast-to-coast network -- on meaning and progress of War Savings Program.

"Ten Per Cent Club" program over WHBL, Sheboygan, Wisconsin, Tuesday evenings, from 8:00 to 9:00 PM, beginning July 7. This program will carry through for at least thirteen weeks and will feature interviews with "Ten Per Cent Club" members, management and labor leaders of local factories, men in the armed forces, and civic leaders.

"Famous Jury Trial" programs of June 23 and June 30, 9:00 to 9:30 PM Blue network -- interviews with individuals whose firms as a whole are averaging 10 per cent in War Bonds through Payroll Savings.

- 10 -

RADIOSpecial Broadcasts (Continued)

"I'll Find My Way", MBS, 1:15 to 1:30 PM daily, originating in Buffalo, New York, broadcasting new War Bond 10 per cent song to tune of John Brown's Body, as well as plugging Bonds and Stamps.

Once weekly program, 15 minutes on Wednesday, over WJBO, Baton Rouge, Louisiana, War Savings Program plugged under sponsorship of Fidelity Bank.

Special lyrics on 10 per cent and War Bonds to tune of "Don't Sit Under the Apple Tree" used on "Post Toasties Time" program of June 11. (Attachment #16)

Foreign Language

One hour program in Polish on Sundays over WILM, Wilmington, Delaware, in behalf of War Savings Program -- Polish priests, other prominent Polish-Americans speak as Minute Men on Ten Per Cent Club and Bonds and Stamps generally.

Pepsi-Cola

Entries in Pepsi-Cola War Bond Jingle Contest (from all states, D.C., Alaska, Canada and Mexico) now total 55,780.

- 11 -

FARM SECTIONPress and Radio

The Allis Chalmers War Bond promotion to farmers is now running in the 50 top agricultural papers, with a total of 16,000,000 circulation. Spot announcements are being made on 38 radio stations. Letters on "Why Farmers Should Own Bonds" are being received at the rate of 100 to 150 per day. The 3,000 Company dealers in the United States are ordering news-mats at the rate of 50 to 75 daily for use at their own expense in local press.

A reference to this above-mentioned program will be made on CBS "Report to the Nation" and some of the letters received from farmers are scheduled to be read ... 10:30 PM Sunday, June 28.

Trade papers such as Banker's Monthly and Sales Management have reviewed the Allis-Chalmers promotion as a unique and patriotic war-time application of advertising. All the important farm papers have mentioned it. (Attachment #17)

The 16 recordings of farm voices, "Voices From the Farm", have been well received by the 275 farm program directors of radio stations.

The slogans "Make every Market Day Your Bond Day" and "Buy Every Time You Sell" are being promoted.

Because the farm press is highly sectionalized and does not lend itself to syndication, an attempt is being made to

FARM SECTIONPress and Radio (Continued)

sell each editor on the vital part he must play in interpreting our War Bond ~~story~~ for his particular readers.

NEWSPAPER CARRIER SALES (Attachment #18)BUSINESS PUBLICATIONS

To date, 359 business publications (total circulation, 3,401,988) have notified the War Savings Staff that they are running advertising release No. 5.

Labor

Publishers of 126 Labor Union publications report they are using the latest labor advertising release.

Farm

Thirty farm publications reaching more than 14,000,000 farm readers report they are using advertising release No. 3, "The Minute Man Was a Farmer Too".

RETAIL ADVISORY

Beauty Industry Council's July Campaign, based on the theme "Be the Woman Behind the Man Behind the Gun", specifically directs attention to the fact that a twenty-five-cent War Savings

- 13 -

RETAIL ADVISORY (Continued)

Stamp bought in a beauty shop will buy twelve bullets. The Beauty Industry Council is conducting this campaign at its own expense. (Attachment #19)

A drive has been developed by the Liquor and Wine Industries for the intensification of sale of War Stamps in the nation's taverns, bars, liquor and package stores. Here again the theme is "sell Stamps to buy bullets for our boys". Included in the presentation are slotted coin cards given at the time change is made. Attending posters have used for their appeal "Poppyeye the Sailor", "Snuffy Smith", and "Lil Abner". (Attachment #20)

The J. C. Penney Company, operating over 1,500 retail stores in the nation, has issued the attached printed material to enlist their stores' cooperation in the Retailers for Victory campaign. Penney's have pledged \$1,200,000 in War Stamps sales during the month of July, the equivalent of 4 per cent of gross sales. In addition, they have sent out instructions on colorful costumes for the girl employees in their stores to wear to sell Bonds and Stamps. (Attachment #21)

193
Sales of United States Savings Bonds
From June 1 through June 26, 1942
Compared with Sales Quota for Same Period
(At issue price in millions of dollars)

CONFIDENTIAL

Date	Series E				Series F and G				Total			
	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales
	June 1	June 1	June 1	to Date	June 1	June 1	June 1	to Date	June 1	June 1	June 1	to Date
	Daily	to	to	as % of	Daily	to	to	as % of	Daily	to	to	as % of
	Date	Date	Date	Quota	Date	Date	Date*	Quota	Date	Date	Date	Quota
1	\$ 19.8	\$ 19.8	\$ 21.7	91.2%	\$ 9.7	\$ 9.7	\$ 14.0	69.3%	\$ 29.5	\$ 29.5	\$ 35.7	82.6%
2	8.0	27.8	32.0	86.9	7.9	17.6	23.0	76.5	15.9	45.4	55.0	82.5
3	13.0	40.8	46.4	87.9	8.6	26.2	37.9	69.1	21.6	67.0	84.3	79.5
4	17.4	58.2	63.6	91.5	13.8	40.0	51.0	78.4	31.2	98.2	114.6	85.7
5	24.8	83.0	79.6	104.3	9.3	49.4	61.7	80.1	34.1	132.3	141.3	93.6
6	15.2	98.2	93.7	104.8	6.5	55.9	69.4	80.5	21.7	154.1	163.1	94.5
8	27.0	125.2	120.0	104.3	11.5	67.4	82.2	82.0	38.6	192.7	202.2	95.3
9	8.9	134.2	132.4	101.4	5.0	72.4	89.2	81.2	13.9	206.5	221.6	93.2
10	20.1	154.2	149.6	103.1	9.9	82.3	99.6	82.6	30.0	236.6	249.2	94.9
11	15.7	169.9	170.0	99.9	7.5	89.9	108.4	82.9	23.2	259.8	278.4	93.3
12	16.5	186.5	189.0	98.7	5.4	95.3	115.4	82.6	22.0	281.7	304.4	92.5
13	15.2	201.7	205.6	98.1	6.2	101.5	120.8	84.0	21.4	303.2	326.4	92.9
15	24.0	225.7	236.5	95.4	7.3	108.7	130.9	83.0	31.2	334.4	367.4	91.0
16	7.5	233.2	251.1	92.9	3.6	112.3	137.3	81.8	11.1	345.5	388.4	89.0
17	15.8	249.0	271.3	91.8	7.5	119.7	147.8	81.0	23.3	368.8	419.1	88.0
18	12.3	261.3	295.2	88.5	6.3	126.0	157.0	80.3	18.6	387.4	452.2	85.7
19	19.4	280.7	317.4	88.4	8.0	134.1	164.6	81.5	27.4	414.8	482.0	86.1
20	11.0	291.7	336.9	86.6	3.4	137.4	170.6	80.5	14.4	429.2	507.5	84.6
22	29.4	321.1	373.0	86.1	10.3	147.7	181.9	81.2	39.7	468.8	554.9	84.5
23	10.7	331.8	390.0	85.1	5.8	153.5	189.2	81.1	16.5	485.3	579.2	83.8
24	15.9	347.7	413.5	84.1	9.2	162.8	201.3	80.9	25.1	510.4	614.8	83.0
25	14.9	362.5	441.1	82.2	7.8	170.5	212.0	80.4	22.7	533.1	653.1	81.6
26	16.0	378.5	466.8	81.1	5.9	176.4	221.0	79.8	21.8	554.9	687.8	80.7
27			489.2				228.0				717.2	
29			530.6				241.4				772.0	
30			550.0				250.0				800.0	

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 27, 1942.

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.

* Takes into account both the daily trend during the week and the monthly trend during the month.

UNITED STATES SAVINGS BONDS - TOTAL

Comparison of June sales to date with sales during the
same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days				June as percent of May
		June	May	April		
June 1942						
1	\$ 29,539	\$ 29,539	\$ 19,981	\$ 24,980		147.8%
2	15,903	45,442	39,430	45,933		115.2
3	21,604	67,046	72,048	64,147		93.1
4	31,162	98,208	88,605	82,937		110.8
5	34,132	132,341	122,575	111,289		108.0
6	21,744	154,085	157,866	129,786		97.6
8	38,574	192,659	181,431	149,409		106.2
9	13,863	206,523	201,464	168,289		102.5
10	30,029	236,552	232,801	185,904		101.6
11	23,220	259,772	246,756	196,667		105.3
12	21,952	281,724	271,525	229,895		103.8
13	21,439	303,163	296,152	242,969		102.4
15	31,235	334,398	317,861	257,280		105.2
16	11,099	345,497	337,371	279,933		102.4
17	23,285	368,782	371,066	295,244		99.4
18	18,587	387,369	385,098	309,780		100.6
19	27,435	414,804	409,987	339,594		101.2
20	14,354	429,158	439,987	353,636		97.5
22	39,655	468,812	466,171	374,391		100.6
23	16,526	485,338	485,109	394,628		100.0
24	25,108	510,446	518,829	416,474		98.4
25	22,650	533,097	539,771	433,674		98.8
26	21,818	554,915	564,973	464,995		98.2

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 27, 1942.

Source: All figures are deposits with the Treasurer of the United States on
account of proceeds of sales of United States savings bonds.

Note: Figures have been rounded to nearest thousand and will not necessarily
add to totals.

UNITED STATES SAVINGS BONDS - SERIES F AND G COMBINED

Comparison of June sales to date with sales during the
same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days			
		June	May	April	June as percent of May
June 1942					
1	\$ 9,705	\$ 9,705	\$ 7,302	\$ 11,987	132.9%
2	7,895	17,601	15,168	21,677	116.0
3	8,634	26,235	25,516	29,097	102.8
4	13,774	40,009	33,145	35,818	120.7
5	9,344	49,353	48,751	46,174	101.2
6	6,535	55,888	60,817	55,991	91.9
8	11,526	67,414	67,213	63,695	100.3
9	4,952	72,366	72,794	70,364	99.4
10	9,945	82,310	80,845	77,197	101.8
11	7,542	89,852	85,410	80,586	105.2
12	5,402	95,254	94,391	91,623	100.9
13	6,210	101,464	102,106	96,031	99.4
15	7,251	108,715	108,923	102,657	99.8
16	3,564	112,279	114,129	111,829	98.4
17	7,470	119,749	123,534	116,374	96.9
18	6,299	126,048	127,724	120,625	98.7
19	8,014	134,062	138,908	131,852	96.5
20	3,367	137,429	149,502	136,532	91.9
22	10,269	147,698	156,587	145,250	94.3
23	5,834	153,532	161,404	152,983	95.1
24	9,242	162,774	171,335	160,398	95.0
25	7,773	170,547	179,208	166,278	95.2
26	5,863	176,410	189,271	176,561	93.2

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 27, 1942.

Source: All figures are deposits with the Treasurer of the United States on
account of proceeds of sales of United States savings bonds.Note: Figures have been rounded to nearest thousand and will not necessarily
add to totals.

UNITED STATES SAVINGS BONDS - SERIES E

Comparison of June sales to date with sales during the
same number of business days in April and May 1942

(At issue price in thousands of dollars)

Date	June daily sales	Cumulative sales by business days				June as percent of May
		June	May	April		
June 1942						
1	\$ 19,834	\$ 19,834	\$ 12,679	\$ 12,993		156.4%
2	8,008	27,841	24,263	24,256		114.7
3	12,970	40,811	46,532	35,050		87.7
4	17,388	58,199	55,460	47,119		104.9
5	24,789	82,988	73,824	65,115		112.4
6	15,209	98,197	97,049	73,795		101.2
8	27,048	125,245	114,218	85,714		109.7
9	8,912	134,157	128,670	97,925		104.3
10	20,085	154,242	151,956	108,707		101.5
11	15,678	169,920	161,346	116,081		105.3
12	16,550	186,470	177,133	138,272		105.3
13	15,230	201,700	194,047	146,937		103.9
15	23,984	225,684	208,939	154,623		108.0
16	7,535	233,218	223,242	168,103		104.5
17	15,815	249,033	247,532	178,870		100.6
18	12,288	261,321	257,374	189,156		101.5
19	19,421	280,742	271,079	207,742		103.6
20	10,987	291,729	290,485	217,104		100.4
22	29,386	321,114	309,584	229,140		103.7
23	10,692	331,806	323,705	241,644		102.5
24	15,866	347,673	347,494	256,076		100.1
25	14,877	362,550	360,564	267,396		100.6
26	15,956	378,505	375,702	288,434		100.7

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 27, 1942.

Note: All figures are deposits with the Treasurer of the United States on
account of proceeds of sales of United States savings bonds.
Note: Figures have been rounded to nearest thousand and will not necessarily
add to totals.

June 27, 1942

MEMORANDUM FOR THE SECRETARY

In accordance with your request I attach a brief analysis of an article by John W. Hanes, entitled "Should Congress Vote a Sales Tax to Finance the War? ... Yes," Saturday Evening Post, June 20, 1942.

Roy Blough

Analysis of Article by John W. Hanes, entitled
 "Should Congress Vote a Sales Tax to Finance
 the War? ... Yes," Saturday Evening Post,
 June 20, 1942

Mr. Hanes' basic argument is twofold: (1) It is essential that the Federal Government take a larger amount of purchasing power from individuals in order to avoid inflation; and (2) since the "little fellow" has most of the purchasing power, a retail sales tax is the only proper method of getting it.

Mr. Hanes' principal conclusions together with our comments on them are as follows:

1. Further increases in the personal income tax rate or reductions in exemptions cannot yield substantial amounts of revenue.

Comment: The individual income tax can be made to yield as much additional revenue as any sales tax. Moreover, Mr. Hanes appears to be overoptimistic about sales tax yield, though he gives no figures.

2. Reduction in the Nation's standard of living is essential because of war-made shortages. A sales tax would force such reduction among all groups, not by the rich alone, and thus substantial total curtailment in consumption would be attained.

Comment: Regardless of fiscal policies followed, further reduction in civilian consumption will occur as a result of war-made shortages. While this reduction cannot come from the rich alone, it should not come from the very poor. Equity demands that the bulk of the reduction come from families with incomes of above \$1,000. This can best be accomplished by an income tax with exemptions. A sales tax would burden severely large families and families at poverty levels. Mr. Hanes' suggestion that sales tax burden on necessities be lessened by graduated rates is not administratively feasible, since retailers cannot be forced to keep records adequate enough to show sales of various commodities subject to different rates.

- 2 -

3. Further increases in corporation income taxes are undesirable, since reduced profits will lessen ability to retire debt, impair credit standings, and destroy ability to obtain additional capital.

Comment: At proposed tax rates dangers of the sort indicated by Mr. Hanes are not important for the very large majority of companies. As yet no evidence has been seen that the present corporation income tax is interfering with bond redemption except in unusual instances.

4. An important advantage of the sales tax is that consumers continuously are made aware that they are bearing the burden of Government support.

Comment: The personal income tax accomplishes this result better than most sales taxes.

5. Price and wage increases which a sales tax tends to produce can be prevented by adequate price and wage control.

Comment: A sales tax necessarily includes some articles entering into cost of production because administrative considerations prevent exclusion of all such articles. Unless subsidies are provided, such cost increases must be balanced by price rises or many firms will be forced out of business. Stabilization of wages and farm prices is necessary. This stabilization is not now being achieved by positive means. A sales tax would add to the pressure on these prices and interfere with any direct action taken to control them.

6. A sales tax is simple to collect.

Sales taxes (particularly the retail sales tax) are not easy to collect. State experience has demonstrated that a substantial staff, a large part of which must be well trained, is essential for efficient administration. Personnel and equipment for such a staff is not now easily obtainable.

7. The burden of all taxes on business concerns, including corporation income taxes, is passed on to consumers.

Comment: The corporation income and excess profits taxes are measured by profits and not sales. Most of the burden of these taxes rests on the stockholders and not on consumers.

RB

Should Congress Vote a Sales Tax to Finance the War? YES

By
JOHN W. HANES

Chairman of the Ex-
ecutive Committee of
United States Lines.



WITH the national economy in khaki, it is urgently necessary to open up vast new reservoirs of public revenue. The old ones are drying up and are inadequate to meet the high cost of making Hitler, Hirohito and Mussolini say "uncle."

Current war trends are developing a critical and acute shortage of rich persons available for soaking by the taxing authorities. As a matter of fact, it has been computed that if, in accordance with President Roosevelt's suggestion, a ceiling of \$25,000 after taxes be placed on personal incomes, the maximum amount of taxes resulting would pay the war bill for less than twelve days. Incomes in the higher brackets have been drastically reduced, as evidenced by the following figures:

PER CENT DECLINE IN NET INCOME CLASSES, 1929-1940

	NO. OF RETURNS	AGGREGATE INCOME
\$5,000-\$10,000	-17%	-19%
\$10,000-\$25,000	-31	-32
\$25,000-\$50,000	-43	-43
\$50,000-\$100,000	-56	-57
\$100,000 and over	-76	-83

On the other hand, the big increase in the aggregate income is in the under-\$5000 group. Moreover, if all personal incomes in excess of \$10,000 a year were ruthlessly confiscated, such a financial rodeo would yield only \$3,000,000,000 to the national kitty, compared with contemplated annual Federal expenditures of more than sixty billions.

In order to put Uncle Sam in the big-money class, which the current war strategy calls for, it will be necessary to tap new fountains of financial resources by making levies against the little fellows—the wage and salary earners, the small tradesmen, civil servants, farmers and professional workers.

Perhaps there was a semblance of truth in the late Huey Long's slogan, "Every man a king," for the official national income estimates of the Department of Commerce indicate that 85 per cent of the national income goes to workers and to other gainfully occupied persons.

The merit of a universal sales tax is that it draws on the resources of vast hordes who are receiving the lion's share of spending power created by the war effort. If all the conventional arguments against the sales tax were true in time of peace, this type of impost for precisely the same reasons would be a natural in time of war.

Through the depression period when theorists were chanting about the evils of underconsumption, the sales tax was damned as a regressive tax, falling harshly on the lower-income groups and reducing the capacity of citizens to consume goods and services. Irrespective of the truth of this assertion, it was deemed desirable in periods of peacetime unemployment to shy away from fiscal measures which were suspect of holding down living standards.

But in wartime, the same argument in reverse makes the sales tax necessary and desirable. With the Government planning to take at least half of current production for war purposes, only half or less will be available for goods and services for civilians. Workers, in toiling eight hours and receiving pay for eight hours, will find only four hours' production of civilian goods and services available. Unless the excess of money wages over goods available is recouped in taxes and savings, there is the danger of an inflationary bidding up of the prices of all scarce items.

Facing Realities

IT IS the objective of our Government to induce civilians to consume less in wartime. It is recognized that in order to create an abundance of munitions, civilians must be willing to pull in their belts. President Roosevelt, in his fireside chat on April twenty-eighth, said, "All of us are used to spending money for things we want but which are not absolutely essential. We will have to forgo that spending. Because we must put every dime and every



This chart shows what will happen when the Government takes half of our production for war goods, leaving only half for civilian consumption. Workers with eight hours' pay will find only four hours' production of goods available. Unless the excess of wages over goods is recouped in taxes and savings, inflation could follow. Hence, Mr. Hanes argues, the sales tax is imperative.

dollar we can possibly spare out of our earnings into the corporation as tax war bonds and stamps. Because the demands of the war effort require the rationing of goods of whose income was too low to make him an income- which there is not enough to go around. Because the stopping of purchasing of nonessentials will release thousands of workers who are needed in the war effort."

Thus, the sales tax, in restraining consumption, can be an important instrument for achieving the transition from the peacetime promise of "a more abundant life" to the wartime reality of a Spartan mode of living. The great majority of the American people, eager to get on with the war, are asking for honest leadership on the part of our Government. They want to be told the truth. They are tired of words, bored with political expediency. The changing American economic environment has stressed anew the suitability of the sales tax as a revenue provider.

In the spirit of the new candor which is so eagerly sought by the public, it should be clearly explained that wartime restrictions on business interfere with the normal way of filling the Treas-

ury's kitty through using the corporation as tax collector. In the past, the self-supporting person whose income was too low to make him an income-tax payer was not in reality getting a free ride in respect to the cost of government. He was paying hidden taxes in the price of every item he purchased. But the actual mechanics of taxpaying was performed for him without his awareness by the company which, in selling him goods, added something to the price for taxes.

Through the years this indirect method of collecting hidden taxes from the people through the corporations has been productive of revenue. It was considered a smart political approach because it concealed from average voters exact information about their own contribution to the cost of government. Thus, instead of attracting popular resentment to themselves through governmental extravagance, the politicians kept in the background and let business corporations take the rap for their part in causing the high cost of living. Corporations got the funds to pay taxes

(Continued on Page 61)

and to meet all other elements of cost out of the gross receipts from customers who expressed approval of their policies by buying their goods and services.

The new price ceiling which has been adopted as a wartime measure, however, will threaten the efficiency of this machinery for collecting taxes. With a maximum limit on selling prices, businessmen will no longer be able to offset higher taxes and other increases in costs by advancing the price of their goods. With total receipts thus arbitrarily limited as an anti-inflation measure, businessmen operating under a price ceiling will be forced, in order to meet prospective higher tax and wage costs, to transfer funds from another category—namely, from profits. If costs, including taxes and wages, rise while selling prices are restrained, then the profit item might soon be exhausted. Once it is exhausted, the mechanics of collecting additional taxes through the corporation will be stopped suddenly. Moreover, profitless operation of business corporations would tend to mark the beginning of the end of the entire enterprise system.

As a practical matter, the Federal Government, having recently placed a ceiling on selling prices, should make the program workable by putting a ceiling on all business costs, including corporation taxes. In order to reconcile his move with providing for the revenues needed for victory, the Federal Government should supplement its receipts from corporate and individual income taxes with new instruments of taxation, such as the sales tax. In addition to being a necessity, the sales tax will also exert a wholesome influence upon American public life by putting an end to the illusion that government gives the average citizen something for nothing. I do not believe in hidden taxes. I feel that taxes should be a source of constant irritation to every citizen of the United States. My reason for this is obvious. It requires a constant irritant to create interest on the part of the citizens in what their officials of government are doing to them.

In setting forth the reasons for his opposition to the sales-tax principle, my friend and former chief in the Treasury, Mr. Henry Morgenthau, Jr., was using the obsolete language of pre-war debate on the subject. In his testimony on March third before the House Ways and Means Committee, Mr. Morgenthau said, "No general sales tax is recommended and, indeed, I strongly urge that no such tax be made

a part of this revenue bill. (1) The general sales tax falls on scarce and plentiful commodities alike. (2) It strikes at necessities and luxuries alike. (3) As compared with the taxes proposed in this program, it bears disproportionately on the low-income groups whose incomes are almost wholly spent on consumer goods. (4) It is, therefore, regressive and encroaches upon the standard of living. (5) It increases prices and makes price control more difficult. (6) It stimulates demands for higher wages and adds to the parity prices of agricultural products. (7) It is not, as many suppose, easily collected; on the contrary, its collection would require much additional administrative machinery at a time when man power is limited."

I have broken the foregoing quotation into seven parts for the purpose of examining the arguments. My answers are designated by the same numbers as Mr. Morgenthau's allegations to which they are related.

(1) and (2) As to the Secretary's statement that the sales tax is defective because it falls on scarce and plentiful articles alike, and equally on necessities and luxuries, this objection is vitiated by the principle of a graduated sales tax. If, for example, a 10 per cent average tax is desired, the tax on necessities can be dropped to 5 per cent or less and on luxuries and nonessentials raised to 20 per cent or more.

(3) As to the argument that the tax bears disproportionately on low-income groups, the greatest percentage of war benefits has been enjoyed by this group. There can be no effective over-all curb on wartime consumption unless this group is directly restricted.

(4) Regarding Mr. Morgenthau's charge that the sales tax lowers the standard of living, it should be pointed out that the Administration policy, as recently disclosed by the President, is to accomplish this as a war measure through discouraging purchases of nonessential commodities.

(5) As to the assertion that the sales tax raises prices, the new price-control policy is designed to take care of that situation.

(6) As to the argument that the sales tax will stimulate a demand for higher wages and higher farm prices, these contingencies will have to be controlled as part of the broad anti-inflationary campaign.

(7) As to the difficulty of collection of the tax, no process of taxpaying is easy or simple. I believe that sales-tax compliance is much simpler than

reporting tax liability under the income-tax law.

In order to recapitulate my own views in affirmative terms, I recommend:

(1) A graduated retail sales tax at the lowest possible rate, spread over the broadest possible area, without exemptions of any kind.

(2) Elimination of the word "excise" from our tax vocabulary, and the substitution of the more revealing term, "sales tax." This is important only because it is honest.

(3) Candid, direct, irritating taxes which will awaken citizens to their own personal stake in the cost of government.

(4) Wartime adoption of the sales tax as an emergency provider of revenue. Even if I were opposed to the sales tax in principle, I would have to concede that the arithmetic of the cost of war makes the sales tax indispensable now.

Let us examine the underlying arithmetic. The Federal Government has five main sources of revenue and one source of income which is not revenue. From these reservoirs we collected, at their highest peacetime yield, in 1938, \$6,242,000,000. Since that time we have emerged successively from a peacetime economy through a defense economy to a wartime economy, and the yield from these sources will rise to \$18,000,000,000.

What are these sources? In 1938 they were:

	MILLIONS
(1) Customs	\$ 869
(2) Estate and gift taxes	417
(3) Personal income taxes	1800
(4) Corporate income taxes	1400
(5) Excise taxes	2023
	\$5499
Social-security taxes	743
Total	\$6242

From last year's headwaters of taxation, we shall receive a little more from customs and the estate and gift taxes, but from corporations and the same group of individuals we shall collect more than \$11,000,000,000; from the excise taxes, \$3,500,000,000, and from social security, or pay-roll taxes, about \$1,500,000,000. The spectacular increase will come from individuals and corporations. However, the yield from these two sources without a drastic lowering of exemptions—which is desirable, but will not produce the required revenue—has almost reached a limit. It has certainly reached a point where it is dangerous to increase the

normal tax rate on corporations further for two reasons:

(1) Dividends are being cut to meet tax payments, which of course forecloses that the Treasury will collect a from individuals, and

(2) Any further increase in the corporate normal tax will make it impossible for the corporations to repay debt.

In simple words, this would mean the destruction of our system for producing and exchanging goods. The cornerstone of our business structure is credit. Credit in turn is founded upon character and upon ability to repay. If the ability to repay debt is vitiated by tax fiat, such a policy entails either shortsighted bungling or a cunning device designed to make the Federal Government the exclusive source of credit to business.

Forty per cent normal tax on corporate income is the highest rate Congress should authorize—and I am not sure that 40 per cent is not excessive, from the viewpoint of encouraging maximum production and permitting the economic system to survive through repayment of fixed-debt commitments. I do not care how high the excess-profits tax goes, provided the method of determining what are excess profits is fair and honest.

I think the Congress should insert a relief clause in the revenue act which would exempt from taxation a stipulated proportion of corporate income which is used for repaying bank debt, trade indebtedness or bonded obligations.

Unless we prudently conserve the credit of American corporations through such means, we shall be unwittingly drifting into a domestic scorched-earth policy which will leave us, after the war, without the means to produce a high standard of living for our people. Unless corporations are left enough earnings to meet debt charges and to build up reserves for postwar contingencies, they will be emaciated at the very time when they will be called upon to help reabsorb twenty million war workers and men from the armed services. The right of these men to opportunities in the business system after the war is a very real one, and every act before Congress should be audited with this objective in view. Lawmakers should not be swayed by the current demagoguery which asks that business profits be confiscated because soldiers are collecting only a few dollars a month. Men in the armed services are making a very real sacrifice now, and they will receive no *quid pro quo* if, through mistaken zeal, Congress now punishes the corporations on

which these very soldiers will rely for employment after they have been honorably discharged by the armed services. On the contrary, such procedure will hit a second time the young men who are now doing their bit. It will pile up on wartime sacrifice the hideous experience of postwar unemployment and deprivation.

The People Foot the Bills

In order to meet the war bill without riotous inflation or destruction of productive business enterprises, we must soberly face the fact that the people must foot the bill. It is sheer hypocrisy to give the impression that only sales taxes fall on the little fellows. As a matter of fact, taxes, whatever their form, are ultimately shifted to the self-supporting citizens who are gainfully employed. Taxation is a device for depriving people of part of what they produce to defray the costs of government. Thus, irrespective of the technique of taxation, government cost reduces the capacity of the citizens to buy items for their own family budget and gives them, instead, increased governmental services. In wartime, such services include national defense and the promise of victory against the Axis. There is no doubt that it is worth a high price to lick the international bandits from the Fascist countries who have upset the peace of the world.

Bringing Taxes Out of Hiding

The real issue is not whether to tax the little fellow but whether to conceal from him the fact that he is being taxed. On commodities where there is no sales tax, the customer, nevertheless, pays the equivalent of a sales tax. The corporate seller is under governmental instructions to add something to the selling price to comprise a tax. The customer is not always aware of this fact. Technically, the tax is on the corporation, not on the customer, but the corporation puts itself in funds to meet all costs, including taxes, through receipts from customers who buy goods and services. The selling price is designed to embrace all elements of cost, including taxes, the cost of goods and services purchased from others, the wearing out of machinery—depreciation and obsolescence—wages and salaries, and also the cost of capital—profit—which may be described as a payment for the use of the tools and other corporate resources provided by the savings of investors. Thus, in the final analysis, every tax collected by the Federal Government

is passed on, in some manner or other, to the ultimate consumer. If this fact were more clearly recognized there would be less squawking about an honest approach to letting the customer know every time he makes a purchase precisely what his contribution to the cost of government is. If we follow every tax to its origin, the answer is the same. Every tax is borne by the buyers of goods and services—by the housewives of thirty-five million American families who are the purchasing agents for upward of one hundred and thirty-two million ultimate customers.

The sales tax has been assailed by some as a tax on the poor, yet these same persons approve of selected excise taxes. Are the high excise taxes on cigarettes, gasoline, playing cards, liquor and other items of common use paid by the rich or the poor? Obviously, vast quantities of these commodities which are consumed each year go to citizens in the lower and middle brackets. The sinister effort to create the illusion that the huge expenditures of government can be financed simply by soaking the rich is pure humbug. It is true that the sales tax will tend to reduce consumption and lower the standard of living. Unless excess spending power now in the hands of lower-income groups is recouped through the sales tax, or otherwise, it will set in motion an inflationary whirlwind of ruinous proportions. The increase in the total national income last year amounted to seventeen billion dollars. Of this amount twelve billion dollars was made up of increased wages. The recipients of this increment, with present exemptions, pay no income tax. The average income of thirty-two million families is estimated by the Treasury at \$2360 per family. These families average 3.9 persons. Their exemption is \$1500 and \$400 for each dependent, making a total exemption of \$2300. Hence, no income tax.

Thus, I believe the sales tax is a specific for dealing with the pressing economic challenge of financing victory against the Axis without destroying the American system through inflation or insolvency.

SHOULD CONGRESS VOTE A SALES TAX TO FINANCE THE WAR? . . . NO

NO

By
HARVEY STEPHEN PERLOFF

Economist with the Board of Governors of the Federal Reserve System. (Writing unofficially.)



HARRIS & EWEING

CONGRESS is now considering a new revenue measure. Every person in the country will be affected by the kind of tax bill and borrowing program it finally adopts.

Taxes are always a highly controversial subject. But nowhere has so wide a cleavage developed as over the imposition of an overall sales tax. A tax on the everyday articles of consumption is being urged by the National Association of Manufacturers, the New York State Chamber of Commerce, and a number of other groups. It is strenuously opposed by Treasury and other Administration experts. The outcome of this controversy will touch every one of us directly.

Each tax employed by the Government to help finance the costs of war will have a different effect on the distribution of burdens among the people of the nation, and upon the war effort itself. Since sales taxation is now being given serious consideration, it is important that we examine carefully the nature of a sales tax and its relation to the successful prosecution of the war.

First of all, it must be clear that sales taxes strike hardest at the poorest individuals and families. This is so because they fall on items of everyday use and have no regard for the poverty or wealth of the buyer.

A sales tax is a far cry from the ideal that taxes should be levied according to a person's "ability to pay." This ideal—upon which is based our graduated personal income tax—stems from the observable fact that a person with a large income can endure giving up a higher percentage of it than can a person with a small income. For example, if a family with a total income of \$10,000 a year had to give up 10 per cent of it, somebody would go without shoes or dental or medical service, if not without adequate food. But a family with \$10,000 a year could give up 10 per cent and still have \$9,000 left. They could give up 25 per cent and still have \$7,500 left, and even if they were taxed up to 50 per cent they would still have \$5,000 a year to maintain a decent standard of living. In contradistinction to this ideal, a sales tax—since it is levied at a flat rate on everyday articles of consumption—actually takes a larger percentage of a small income than of a larger income.

Persons with small incomes must necessarily spend a larger proportion of their incomes on consumption, buying the necessities of life, than do wealthier individuals. A study by the National Resources Planning Board revealed that families with incomes under \$1250 a year generally consume all their income, and in most cases have to go into debt. On the other end of the scale, families with incomes between \$10,000 and \$20,000 usually spend only half of their income on goods and services, while those receiving more than \$20,000 a year consume on an average only a little more than a third of their income. This means that every dollar spent by a family earning twenty-five dollars a week or less would have something taken out of it by a sales tax. Such a family would have just so much less to spend for the necessities of life. A family receiving \$500 a week, on the other hand, might very well be in a position to save as much as \$300 of it, so that a sales tax would not reach the greater part of its income at all. Even of the money it did spend, a large part of it would go for professional and personal services which would escape sales taxes, just as would the part of the income that is saved.

The Secretary of the Treasury recently presented figures to a congressional committee to show the income picture for various typical American families. He revealed that a family with an income under \$500 a year, or ten dollars a week, generally goes in the hole \$410 during the year. This deficit is usually financed by public or private contributions, and very often it means that the grocer cannot get paid. Those in the \$750-to-\$1000 class are in the red \$176 every year, while those in the \$1000-to-\$1250 class have a deficit of \$104. Only when a family receives more than \$1250 a year, or twenty-five dollars a week, can it begin to save, and those in the \$1250-to-\$1500 bracket save on an average forty-six dollars yearly, or less than a dollar a week.

Hidden Levies

OBVIOUSLY, the lowest income earners have all they can do to feed and clothe themselves and their families, and yet these are the groups whom the sales tax would hit the hardest.

But that is not the whole story. The lower-income groups are already bearing a heavy burden in taxes, especially in hidden levies. A single person earning \$750 a year—and therefore not earning enough to be subject to the Federal income tax—is now paying \$130 in Federal, state and local taxes of all kinds. This is well over one sixth of his income. A married man with no dependents and earning \$1500 is paying \$250, which is 16½ per cent, or the equivalent of more than eight weeks' work. This is not surprising, in view of the phalanx of Federal excise taxes and state and local sales taxes of all kinds. In the states, for example, sales taxes make up more than 40 per cent of their total tax receipts.

In a general way, these facts are widely known. Then why the pressure for a Federal sales tax? One answer is, of course, that it is merely a matter of "passing the buck." The National Association of Manufacturers favors consumption taxes; the labor unions urge heavy corporation and excess-profits taxes. But certainly in a period of national crisis

the distribution of burdens must be on a sounder basis than the relative strength of organized groups. The burdens must be placed where they will do least harm to our national strength and our national morale.

There are two major arguments which have been presented in favor of a Federal over-all sales tax. One is that it will raise a lot of revenue painlessly. The other is that a sales tax is the most effective way of drawing off purchasing power to prevent inflation. Let us examine these two contentions.

Will a sales tax produce a great deal of revenue? Well, yes and no. It depends upon how stiff the tax is, what is exempt, and where it is levied. A 10 per cent sales tax, with no exemptions, levied at the retailers' sales level will raise a colossal sum, possibly ten billion dollars. What's

(Continued on Page 59)

wrong with that picture? First of all, a tax as stiff as that will push a large percentage of wage earners well below the subsistence level and will require huge relief payments to keep these groups going. Some eighteen to twenty million "consumer units" are getting less than \$1000 a year. Secondly, a number of exemptions will obviously be necessary. If the sales tax covered Government purchases, it would mean that the Government would be taking money out of one pocket to put into another. What about food? Even some of the most ardent advocates of sales taxation agree food should be exempt. But exempting food means cutting potential sales-tax revenues in half. What about sales of medicine, drugs, clothing, fuels—prime necessities of life? If these are exempt, the money going into Treasury coffers from sales taxation would be very small indeed.

At what point of sale will the tax be levied? There are three possibilities—it can be levied at the manufacturers', at the wholesalers', or at the retailers' sales level. Wherever the tax is levied, it will be pushed down to the consumer. But the amount of revenue a given tax, say a 10 per cent levy, would raise will vary, depending on where it is imposed in the first instance. A sales tax which would bring in ten billion dollars when levied at the retail level, would produce only seven and one half billions at the manufacturers' level. Obviously, the headaches and costs of collection increase with the number of units with which the revenue officer has to deal. Because there are some 2,000,000 retailers throughout the country, as compared with the few thousand wholesalers and manufacturers, in all likelihood the sales taxes would be levied at the manufacturers' or wholesalers' level.

The Inflation Argument

Treasury estimates of yields from sales taxes with various rates and exemptions clearly reveal that sales taxation will produce large revenues only if rates are extremely stiff, if few or no exemptions are granted, and if collection is at the most difficult and most expensive level.

A sales tax that did not hit food would not raise much revenue. Even a stiff 10 per cent retail sales tax, which excludes food, things the Government buys, and things already subject to stiff excise taxes, would raise only \$1,691,000,000. If medicine, clothing and fuels were exempt, it would raise only \$780,000,000. Sales-tax figures often quoted by its advocates show enormous yields only because questions of necessary exemptions and administrative feasibility are not taken into account. The Treasury estimates clearly indicate that anything resembling an acceptable and feasible sales tax will produce a relatively small amount of revenue. And the taxes thus raised would, as pointed out above, place the heaviest burden on those least able to bear it.

The other argument which has been urged in favor of a Federal sales tax is that such a tax is necessary to draw off sufficient purchasing power to prevent inflation. The dangers of inflation—that is, a sharp and sustained rise in prices—are very real. Buying power has been increasing with increased war production. But at the same time, as more of our effort is directed toward war production, there is an ever-diminishing amount of goods available for consumption. This means that war production places added buying power in the pockets of the people without permitting a corresponding increase in the articles of everyday use. Prices are bound to spiral up under such circumstances, with all the attendant hardships, unless the Government adopts some measures to reabsorb the added buying power. This can be done by borrowing or taxing away the surplus purchasing power in the hands of the consumers.

Certain of the advocates of a Federal sales tax have expressed the belief that if inflation is to be avoided the buying power of the lower-income groups, as well as that of the wealthier groups, must be further reduced. The Secretary of the Treasury and the Price Administrator, on the other hand, have stressed the fact that the lower-income groups—those with incomes not large enough to be subject to Federal income taxation—do not have enough of the total

purchasing power to justify a reduction of the relatively little that they do have.

There seems to be a popular miscomprehension of where the bulk of the purchasing power is to be found. According to estimates of the research division of the Office of Price Administration, the income of all the individuals and families earning less than \$1500 a year will amount to less than one fifth of the national aggregate consumer income of this year. According to the OPA study, the total aggregate consumer income in the United States may be expected to rise from \$92,640,000,000 in 1941 to \$108,500,000,000 in 1942. Of this gain of nearly \$11,000,000,000, the entire amount will be concentrated in the hands of families and single consumers who will receive incomes above \$2500 during this year. This is due chiefly to the gain in income of those who formerly were below \$2500 sufficient to lift them into the higher group. Roughly 1,500,000 families and individuals will move up from the income range below \$2500 to one above that level. Those rising in the income scale will become subject, of course, to the progressive rates of the income tax.

The Effect on the Nation

The OPA data make it clear that the bulk of the buying power and the substantial recent gains are to be found in the upper-income brackets. The buying power of those still earning less than the lower limits of the Federal income tax cannot be said to constitute any inflationary threat.

There is no avoiding the fact that if the evils of inflation are to be avoided an ever-increasing amount of buying power will have to be siphoned off. Before the state is reached where the income of those already at the subsistence level is cut into, every effort should be made to reach the income of those who can stand a reduction without the impairment of health and efficiency. The Government officials whose duty it is to guide the financing of the war effort and to prevent inflation have already indicated that the job can be done without resort to a sales tax.

Let us not underestimate the effect of taxes on the health and efficiency of the nation. For an individual who can pay a dollar for his dinner in a restaurant it would not seem like very much to have to pay another ten cents in tax. But for a man who is earning thirty dollars a week and has a wife and two children to support it is another matter. He will find that he can,

If nothing serious goes wrong, just about make ends meet—especially with prices as high as they are today. He will have to spend more than a third of his income for food, almost a third for shelter, and the rest on clothing, medicine and other necessities of life. One sixth of his income is already being eaten away by hidden taxes. Now make him pay an additional tax which adds 5 or 10 per cent to the cost of everything he must buy. He may still make ends meet, but he will have just that much less to spend to provide food, clothing, medical care and other necessities for himself and his family. The nation may bring in extra money, but it will suffer in the lost efficiency and ill health of many of its workers.

In spite of the fact that more people have jobs today and in spite of the fact that wages are higher generally than they have been for a long while, still a large number of our population do not receive more than a subsistence income. As more men are inducted into the Army and as war production increases, the labor force will have to include more women, older men, and children. The problems of health and working efficiency become important for the whole population. This is especially true because of the long hours now spent at work. It becomes essen-

tial, therefore, that not only those in the armed forces but those on the production line as well be provided with a diet and with medical care sufficient to keep their efficiency at a maximum. Certainly we must avoid taking anything in taxation from those groups whose standard of living is already at or below the subsistence—or efficiency—level. In fact, it may become necessary to adopt some sort of nutrition program aimed at insuring an adequate diet for all.

One more consideration. It has become fashionable to disparage any serious consideration of the question of equity. This has been especially true in the debates over our tax program. But does that make sense? The total

war of today requires the complete backing and the united effort of all members of the community. If our people are to be asked to risk their lives, to send their sons to war, to work long and dreary hours, to lower their standard of living, they must feel that the burden is being distributed equitably—that they are not carrying the other fellow's load as well as their own. The most patriotic worker may bolt at giving up food and clothing and other necessities through the payment of taxes, when other members of the society still enjoy many of their traditional luxuries. Possibly the question of equity must be given more serious consideration in wartime than at any other time.

ESTIMATED YIELDS FROM A FEDERAL SALES TAX
(In Millions of Dollars)

	MANUFACTURERS' SALES		SALES AT WHOLESALE		SALES AT RETAIL	
	5%	10%	5%	10%	5%	10%
1. All sales of finished articles . . .	3,780	7,471	1,143	2,142	5,018	9,702
2. Same as (1), but exempting sales to Federal Government and its agencies . . .	1,875	3,661	2,238	4,332	3,113	5,892
3. Same as (2), but exempting sales to state and local governments . . .	1,825	3,561	2,188	4,232	3,063	5,792
4. Same as (3), but exempting final sales to contractors for use in war production . . .	1,228	2,382	1,092	3,059	2,468	4,632
5. Same as (4), but exempting tangible personal property already subject to Federal excise taxes . . .	771	1,513	1,009	2,083	1,721	3,236
6. Same as (5), but exempting sales of foods—excepting restaurant meals, and so on . . .	384	760	496	980	864	1,691
7. Same as (6), but exempting sales of medicines and drugs . . .	309	712	466	922	824	1,616
8. Same as (7), but exempting sales of clothing—that is, all wearing apparel . . .	159	317	232	461	404	799
9. Same as (8), but exempting sales of fuel . . .	153	305	224	446	394	760

**INCOME SPENT
FOR ESSENTIALS**

**INCOME REMAINING
FOR NONESSENTIALS, SAVINGS and TAXES**



INCOME, \$1250 OR LESS .



INCOME, \$10,000-20,000



This chart, based on a study by the National Resources Planning Board, shows that families with incomes under \$1250 a year consume all their income for essentials. Families with incomes from \$10,000 to \$20,000, however, usually spend only half of their income on goods and services, have half left over. Thus, sales tax works great hardship on low-income groups, puts them in the red.

C
O
P
Y

DEPARTMENT OF STATE

WASHINGTON

In reply refer to
FD 840.51 Frozen Credits/6867

June 27, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of despatch no. 7668, dated June 16, 1942, from the American Embassy, Rio de Janeiro, Brazil, concerning the control of dollar currency.

Telegram no. 1321, dated May 22, 1942 to the Embassy, Rio de Janeiro, was transmitted to the Treasury Department on May 25, 1942.

Enclosure:

From Embassy, Rio de Janeiro,
despatch 7668, June 16, 1942.

Copy:emk:6.29.42

C
O
P
Y

Rio de Janeiro, Brazil, June 16, 1942.

No. 7668

Subject: Control of Dollar Currency.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

Referring to the Department's telegram No. 1321 of May 22, 1 p.m., 1942, requesting the Embassy to transmit to the Exchange Director of the Bank of Brazil the Treasury Department's appreciation for action taken by Brazil in controlling transactions in dollar currency, I have the honor to enclose copies of the Embassy's letter of May 25 and the Bank of Brazil's reply of June 8, 1942, in regard to this matter.

Respectfully yours,
For the Ambassador:

John F. Simmons,
Counselor of Embassy.

Enclosures: (2)

1. Copy of Embassy's letter
dated May 25, 1942.
2. Copy of Bank of Brazil's letter
dated June 8, 1942.

File No. 851.512

IBW:mc

A true copy of the signed original IMC

Copy:emk:6.29.42

COPY

Enclosure No. 1 to Despatch No. 7668
of June 16, 1942, from American
Embassy, Rio de Janeiro, Brasil.

851.512

Rio de Janeiro, Brasil, May 25, 1942.

Dr. Francisco Alves dos Santos Filho,
Director of Exchange,
Bank of Brasil,
Rio de Janeiro.

Dear Dr. Santos Filho:

The Acting Secretary of the Treasury has requested me to
convey to you the following message:

" The Treasury Department wishes to express its
deep appreciation of the cooperative attitude taken
by Brasil in controlling transactions in dollar
currency to prevent any benefit being derived from
such transactions by the Axis countries. The action
taken by Brasil as reported in the morning press will
facilitate the enforcement of the rulings of the
Treasury Department on the control of such currency.
E. H. Foley Jr., Acting Secretary of the Treasury."

I would like also to add an expression of my personal gratitude
for the prompt and able assistance which you and the members of your
staff have given to the Embassy in this matter.

Very truly yours,

Walter J. Donnelly,
Commercial Attache.

Copy:emk:6.29.42

COPY

Enclosure No. 2 to Despatch No. 7668
of June 16, 1942, from American
Embassy, Rio de Janeiro, Brasil.

BANCO DO BRASIL

Direcao Geral

Ref. Disfi/H.

Rio de Janeiro, June 8, 1942.

Mr. Walter J. Donnelly,
Commercial Attache,
Embassy of the United States of America.
Rio de Janeiro.-

Dear Mr. Donnelly.

We acknowledge receipt of your letter of May 25, transcribing a telegraphic communication received from the Acting Secretary of the Treasury in respect to the recalling of Dollar currency.

It is a pleasure to know that the measures adopted were to the entire satisfaction of the American Authorities, and we can assure you that it was a pleasure to the Banco do Brasil to have been able to co-operate effectively in such a relevant matter.

We should be obliged if you would kindly convey our thanks to Mr. E. H. Foley Jr. for the kind expressions contained in his message.

Yours very truly,
Pelo BANCO DO BRASIL S.A.
(Signed) Santos Filho
Director da Carteira de Cambio.

Copy: emk: 6.29.42

C
O
P
Y

213

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FD

June 27, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of Sections 1 and 4 and paraphrased copies of Sections 2 and 3 of telegram no. 2226, dated June 25, 1942, from the American Embassy, Rio de Janeiro, Brazil, concerning the movement of United States currency in Brazil.

Enclosure:

From Embassy, Rio de Janeiro,
no. 2226, June 25, 1942.

Copy:imc:6/29/42

IM

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (RR)

Rio de Janeiro

Dated June 25, 1942

Rec'd 11:26 p.m.

Secretary of State,

Washington.

2226, June 25, 9 p.m. (SECTION ONE)

One. Official buying rate Bank of Brazil 19 milreis 300 applies only to purchases made with approval of American Embassy or Consulates. Black markets offering price for larger amounts has fluctuated between 10 and 14 milreis, but no indication that buyers for large sums are active. There is a narrow bucket-shop market which buys from recently arrived sailors who can find no legitimate market and apparently resells to speculators with quotations fluctuating between 10 and 15 milreis.

Two. Other than \$1,600,000 deposited with Bank of Brazil under control plan, there is no legitimate trade in currency, excepting purchasing made by bank at Embassy or Consulate's request from American seamen tourists naval personnel couriers airport development people and ferry command service. This has been running at the rate of about \$25,000 monthly, but it will tend to decrease as Department's efforts to dissuade people leaving the United States from carrying American currency take effect.

CAFFERY

RR

Copy:inc:6/29/42

C
O
P
Y

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Rio de Janeiro, Brazil

DATE: June 25, 1942, 9 p.m.

NO.: 2226, Section Two

This is strictly confidential.

3. Information concerning the following offerings has been received by the Embassy from several reliable sources: (a) An offering of \$500,000 for Lati through a Brazilian lawyer as intermediary; (b) An offering of \$50,000 from another Italian source; (c) An offering of \$50,000 from a German source; (d) An offering of \$20,000 from a source of unknown origin. Since any eventual disposition to the United States through Brazilian channels is precluded by the control plan and since these offerings continue, the belief is that the local market will continue to be restricted as it apparently is at present. Evidence seems to be increasing to the effect that the currency in Brazil will find its way to Argentina where according to reports there is still free trading, and that these quotations here in Brazil will be settled at the rate in Buenos Aires minus a profit and the transport charges.

CAFFERY

Copy:imc:6/29/42

C
O
P
Y

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Rio de Janeiro, Brasil

DATED: June 25, 1942, 9 p.m.

NO.: 2226, Section Three

Exportation appears to be continuing although officially prohibited since administrative facilities at the port of exit are inadequate.

4. Information which might be of interest to the Treasury Department was received by the Embassy from an American who has been liquidating dollars in Buenos Aires. She said that at the rate of \$10,000 a day she has disposed of \$100,000 and has received three pesos per dollar on the average. During this period the rate received varied between 3.25 pesos and 2.50 pesos.

CAFFERY

Copy:imc:6/29/42

C
O
P
Y

RE

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (RR)

Rio de Janeiro

Dated June 25, 1942

Rec'd 11:33 p.m.

Secretary of State

Washington

2226, June 25, 9 p.m. (SECTION FOUR)

END OF STRICTLY CONFIDENTIAL

In view of severely restricted nature of local dollar currency market is is not believed that a daily report for Treasury can serve any purpose. Embassy will report promptly however any significant developments in local situation.

(END OF MESSAGE.)

CAFFERY

RR

Copy:inc:6/29/42

TELEGRAM SENT

LSH

June 27, 1942

This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (BR)

1 p.m.

AMERICAN CONSUL,

CURACAO, (DUTCH WEST INDIES)

78

FROM TREASURY

(1) The Treasury contemplates appointing the Curacaoische Bank, Curacao, Dutch West Indies, a depository of public monies of the United States. Under this designation the Bank would be authorized to accept and maintain on its books accounts to the official credit of Finance Officers of the United States Army and their agents and Disbursing Officers of the United States Navy and their agents in such amounts as may be deposited from time to time.

(2) The funds to maintain these accounts will be provided by telegraphic transfers in United States dollars paid to a New York correspondent of the Curacaoische Bank. The Bank will then establish credits in United States dollars to the account of the beneficiary, against which drawings will be made in local currency.

(3)

-2- #78 June 27, 1942 1 p.m.

(3) In order that the Treasury may have some idea of the amount involved, will you please obtain from the Curacao Bank an estimate of the total of United States Treasury checks and United States currency which it exchanges for local currency for official purposes over a period of one month.

(4) It is the intention of the Treasury that if necessary, it will provide the bank with a means of income to off-set any expenses which may be involved in the operation of the accounts mentioned.

(5) As it is contemplated that a similar designation will be given to the Aruba Bank, Aruba, Dutch West Indies, will you please request the Vice Consul at Aruba to provide you with similar information with respect to the Aruba Bank.

HULL
(FL)

FD:FL:MLB

FA

DA

C
O
P
Y

220

DEPARTMENT OF STATE
WASHINGTON

June 27, 1942.

In reply refer to
FD 862.51/5045

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of telegram no. 3524 dated June 24, 1942, from the American Embassy, London, England, concerning American press reports of an ordinance issued in Germany requiring transfer to the Reichsbank of all bonds and stocks listed on the exchange in Berlin, the holders to receive Reich Treasury bonds in exchange therefor.

Telegram no. 2831, June 19, to London, under reference, was transmitted to the Secretary of the Treasury in the Department's letter of June 20, 1942.

Enclosure:

From Embassy, London,
no. 3524, June 24, 1942.

Copy:bj:6-29-42

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London, England.

DATED: June 24, 1942, 10 p.m.

NUMBER: 3524.

This telegram which refers to the Department's telegram no. 2831 of June 19, transmits the following message from Mr. Lauren Casaday for the Secretary of the Treasury.

Specialists on German affairs in the British Treasury and Ministry of Economic Warfare state that the report concerning the transfer to the Reichbank of all bonds and stocks listed on the exchange in Berlin as given in the first paragraph of the above-mentioned telegram is not precisely correct.

The German general price control program has involved a rather long series of laws and decrees, of which the new measure is the latest, designed to control stock exchange prices and speculation. The prices of second hand goods (which have assumed greater importance as the war has continued), real estate and securities have proved the most difficult items to control.

Although the Treasury is probably conversant with earlier measures taken to control share prices, a brief recapitulation will help place the ordinance in question in its proper setting, as viewed by Treasury and Ministry of Economic Warfare officials.

A. There was first promulgated at the beginning of the war and even earlier a series of decrees setting limits in terms of percentages of capitalization on declared dividends. Next a limit was set, lower than the percentage of capitalization that might be declared as dividends, above which any distribution of dividends to stockholders was subject to the payment of a prohibitive tax.

Although these measures were apparently designed to increase governmental control, they were followed, as is characteristic of Nazi purpose and method, by a measure offering a legitimate loophole. The restrictive effect of the earlier decrees could be overcome largely or wholly by increasing, under broadly defined circumstances, the share capitalization of the companies involved by issuing new shares. These new shares could be issued only to existing stockholders. This was expected to result in a sharp price decline per share and in lower dividend rates, although with the same total of cash distribution.

This attempt to permit the usual "per share" dividend declarations and distribution, while reducing "per share" prices and dividend rates, reportedly failed in its purpose. Stock prices fell slightly but only temporarily and soon showed a tendency to rise.

- 2 -

B. In preparation for the registration and eventual "call-up" of securities more direct measures were adopted. The Reich Minister of Economics, under a decree issued on December 4, 1941 by the Ministerial Council for Reich Defense was given the power to investigate share holdings purchased after September 1, 1939. To carry out the purpose of this decree the Minister of Economics was empowered to require the compulsory registration of such securities with such agencies as he might designate. He was also authorized to regulate the sale of such registered securities and the investment of the proceeds. The decree, which was in the nature of an enabling act, also contained various minor supplementary powers, and its operation was extended to include all the "incorporated eastern territories".

C. On January 2, 1942 the first executive regulation was issued under the decree. This regulation was a preliminary outline of the conditions under which shares acquired since September 1, 1939 were to be registered. It provided:

(1) That anyone holding on the designated registration day shares purchased or otherwise acquired since September 1, 1939 would have to report the nominal value of all such shares to the Reichsbank.

(2) Shares which, since September 15, 1941, had been transferred to any relatives, employees, subsidiary companies, et cetera, and which were subject to the registration order had to be registered in the name of the prior owner. (Apparently transfers had been made with evasive intent on the news of the impending restrictions.)

(3) An amount expressed in reichsmarks on a "current value" or exchange quotation basis as of a given date was to be fixed at a later time. Only net purchases since September 1, 1939 in excess of this amount were liable to registration.

(4) Unlisted shares and securities traded on Netherlands Bourses could be brought under the registration requirement at the discretion of the Reich Minister of Economics.

D. The registration date was set for March 15, 1942 by a regulation of March 1, 1942. An amount of 100,000 reichsmarks was fixed as the limit of exemption above which net purchases since September 1, 1939 were to be determined. This amount was to be calculated on the basis of the official quotation on December 31, 1941 or on the basis of the last quoted price before that date.

E. The controls outlined above were extended and more precisely defined by the ordinance of June 1942 referred to in the Department's telegram no. 2831. The following paraphrase includes such information concerning the regulations as is available and is from a resume published in the NEWS DIGEST dated June 16, 1942, of the British Ministry of Information. The DIGEST article in turn was secured from the REICHSGESETZBLATT, part I, no. 62, January 12, 1942 in which was published the text of the ordinance. The Ministry of Economic Warfare has provided such tentative comment and explanation as is presented below: The ordinance provides:

- 3 -

(1) If and when the Minister of Economics so orders, securities registered since March 15, 1942 must be sold to the Reichsbank at a price equal to the quotation ruling on December 31, 1941. (Only such securities as are demanded by the Minister of Economics need be sold. Only those securities which represent an excess of purchase over sales of an amount exceeding 100,000 Reichsmarks since September 1, 1939 are subject to call. What basis will be used for determining the particular issues to be demanded out of the owner's total holdings has not been clarified.)

(2) Registration is compulsory for all new purchases made after March 15, 1942 if the result of such purchases is to bring up to 100,000 Reichsmarks the total of purchases since September 1, 1939. (Apparently, if purchases reach 100,000 Reichsmarks during the war, registration is compulsory, although it is made clear that the regulations regarding enforced sale include only securities representing net purchases.

(3) The Minister of Economics at his discretion may at any time reduce the figure of 100,000 Reichsmarks now used as the basis of determining whether one's holdings are subject to registration or to calling up.

(4) Owners of registered securities may sell any of their securities only if the securities to be sold are first offered in writing to the Reichsbank and the Reichsbank refuses the offer.

(5) The Reichsbank will pay for any securities actually called up with interest bearing Reich Treasury bonds of current issue which will be placed in blocked accounts.

The Minister of Economic Warfare interprets the purposes of the foregoing regulations as follows.

The first is to prevent any undue rise in stock market prices or at least the appearance of such a rise. Because of the real or fancied role which the stock market played in the great inflation following the last war, the German public has become most sensitive to fluctuations of the stock exchange and is especially fearful of marked rises. Next, it is believed that the fact that the state prevents, or at least rigidly controls, profiteering and speculation is to be demonstrated by the foregoing regulations to both the German public and to foreign countries.

The regulations are also to hold to demonstrate that the state controls or intends to control German industry. Third, security prices are to be kept within the general price control program by means of these regulations.

Probably only such restriction will be effected as appears necessary for propaganda purposes and to maintain a reasonably stable price level, although real restriction may be exercised.

While a reduction in share trading may be anticipated with a resultant check on price rises, the regulations are not expected to have effects of a sweeping character. These may be regarded as a threat, leaving doubt as to the wisdom of engaging in trading extensively enough to subject the trader to

- 4 -

registration. No change in the government's control over German industry is contemplated by the regulations, it is emphatically stated. Only securities traded in since the beginning of the war, when their net purchases by any individual have amounted to more than 100,000 Reichsmarks are affected by the ordinance. Large, permanently held capital aggregations which are still largely intact are not necessarily affected. It is felt that a very considerable proportion of the total outstanding shares in Germany will be unaffected, although a large number of shareholders are subject to the regulations.

A permanent change in the ownership of the securities involved will of course occur whenever the power to call up registered securities is actually exercised.

It is not thought that there will be any sweeping change in the relationship between German security owners and the German Government.

The Economic Warfare Section of the Embassy collaborated in securing the information presented above. Further details will be forwarded at a later date in a despatch from that Section.

WINANT

GRAY

RF

London

Dated June 27, 1942

Rec'd 8:10 p.m.

Secretary of State

Washington

3590, June 27, 11 p.m.

Department's 1468, April 8, midnight, and 1917,
May 7.

FOR TREASURY.

Please credit Guaranty Trust Company New York
account **their** London office with \$4,586.32 also credit
National City Bank New York with \$15,556 account
their London West End Branch also with \$1,359.91
account Barclay's Bank London reference 858387 also
with \$86 account Midland Bank London also credit
Chase National Bank New York with \$7757.45 account
their London office reference BSE 2 also with \$2,855
account **Lloyds** Bank Colonial and Foreign Branch Lon-
don also with \$348 account Barclays Bank Chief For-
eign Branch London also with \$215 account National
Bank of Scotland London also with \$67.18 account
credit **Lyonnais** London also with \$90 account British
Linen Bank. Glasgow reference F D 607/8 also with
\$24.36 account Williams Deacons Bank London also Credit

Central

-2- 3590, June 27, 11 p.m. from London

Central Hanover Bank and Trust Company New York with \$250.48 account Union Bank of Scotland Glasgow also credit Brown Brothers Harriman New York account Commercial Bank of Scotland Glasgow with \$111.

Reference 18824 and with \$41.87 reference 18782 also credit American Express Company, New York account National Provincial Bank London with \$159.53 reference N36234 and with \$712.91 reference N36048 also credit Manufacturers Trust Company 55 Broad Street New York with \$50 account Bank of America London these sums being amount checks and currency notes deposited with American Embassy London.

WINANT

KLP

C
O
P
Y

227

AS

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Lima

Dated June 27, 1942

Rec'd 4:10 p.m.

Secretary of State,

Washington.

URGENT.

684, June 27, 2 p.m.

Please refer to despatches 4066 and 4075 of June 19.

I am pleased to inform the Department that the long awaited law (Number 9592) canceling all contracts in which Proclaimed List firms are involved and making obligatory the expropriation or transfer to Peruvian nationals of property and businesses held by Proclaimed List nationals was promulgated on June 26. It seems probable that rapid action will now take place with reference to the permanent suppression of the principal Axis commercial and industrial activities in Peru. Despatch follows.

PATTERSON

EJH

eh: copy
7-2-42

C
O
P
Y
LSH

228

Ankara

Dated June 27, 1942

Rec'd 8:32 p.m.

This telegram must be closely paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Secretary of State,

Washington.

670, June 27, 1 p.m.

Reference London's 3471, June 20, 5 p.m.

On March 23, this Embassy concurred in a British recommendation dated March 16 to remove Ohanyan from the Statutory List and copies of the correspondence were forwarded Embassy at London as enclosures to my despatch number 20 of April 10. There has been no occasion to make any further report as at no time has there been any divergence of view on this subject.

The delay in effecting deletion is apparently due to some question on the part of the British authorities here as to the necessity for and amount of bond.

Repeated to London.

STEINHARDT

KLP

eh:copy
7-2-42

MLR

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Caracas

Dated June 27, 1942

Rec'd 4:12 p.m.

Secretary of State,

Washington.

495, June 27, Noon

Department's circular of June 19, 10 p.m.

Procedure regarding importation of United States currency brought to the attention of Foreign Office June 22 and informally discussed with Finance Minister and Central Bank. First step taken by Government appears in public notice issued June 26, recommending banks, and dealers in exchange to stop negotiating dollars until executive has issued regulations governing such transactions so as to avoid risks.

CORRIGAN

MRM

COPY NO. 13BRITISH MOST SECRET
U.S. SECRETOPTEL No. 218

Information received up to 7 A.M. 27th June.

1. NAVAL

On the 30th May one of H.M. Submarines hit and possibly sank a 2,500 ton laden vessel West of Benghazi and on the 31st sank a heavily laden ammunition ship of about 6,000 tons.

2. MILITARY

LIBYA 26th. The enemy continued his advance and by evening his forward troops were reported 15 miles Southeast of Matruh. His main bodies are moving in three columns on a front stretching from the coast road to Bir Kanayis and by nightfall had reached the general line of the Atruh - Siwa track. Our motorised columns and armoured cars have been delaying the enemy's advance on the Southern flank but our main forces have not yet been engaged.

RUSSIA In the fighting East and Southeast of Kharkov the Russians have withdrawn to new positions probably on a line running approximately North - South through Kupyansk.

3. AIR OPERATIONS

WESTERN FRONT - 25th/26th. BREMEN - nearly 1,200 tons of H.E. and incendiaries were dropped. Photographs taken 26th show that several large industrial buildings were destroyed or severely damaged including large warehouses in the docks area and a large erecting shop at the Focke Wulf Aerodrome. 26th. 11 Bostons escorted by Spitfires attacked Havre Power Station. 26th/27th. 39 of our aircraft were employed on sea mining. All returned safely. About 30 enemy aircraft operated over East Anglia, 3 were destroyed and 1 damaged.

EGYPT. 25th. Our aircraft continued their attack on enemy advancing columns and at night our heavy bombers attacked Tobruk Harbour.

MEDITERRANEAN. 25th/26th. Wellingtons scored near misses on 7,000 ton tanker and on 2 Merchant Vessels of 6,000 and 2,000 tons on an S.E. course South of Taranto.

4. HOME SECURITY: 26th/27th. Norwich. Some H.E. and incendiary bombs were dropped and several fires caused. Some damage was caused to the railway station.

5. GERMANY. A report dated 22nd June states that it is popular talk in German ports that at least 1 vessel a day is lost between the Elbe and Rotterdam. This may be an exaggeration but tends to confirm reports from other sources that the results of our mine laying have recently been particularly successful.

BRITISH MOST SECRET
U.S. SECRET

OPTEL No. 219

Information received up to 7 A.M., 28th June, 1942.

1. NAVAL

SCHARNHORST was seen out of dock and alongside at KIEL heavily camouflaged on 23rd.

TARANTO. 25th. Photographic reconnaissance showed the two LITTORIO class battleships in the outer harbour (one was damaged by torpedo on the 15/16). Three CAVOUR battleships, one 8 inch cruiser and two 6 inch cruisers were also present. The one remaining battleship is under major repairs. The two other 8 inch cruisers are at SPEZIA and there are three 6 inch cruisers at NAPLES and one at SPEZIA. There are no Italian warships larger than destroyers east of TARANTO at present.

2. MILITARY

EGYPT. 26th. In the evening, the enemy closed on the MATRUH position from the coast to the escarpment some 15 miles south. In the northern sector no engagement has yet been reported. In the centre of the position, about one hundred German tanks passed through our newly laid minefields at dusk and were engaged by our mobile battle groups. A force of about 45 Italian tanks was engaged by our armour about 5 miles southwest of SIDI HAMSA, while our light armoured forces attacked the rear of enemy columns moving northeast along the MATRUH SIWA track about BIR KANAYS. Our Air Forces engaged enemy columns vigorously and inflicted heavy losses. 27th. Reported that the German tanks advanced on a wide front, turned southwards and remained in a locality about 30 miles southeast of MATRUH. A column of the fiftieth division engaged lorried infantry in this area during the night 26/27. A New Zealand column is moving up from the south to close a ten-mile gap between the Fiftieth Division and the New Zealand Division.

RUSSIA. Communications between LENINGRAD and the outside world across LAKE LADOGA have been improved.

3. AIR OPERATIONS

WESTERN FRONT. 27th/28th. 186 aircraft were despatched - BREMEN 144, sea mining 15, anti-shipping none, aerodromes 12, leaflets 6. 12 are missing. Preliminary reports indicate that heavy cloud

- 2 -

was encountered over BREMEN though fires, some of them large, could be seen. One Stirling claims to have destroyed 3 enemy fighters. Near CHERBOURG a vessel of about 1,000 tons was sunk. About 40 enemy aircraft operated over southwestern countries, but no concentrated attack developed. One was probably destroyed and 3 were damaged.

EGYPT. Between the 24th and 26th, 13 enemy aircraft were shot down, another probably destroyed and 2 were damaged. 14 of our fighters and 3 bombers are missing.

MALTA. Between 3:30 P.M. 26th and 5:45 A.M. 27th, about 30 aircraft attacked and 20 more approached without crossing the coast. 7 were destroyed, one probably destroyed and 5 damaged by our fighters, two of which are missing.

4. HOME SECURITY

WESTON-SUPER-MARE. 27th/28th. Bombs caused several fires but all are under control. 12 killed reported so far.