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April 30, 1941
9:30 a.m.

GROUP MEETING

Present: Mr. Bell
Mr. Gaston
Mr. Thompson
Mr. Sullivan
Mr. Kuhn
Mr. Cochran
Mr. Haas
Mr. White
Mr. Foley
Mr. Schwarz
Mr. Graves
Mrs. Klotz

H.M.Jr: Hello, Ferdie.

Kuhn: Good morning.

H.M.Jr: How are you?

Kuhn: Fine, thanks.

H.M.Jr: Secretary Knox just called me up and he wondered - he said that this evening, that they are holding a meeting somewhere in California on fees for contractors doing Navy work subject to tax, and he wanted to know where this matter stood; and I said it stood between you (Foley) and Bob Patterson.

Foley: . That is only part of the story, Mr. Secretary.

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In the California law there was an exemption from tax of sales directly to the United States, and they wanted to amend the California law to broaden the exemption to include contractors, independent contractors, on a cost plus a fixed fee basis with the United States.

When the thing got to the California legislature, it kicked back and the California legislature repealed the whole exemption and the thing has been referred to Frank Bane.

H.M.Jr: Could you get word to Knox' lawyer right after this meeting?

Foley: Yes, I will call him up.

H.M.Jr: Who is Knox' lawyer? Well, whoever it is.

Foley: Well, I will call up Forrestal's lawyer and find out.

H.M.Jr: Right. Will you do that?

Foley: Yes.

H.M.Jr: Then the other thing, this letter - proposed letter to the President to write to Doughton, I would like Kuhn to work on it and I would like Foley to see it before it goes over. If I could have it this afternoon, please.

Sullivan: Yes, sir.

H.M.Jr: And then, John, this explanation of the tax exempts on this question of surtaxes, I think the best way is if you would come to my press conference at ten thirty tomorrow morning and explain it to the boys. Then everybody gets a break.

Sullivan: Yes, sir.

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H.M.Jr: Herbert?

Gaston: I have a --

H.M.Jr: Excuse me, try your hand on writing a very warm letter of appreciation for me, will you, Kuhn? (Referring to letter of April 24 from MacKenzie King.)

Kuhn: Yes.

Gaston: About the Lodestar plane, they would like to change engines when it is convenient to you. It will take about two weeks to be done at Elizabeth City.

It has three hundred forty-five hours now, and four hundred twenty hours is the regulation period for a change of engines.

These are a new type of engine and they have had some additional test running and they would like to change soon.

H.M.Jr: Will it take that long?

Gaston: They say it will take them about two weeks to change the engines and run them in and see that everything is all right.

H.M.Jr: Well, they can do it beginning next Monday.

Gaston: The other plane, the Electra, has been overhauled recently and is in good shape.

H.M.Jr: Good. They can do it beginning Monday.

Gaston: Beginning Monday, right.

I drafted a letter according to your suggestion, to Maxwell, but Ed and I thought it might be better to hold it up in view of the fact that you were having some discussions on a similar matter. This is on the question of the export control situation.

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H.M.Jr: They are coming in at eleven today, so you be here.

Gaston: Right, yes.

Waesche is slated to receive an honorary doctor's degree from the California Seamanship Institute on Monday. If convenient, he would like to fly out there and back, leaving here Saturday evening and getting here Wednesday morning.

H.M.Jr: Will you be here?

Gaston: I planned, if everything was all right tomorrow afternoon, to go to New York to the Annual Customs Entertainment, and be back Saturday morning.

H.M.Jr: And when does he leave?

Gaston: He is leaving Saturday evening on the night plane.

H.M.Jr: O.K.

Gaston: That is all I have.

You are not especially interested in this - these personnel investigations for the defense agencies? It is moving along all right. I have a summary report up to date of what the situation is, and I am going to get daily reports on it.

H.M.Jr: Anything juicy?

Gaston: No, there is nothing in there, just statistics.

H.M.Jr: Then I am not interested. When you get some dirt, let me know.

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Gaston: Well, I am looking for that.

H.M.Jr: Anything else?

Gaston: That is all.

H.M.Jr: Ed?

Foley: Here is a memorandum on this quid pro quo meeting over in Berle's office yesterday. (April 28, 1941)

There is a hearing tomorrow on the Inter-american Bank. Berle will do the testifying, but he wants Wyatt, the counsel for the Federal Reserve Board, and Bernie to go down with him.

H.M.Jr: I have no objection, have you?

Bell: No, I think he should go.

Foley: This may be ancient history to you, but our request that two Circuit Court of Appeals judges be sent into New Jersey to hold a special panel has been granted.

H.M.Jr: Oh, wonderful.

Foley: The Senior Circuit Judge and one of the associate judges who is really tough. They are going to hold a special criminal panel on the Nucky Johnson cases. They started yesterday.

H.M.Jr: I mentioned it to the Attorney General last Friday at Cabinet. I don't know whether that had anything to do with it or not. What is the date?

Foley: It is before that.

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Gaston: Biddle did it.

Foley: Biddle did it at that conference Wednesday when Elmer and I went over.

Gaston: It is pretty doggoned important, because Nucky really thought that they just couldn't get him, that he could control those courts. He had right up to date.

H.M.Jr: Well, Clarke is this youngish fellow that went in.

Foley: Clarke is the fellow that held the Prohibition Amendment to the Constitution unconstitutional. He is a real fellow.

H.M.Jr: And he is going to sit?

Foley: Yes, sure. He is the toughest one we could get.

H.M.Jr: Wonderful.

Foley: Biggs also is a very good judge.

H.M.Jr: Grand. Democracy is working. That is North Carolina, isn't it?

Foley: That is where he came from. This Biggs came from Philadelphia. He is the Senior Circuit Judge in the Third Circuit. He doesn't come from Philadelphia, he comes from Wilmington. He is young and able and competent.

H.M.Jr: What else?

Foley: Nothing.

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H.M.Jr: You might - would it be out of order for me to write a little note to Biddle?

Foley: No. I will get up a note.

H.M.Jr: Thank you.

Sullivan: You wanted these tables.

H.M.Jr: Oh, yes. This is the latest on the hundred?

Sullivan: That is all we have today, sir, yes.

H.M.Jr: This is companies - how big contracts?

Sullivan: Those are the big boys.

H.M.Jr: These have got Government contracts?

Sullivan: Yes, sir.

H.M.Jr: Well, you don't run it on the basis of - I mean, the way you did before, that number one is the biggest and number two --

Sullivan: No, sir, the first table underneath the memorandum will show that, under the top memorandum.

H.M.Jr: That is on the basis of who has --

Sullivan: Nine hundred a month.

H.M.Jr: I see. And this is through until when?

Sullivan: February 28, sir.

H.M.Jr: Well, I wanted March. I wanted April and March.

Sullivan: We are getting those for you.

H.M.Jr: Unless I have it to April 1, it doesn't do what

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I want to do.

Sullivan: All right, you will get them.

H.M.Jr: This is the same as before, isn't it?

Sullivan: That is right.

H.M.Jr: Well, I am waiting for the one to April 1.

Sullivan: All right, you will get that.

H.M.Jr: When can I get that?

Sullivan: I will try to get it today for you.

H.M.Jr: What about Leon?

Sullivan: I talked to him last night. He said that - in a press conference last week, he spoke about a - about different types of control of inflation, price control, and the tax bill, and he thinks that it was as a result of that press statement that the clerk of the committee called in and asked him to appear, and he has tentatively agreed to appear a week from today. He said when he has got his material ready, he would like to have us take a look at it.

H.M.Jr: Friendly, is he?

Sullivan: Oh, yes, entirely.

Cochran: You sent me a note yesterday that you wanted me to talk to you about a memo from Secretary Knox, a report from one of his people over in London on air-craft information.

H.M.Jr: Well, yes. I tell you what I want to do. I have got to have - sit down with you gentlemen before I see Sir Frederick Phillips, and I wanted - I

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would like to do it at ten-thirty with White and Cochran. Do you want to sit in on this, Bell, or not?

Bell: I might.

H.M.Jr: Well, you are invited.

Bell: All right.

H.M.Jr: You are invited if you want to come in.

Bell: All right.

H.M.Jr: So let's do it at that time.

Cochran: All right, sir.

H.M.Jr: Are you ready, Harry?

White: Yes. There is a memo that you have somewhere in your papers that will give the British situation on one page and the Canadian situation on one page.

H.M.Jr: Miss Chauncey tried to give it to me last night, and I told her to tell you to give it to me this morning. Do you want to get it, Mrs. Klotz? Miss Chauncey has a memo from White on the Canadian and the English situation.

Kuhn: I have nothing.

H.M.Jr: I would like to talk to Kuhn and Foley for a minute after this meeting, please. Chick?

Schwarz: I have a few clippings, if you have a minute. I have a copy of the report of Tydings on the Ways and Means automatic budget balancing.

H.M.Jr: Anything else?

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Schwarz: That is all. Sometime before tomorrow I would like about a half minute, if I could, about the albums for the press boys, just to make sure that you are satisfied with them.

H.M.Jr: All right. Well, you had better do it today. I wouldn't wait until tomorrow. What about getting a check from Miss LeHand?

Schwarz: She promised to have it ready for tonight. The reason for doing the other today, you will want time to sign them, isn't it?

H.M.Jr: Yes. Well, will you be talking with Steve Early today?

Schwarz: Yes, sir.

H.M.Jr: Ask him to get that check from Miss LeHand.

Schwarz: In advance?

H.M.Jr: Sure. Everybody else is paying in advance.

Bell: You have to have the money before you issue the bonds.

H.M.Jr: Don't hesitate.

Schwarz: He thought we couldn't sell it until tomorrow.

H.M.Jr: Well --

Klotz: She can date the check tomorrow.

H.M.Jr: The President said we could have the check immediately.

Schwarz: I will deliver it to you.

H.M.Jr: Yes. Now, if there is going to be anything I have

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to learn for the Movietones, I want it plenty in advance. No progress on that?

Graves: I am meeting with the boys about that right after we get through here. Mr. Schwarz is coming in with his --

H.M.Jr: All right, O.K. Nothing new on the President's script?

Schwarz: They work on deadlines over there. They don't prepare like we do.

H.M.Jr: George?

Haas: I have got another chart on these twenty-ton tanks you haven't seen, just the hull, not the - they have made some, but they are behind schedule.

H.M.Jr: All right. Anything else?

Haas: The other thing, you got a copy of a letter from Phil Young to Hopkins that Mrs. McHugh said you wanted to talk to me about.

H.M.Jr: Well, he is asking --

Haas: About Lindow.

H.M.Jr: Well, I would sit tight.

Haas: Thank you.

H.M.Jr: I would simply sit tight. We haven't got this thing cleared up with Hopkins allocating the money yet, have we?

Thompson: No, the last word I had from the Budget was that they had papers all prepared transferring the whole group into the Office of Emergency Manage-

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ment, but Phil Young told me that that hadn't been done.

H.M.Jr: I will call him up afterward. When I spoke to Young, he said the work that you (Haas) are doing on statistics now has entirely to do with the outstanding contracts prior to March 15, that you are not doing anything for him. He takes it that we want to continue to run those statistics on stuff prior to March 15. Everything else is Lend-Lease, and he is running those.

Haas: Well, I didn't know what your - what you wanted done on that. We are doing that until we can --

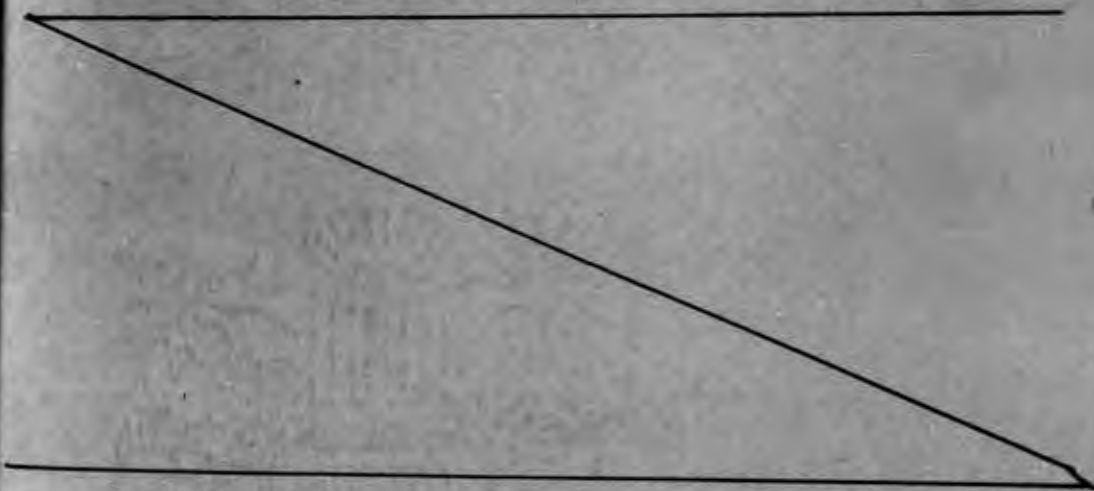
H.M.Jr: Well, we have got to do it for ourselves.

Haas: All right, that isn't --

H.M.Jr: We will do it for ourselves.

Haas: Fine.

H.M.Jr: But anything on the Lend-Lease, he says he is running the statistics, is that right?



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Haas: We are not doing anything.

H.M.Jr: Then I will continue doing the old ones.

Haas: All right, fine.

H.M.Jr: Harry?

White: I have nothing, sir.

Bell: How about the Lend-Lease? Do you want anything under that or will you get that from Phil?

H.M.Jr: Well, something came in the other day, allocation of - I sent it to Norman and asked him what to do with it.

Bell: It came to me. That is more or less of an accounting control. I wonder if you want any statistics like George is getting?

H.M.Jr: Not unless you do.

Bell: No, I just thought you may want to follow it. I take it we can get it from Phil any time.

H.M.Jr: I imagine so.

Bell: It is all right with me.

H.M.Jr: Were you (White) able to help Mr. McCloy last night?

White: I think that he may get something out of it. He said it was helpful. I don't know whether--

H.M.Jr: How long were you down there?

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White: Well, I came down here rather late and wrote something and then talked with him for a while about half past 11:00 or 12:00.

H.M.Jr: What? Until half past 11:00 or 12:00?

White: Yes, because I came down here late.

H.M.Jr: Oh, he wasn't ready?

White: He was ready, but I talked to him over the phone and then we agreed that I would draft a few pages of something on the topic that he wanted, and then I would go over and talk with him, and that is what we did, so I came down here rather late and left late.

H.M.Jr: In the room, you people don't realize how lucky you are working for me. McCloy says that he had to be at Stimson's house this morning between 5:00 and 6:00 to help him on a speech. Just think of that, Ferdie. (Laughter.)

White: I don't think he went to sleep. At midnight he was just starting in.

H.M.Jr: Just think of that. That is the time that Stimson works.

White: The older men get, they seem to sleep in the day time. (Laughter.)

Schwarz: How do you know, Harry?

White: I am finding out.

H.M.Jr: Anything else, Harry?

White: No, sir, I have nothing else.

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H.M.Jr: All right.

Harold?

Graves: Mr. Houghteling has an engagement this morning at 20 minutes of 10:00 with Mr. Murray of the CIO. He is suggesting that we get Green also and come to see you, and we don't know when, but we think very soon Mr. Murray will be available to see you.

I have the list of people for tonight here. I would like to keep it a little while longer, if I may, because I haven't been able to reach everyone. If you will give me a deadline on it, I will--

H.M.Jr: Oh, a little before noon.

Graves: All right.

Now, I would like to bring, in addition to those that we considered last night, Mr. Callahan and Mr. Duffus, who are our radio and motion picture experts on our staff. I suggest that because they may be of some use to us over there.

H.M.Jr: What was the name?

Graves: Callahan and Duffus. Duffus is Dietz' man, I think.

H.M.Jr: O.K.

Graves: I will have this to you before noon.

Bell: You have another letter from Vandenberg asking your opinion on the question of introducing another resolution to give Finland a moratorium and also your judgment as to

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whether in that resolution he should also include a provision authorizing reconsideration of the whole debt on some terms comparable to the terms other countries got after the Finnish settlement was made. That was one of the things I think the Finnish Minister will talk to you about tomorrow morning when he signs that other agreement. Shall we make a reply that we think it is a good thing to extend it?

H.M.Jr: It is all right if nobody else is paying.

Bell: It is along the same lines we did last year.

H.M.Jr: Yes.

Bell: I have the letters prepared in connection with a recommendation that Fox and Taylor be on the Chinese stabilization board. I thought the letter ought to go to the Secretary of State so that he could send over a recommendation to the Chinese Government or the Chinese Ambassador in Washington and Foley says we ought to write directly to the Ambassador. I think that is a little contrary to what we ordinarily do. It doesn't make a lot of difference.

H.M.Jr: I would rather do it through the Secretary of State.

Bell: I think that is better. I would like to take it back and talk about one thing and that is the expenses of these two gentlemen. Nothing is mentioned about them.

H.M.Jr: When you come in at 10:30?

Bell: Yes.

H.M.Jr: All right. What else?

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Bell: That is all.

H.M.Jr: Norman?

Thompson: Phil Young is your alternate on the National Munitions Control Board. I wondered if you wanted to get someone else. I have talked to Mr. Gaston and Mr. Bell and Mr. White about it, and it seems to boil down to Mr. Coe. It is an inactive assignment.

H.M.Jr: All right.

Thompson: Mr. Fox is about ready to enter Procurement if you are ready to release him.

H.M.Jr: O.K. I would like to see him before he goes.

Thompson: Yes.

We have finally gotten in pretty good shape on space. I don't know whether you have been told or not. The RFC was very cooperative. They bought it, of course. The Public Buildings Administration is supposed to furnish space, so they fell down a hundred per cent.

H.M.Jr: How many square feet?

Thompson: Thirty thousand feet. So we can put Harold Graves' defense staff in there, or we can use it for something else. We will get it the first of June.

H.M.Jr: What do you think?

Thompson: I think it would be a good move to put Harold's staff in there.

H.M.Jr: I think, so, because that will grow.

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Thompson: That will leave space in the Washington Building which will give us a little more room for the administrative end.

H.M.Jr: I am trying to get Harold under one roof.

Thompson: Then we have a promise from the Bureau of the Budget and the Public Buildings Administration to give us a hundred thousand square feet.

H.M.Jr: O.K. That is good work.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 30, 1941

Secretary's Files

Mr. Kuhn

Mr. Foley and I discussed this matter with the Secretary. The Secretary showed us a draft of a letter which he proposed sending to Mr. Hull, saying that he could see nothing unfriendly to the State Department in the Washington Post article. Mr. Foley suggested, however, and the Secretary agreed, that it would be better to drop the matter and not send anything to Mr. Hull.

J.K.

April 30, 1941

Ferdinand Kuhn
Secretary Morgenthau

Please talk to me about the Kintner and Alsop articles where they mentioned the controversy between the State Department and Treasury. The matter seems to have gotten very definitely under the skin of Cordell Hull.

President Freezes Greek Assets In This Country

Copyright by New York Times

President Roosevelt signed an order yesterday freezing all Greek credits, investments and cash holdings in the United States, estimated to amount to between \$40,000,000 and \$50,000,000.

Secretary Morgenthau claimed "encouragement," meanwhile, for the Treasury's attitude on the foreign situation and particularly its proposal for a general use of the "freezing" power to combat the Axis powers on an economic basis. He made it obvious that the boost came from the State Department.

Greece became the fourteenth country to have her credits and investments in the United States placed under Government control as a result of the Axis conquests. With the Greek addition the total funds and credits so tied up amount to about \$4,500,000,000.

April 30, 1941
10:29 a.m.

H.M.Jr: Hello.

Operator: Hopkins.

Harry Hopkins: Hello, Henry.

H.M.Jr: Harry, how are you?

H: All right.

H.M.Jr: Harry, this is just a little thing but you could help get it straightened out. I understand the Bureau of the Budget is holding up this thing of reimbursing the Treasury for what I call the Young group, you know, that's working for you, and we haven't been able to pry a dollar loose.

H: Yeah.

H.M.Jr: Do you think that you could get it pried loose so we'd get reimbursed? You see, it's quite a large group.

H: You mean you've got some back money?

H.M.Jr: No, I doubt whether - it wasn't that hopeful that they could do it as of the first of May, I mean - you know.

H: Yeah.

H.M.Jr: Starting the first of May that we'd get some of that \$10 million.

H: You're quite ready to keep those fellows on the Treasury payroll if you can get the money for it.

H.M.Jr: That's right. Now, I'm told this that - by the pipeline - the Bureau of the Budget wants to put them over under O.E.M.

H: That's right.

H.M.Jr: Well, I'd like to do it in the way that

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would be most useful to you and at the same time keep up the morale of the boys. I think they'd like to stay with the Treasury and be reimbursed.

H: Yeah, I get it.

H.M.Jr: See? But Harold Smith is holding it up and

H: Have you made a request for it?

H.M.Jr: No, no. I understand that we've - I'm 90% sure that we've made a formal request.

H: Well, that's not important whether you made it formally or not just as long as

H.M.Jr: Well, I'm quite sure that we have made a request and I don't know - there are fifteen or twenty people over there and there is no reason why

H: Oh, none at all.

H.M.Jr: But if you could pry it loose, I'd appreciate it. Do you think you can do it?

H: Well, I'm going right after it because it'll be - I can see how if we're going to - I've just talked to the Army, they were calling me about this, and they've got a hell of a bill.

H.M.Jr: Yeah. Well, I wasn't even hoping on the back payment but if I could get it clean as of the first

H: Well, that is what your letter means - is that the implication in your note to me?

H.M.Jr: Yeah.

H: That as far as you're concerned, you can't keep on paying those fellows out of your funds.

H.M.Jr: That's right.

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H: And they ought to be paid out of the funds of this thing and if you could get it out of - what you think that Smith wants to do is not to have these fellows paid out of your funds but want to give it to somebody else.

H.M.Jr: Yeah, and separate them from the Treasury. Well, I'm under the impression from what Young says that none of his group wants that and I think both you and I would like to keep them happy.

H: Yeah. The other thing - one of the great advantages of having it as it is is this: that these damn Congressmen get right on your neck on personnel and people like Phil Young have no idea what is going to hit them. If we ever have an independent payroll it's going to be terrible.

H.M.Jr: Well, he doesn't want it that way.

H: No, I know he doesn't but he's going to spend half his time - because you can't avoid it. You know that. When a Congressman calls you up, you can't say to hell with you.

H.M.Jr: Well, you know Harold Smith has got kind of "grabbitis" you know. He wants to grab this and grab that and all I want is just to get the money and keep the boys happy and have it so it is agreeable to you.

H: Yeah.

H.M.Jr: O.K.?

H: All right, old boy. I'll talk to Smith right away.

H.M.Jr: I saw T.V. Soong last night at the Chinese Embassy and he was beaming from ear to ear about what you had done for him. He was very happy.

H: Well, they want a lot more you know.

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H.M.Jr: I know.

H: They want a lot more; everybody does.

H.M.Jr: Sure.

H: One of the terrible jams we're in this morning is that these Norwegian - about 250 of those Norwegian ships have got nothing on them. You see?

H.M.Jr: Yeah.

H: The sailors have been meeting in New York, grumbling and raising the devil. You know, after you go through that northwest passage a few time it gets you awful low, and that would be a terrible thing, but by God, there just aren't any guns, that's all. I'm getting a few but it's perfectly terrible.

H.M.Jr: Well, keep up the good work, Harry.

H: Well, God, we've not started yet, Henry.

H.M.Jr: I know.

H: Not started.

H.M.Jr: Keep it up, what you're doing.

H: All right, old boy.

H.M.Jr: Thank you.

H: Good-bye.

April 30, 1941
10:40 a.m.

RE AID TO BRITAIN AND CANADA

Present: Mr. Bell
Mr. Cochran
Mr. White

H.M.Jr: I can't announce that now. Soong was after me last night. I can't, can I?

Bell: I don't see why not.

Cochran: Really it is the Chinese who appoints them.

Bell: All the Secretary can say is that he has recommended them. That is what he is to do under the agreement.

Cochran: I mean the State Department ordinarily doesn't give out the name of its nominee until the other government has agreed to it.

Bell: Is that right? I had contemplated getting Soong down today and telling him you had recommended it, and he ought to clear with his Government immediately and make arrangements for their transportation.

H.M.Jr: Would you do that, and also, if possible, clear it with the State Department? I would like to announce it at ten-thirty tomorrow in my press

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conference.

Bell: All right.

H.M.Jr: But you will tell Soong that?

Bell: Yes.

H.M.Jr: Swell. Now, I have got to do my home work here in front of you people. I am reading a memorandum from White dated April 23. (See attachment 1.) Have you got a copy of it?

White: This is the one you wanted me to give back to you. (See attachment 2.)

H.M.Jr: Right. Well, this, I take it is a condensation of that?

White: I am sorry, a condensation of that is the appended memo of the 25th (see Attachment 3), and this is merely my conclusions on the basis of - if you want a digest of their memo, their report, it is the 25th, which is labeled just the digest of their report.

H.M.Jr: Well, do I have to read all that?

White: I don't think so, because we can discuss this conclusion and see if there is any --

H.M.Jr: Let me take a minute to read it. I am sorry I have got to do my home work here. You are doing it too, aren't you, Dan?

Bell: Yes, I have read over this.

H.M.Jr: Well, I haven't. Well, that is all right. Let me just read this thing here. (Memorandum dated the 25th.)

- 3 -

Well now, Mr. McCloy talked to me about the War Department, and he said that Phillips was over to see him, where were they going to get that three or four hundred million dollars from the War Department and from RFC; so I said the last I knew was that I had written a letter to the War Department and the RFC asking them to inform Mr. Bell and that they had answered Mr. Bell and as far as I knew, our figures were still correct. That must have been over a month ago, isn't it, Dan?

Bell: It has been a long time ago, at least a month. I don't remember the figures. You (White) may have read them, but they weren't very encouraging, as I recall it.

White: I don't remember seeing the statement. I may have. Mr. Phillips said that he was able - he had merely approached him since then informally and was able to get no information from them, and he was hoping that maybe you might be able to get something from either him or Mr. Jones.

H.M.Jr: Well, as a part of this meeting today, Dan, supposing you put down, Number one, that I - there is no reason why you can't write it directly, and I can write a follow-up letter and sign it.

Say that on such and such a date I wrote a letter and that I am now again writing these people to find out what is the latest situation and how much can the British expect during the months of May and June, let us say. How about that, Dan? What?

Bell: Yes.

H.M.Jr: How much can they expect during the months of May and June. And if you don't mind, when

- 4 -

Phillips comes in, if you would have a copy of the letter that I wrote originally to War and Jones, their answer, and then this other letter which is going to - have it then, you see. I will show him that.

White: Would that question cover also the contracts that they would relieve them of, because that wouldn't be money they would get, would it? Would they pay them for those contracts?

H.M.Jr: Oh yes, cash.

Bell: Well, they pay at least what has been paid on account.

White: No, but for --

Bell: And pay them for the plants.

White: The plants, they will get money back, but they also contemplate part of that three hundred million that the Secretary is referring to - it consists, to my understanding, of contracts which they are obligated to, which they are going to take over.

Bell: Yes.

White: Now, would they get paid for that or would they merely take them over?

Bell: Take them over.

White: And wouldn't get paid for it.

Bell: I shouldn't think so.

White: Your question would have to be phrased both ways, what contracts the Army contemplates taking over, and to Jones it would be what money they are

- 5 -

going to get paid back.

Bell: That would be about forty-six million dollars from Jones.

White: They are already counting on that, aren't they?

Bell: I take it it is in the picture.

White: Yes, that is the forty-nine they know about, and only twenty-four million of commitments taken over.

H.M.Jr: Well, that would be one thing to get started, wouldn't it, Dan?

Cochran: I have both the letter and the reply.

H.M.Jr: It was funny McCloy yesterday brought this thing up, because he said that Phillips had been over to see him.

(Discussion off the record.)

H.M.Jr: That takes care of --

White: That will take care of it, and if they can get any substantial sum on that, that would immediately increase their balances.

H.M.Jr: Well, McCloy was under the impression that there was quite a tidy sum to pass on the first of May for this powder plant.

White: Well, that is included.

H.M.Jr: But they haven't paid for it yet.

Bell: Is that in there, too?

- 6 -

White: I think they already have made allowance for that. They know that is coming, and we have got that in the picture.

H.M.Jr: Well, it is no harm - I mean, the purpose of this thing is to tighten up, and I think a letter is appropriate, don't you think so, Dan?

Bell: I don't think it is out of place if they haven't already included them in their contemplated receipts.

Contracts and capital assets taken over by U. S., that is forty-nine million dollars in this statement.

White: But we were talking in terms of three hundred million, and all they can get together is seventy-three million.

H.M.Jr: What is the date on this?

Bell: Twenty-third of April.

H.M.Jr: No, I am talking of the time when I wrote --

Bell: That was March 17.

H.M.Jr: Well, if the letter is written on April 30, it will be a month and a half ago. What has happened? I want to know how much money if anything they have turned over to them.

White: I don't think any. It may have come in these last couple of weeks.

H.M.Jr: Is it rushing you too much to have it ready by three fifteen?

Bell: Oh, no.

- 7 -

H.M.Jr: In other words, let's bring it in. If the War Department and RFC would bring us up to date until the first of May, it is very appropriate to write the letter, how much cash if any have they turned over, either of them.

White: I am wondering whether you would want to make a statement in that letter to the effect that you are interested in expediting the matter because their cash is running low.

H.M.Jr: No, what?

Cochran: Their security sales aren't holding up right now, as you know. They are down a little bit - quite a bit.

H.M.Jr: Well then, you could say this, that in view of the weak stock market, they have been unable to sell as much securities, and therefore it is all the more important that they get this money. Think about it, Dan.

Bell: We will put in something.

H.M.Jr: Put in something.

Well, that will take care of that. Postpone their payment of the Belgian loan. We can't do anything about that.

White: That Belgian loan, they don't have to repay now.

Cochran: Their understanding is it won't be repaid until a certain period after the termination of hostilities.

- 8 -

- Bell: Is there a hundred and five million dollars reserved in gold to pay that?
- White: It may be in either gold or dollars, but they are not including it in their cash position because they state that they have to repay this loan very soon and therefore --
- Bell: I don't understand from this that they are reserving the cash to pay it, but it is one of their commitments they have to pay.
- White: They are not calling the cash which they got for this as part of their assets.
- It will just mean that their assets are a hundred million dollars greater.
- Bell: But they haven't used it, then?
- White: Well, they have got so much you can't tell which they used.
- Cochran: Well, as a matter of fact they have, because they sold that gold, you see, and earmarked it.
- Bell: Then they must be reserving it.
- White: But they are not including it as cash, because they say they will have to pay that back soon.
- H.M.Jr: Well, that is just a cushion then?

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White: Yes. All they have got to do is postpone payment, and I think they are going to do that anyway.

H.M.Jr: That is just a cushion.

White: But that will be a hundred million additional which they are not calling, including now.

H.M.Jr: As a liquid asset.

All right, now what else?

White: Well --

Bell: That is not included in the hundred and seventy-five million that you (White) - is it now?

White: That is right.

Bell: So that their balance would be well over 200 million if that was included.

White: Two hundred eighty million as of that date. It may have dropped since then.

H.M.Jr: Well, am I correct in saying that they can run along as it is until - when?

White: Oh, for the next couple of months anyway before we even reopen the question, with one proviso, that they don't pay any gold or dollars to Canada. Now that we want - we should take up the Canadian position before you decide on that.

Cochran: Well, they have to continue sales, too. You said provided they didn't pay Canada. They have to continue sales, both of securities

- 10 -

and direct investments.

White: Oh, yes, but I mean this doesn't include any payments to Canada. If they pay anything to Canada, this balance will be drawn down lower, any dollar or gold payments.

Bell: Don't they have to make some payments to Canada in order to let her meet her dollar commitments?

White: Well, that is a decision which we want to make now.

H.M.Jr: Have we got time to do the Canadian thing?

White: I think you have to do it.

H.M.Jr: I have nothing on the calendar here.

Cochran: May I just ask one word about Great Britain, Mr. Secretary? I think Phillips was trying to get this built up a little bit. I think he wants to go home and that is why he is trying to get it in a better position because Pinsent isn't well at all. He is out for a week now, apparently.

H.M.Jr: You see, this is wonderful, this filing system. You leave your letters here long enough and when it is important it is here, what the hell.

Bell: You don't carry them back and forth to the house? Just leave them there?

H.M.Jr: Yes. I used to carry them.

White: I am still carrying mine.

Bell: I still carry mine, too.

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H.M.Jr: What is this about?

Cochran: I say I think Phillips wants to go back as soon as he can, and with that in mind he is trying to get his position here a little easier, particularly since Pinsent isn't well at all. He was out for two weeks and then he came back and in less than a week he was gone bad, and they think he will be out indefinitely.

Bell: Is Playfair going to continue?

Cochran: I don't think so. I think he will go back with him. He hasn't told me this definitely.

H.M.Jr: Merle, I don't get the tie-up. What is Pinsent--

Cochran: Well, Pinsent would be the one to carry on here.

H.M.Jr: Then how can Phillips go back when Pinsent is sick?

Cochran: He would like to have the situation in good shape here before he does go.

White: Because he can't rely on Pinsent because Pinsent is not well.

H.M.Jr: I mean, it doesn't make sense, if you don't mind. If Pinsent is sick, I should think Phillips would want to stay here.

Cochran: Well, they expect him to get well pretty soon.

H.M.Jr: Oh, I see.

Cochran: They don't want to leave too heavy a load on

- 12 -

him. That is what I gained the other day when I stayed after you left.

H.M.Jr: I see.

White: You see, that is why it is important if only the Army and Navy can promise what they are going to do for him within the next three or four months, their balance would be in excellent shape because if they can get a few hundred million for them, we can add that right on to their balance of a hundred and seventy-five million so they will have quite a velvet cushion, and they only wanted to build it up to two hundred fifty million, so that the crux of the problem, it seems to me, is those contracts and commitments to be taken over.

H.M.Jr: Mr. Bell can write the letter between now and 3:15.

Bell: I wondered if we shouldn't ask for four months instead of two months, bringing it up to August 31.

H.M.Jr: I think it is a good suggestion.

Cochran: That is the theory these figures are on.

Bell: Yes.

H.M.Jr: I think it is a good suggestion.

Bell: All right.

H.M.Jr: Now, let me just take a look at the Canadian thing.

White: That will give you the gist of it very quickly.

- 13 -

H.M.Jr: I am reading it. Well, now, boiled down, when does Canada go short?

White: Canada needs 380 billion dollars this year.

Bell: That is calendar year?

White: This calendar year. She could get it, if she got no dollars from England at all, she could get it out of sale of part of her assets, which amount to about 900 million, but if you wanted to help them by taking over approximately - taking over those purchases which she makes here for goods which she sells to England - you remember you discussed that previously - that could save her about 200 million dollars. In addition, your suggestion, which you made, about buying material from Canada, which they are enthusiastic about, is not included in here, we don't know what that will amount to and that may amount to a hundred or 200 million dollars.

H.M.Jr: They say between two and three hundred.

White: If it amounts to that much and if you want to take over a hundred or two hundred million of it - under the Lend-Lease arrangements, then she won't have to - she won't have to make any payments in dollars to us, according to her present reckoning, and she will still have her 900 million dollars of dollar assets untouched, unless she increases her program.

Bell: That wouldn't mean two or three hundred million this calendar year, Mr. Secretary, because those contracts--

H.M.Jr: No, I would say beginning July 1.

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White: Well, there would be that much less.

H.M.Jr: Well, now, what are the purchases which they are making in this country which could be lend-leased?

White: They think about two hundred or two hundred and fifty million dollars.

H.M.Jr: Have they got down to brass tacks on it?

White: I don't know with whom.

Bell: Well, Harry, those were just the purchases they were making to finish products for Great Britain, weren't they, and they weren't for their own account at all?

White: No. And whether it would be three hundred or two hundred would depend on how far you would want to go in raw materials, whether you just want to take the engine alone or whether you want to take--

H.M.Jr: Who is handling that?

White: I don't know who is supposed to handle it.

H.M.Jr: Is there anybody here from Canada?

Bell: Coyne is here.

White: Yes, Coyne is here.

Bell: He is the Financial Attache, and he is pretty good, too.

White: I think they are waiting to hear from you as to who they should contact.

Bell: Didn't they go over to the lend-lease people,

- 15 -

Hopkins or somebody, and have a conference.

H.M.Jr: I will tell you what we will do. Let's have Coyne here. Why not let's have him here--

White: With Phillips?

H.M.Jr: No, he can wait, and I want to see him right afterward. Let's have him here at 3:30.

White: Who is his superior?

Cochran: Just the Minister. He makes his headquarters at the Legation.

H.M.Jr: Let's have him here at 3:30. Will you?

Cochran: Sure.

H.M.Jr: Will you take care of that?

Cochran: Yes, I will get him.

White: That still leaves Canada. Canada has no dollar exchange problem and particularly if you do these two things. In other words, she has no dollar exchange problem even if you don't do anything for her.

H.M.Jr: She has none?

White: Well, she can get that three hundred fifty million during the year without much trouble.

H.M.Jr: How.

White: She has nine hundred million dollars of assets, cash, gold, and - but if you do this for her, she won't even have to meet that three hundred fifty million.

- 16 -

H.M.Jr: Well, I don't see why we shouldn't.

White: I think we should. I think we should because she has an entirely different kind of a burden now. It isn't a dollar exchange burden, it isn't a gold burden, but it is a budgetary burden in the amount of help that she is giving England.

H.M.Jr: Well, I think, Merle, if you could tell them what we had in mind. What I want to ask him, what is he doing; one, in regard to materiel they are buying in the United States to go to England, and, two, what are they doing about materiel for Canada under lend-lease.

White: And if he is doing nothing, could they come possibly prepared with a list of things.

H.M.Jr: Well, bring me up to date.

Bell: I was under the impression that Clark had a conference with someone over at either Hopkins' shop or War or Navy.

Cochran: I think Ed and he had some other specialists down, you see, on that, too.

H.M.Jr: Well, I think it would be good to bring this up to date.

Cochran: All right, I will ask Coyne to come in.

H.M.Jr: Any suggestions, Dan?

Bell: No.

H.M.Jr: Will you be here at both of those meetings this afternoon?

Bell: Yes.

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H.M.Jr: And will you have - you are still planning to leave tomorrow night, aren't you?

Bell: Yes.

H.M.Jr: Is it agreeable to Mrs. Bell?

Bell: Anything is agreeable to her.

H.M.Jr: Well, isn't that about all we can do.

Bell: Yes.

H.M.Jr: All right.

White: Then if Phillips asks your opinion as to whether or not they are to pay anything to Canada, wouldn't it be appropriate to say that what is being contemplated for Canada may not--

H.M.Jr: Well, I would like to just think it over. In the meantime he isn't paying anything anyway.

White: To my knowledge he isn't.

Cochran: We have encouraged the Canadians to go ahead with this set-up on their securities.

H.M.Jr: Haven't they done that?

Cochran: They were going to work on the re-registration, that was their next step.

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YBy hand - urgent.British Embassy,
Washington, D.C.

Dear Dr. White:

April 18, 1941

As arranged, I enclose copies of a note of our Cash Position starting from the lines discussed at our meeting the other day. I shall be at your disposal to discuss this note whenever it is convenient to you.

Yours sincerely,

(signed) F. Phillips

F. Phillips.

Dr. Harry White,
U. S. Treasury,
Washington, D. C.

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YBRITISH CASH POSITIONApril 1st and September 1st, 1941

Tables I to IV attached to this note give estimates of British payments and receipts in the five months April to August, 1941, inclusive. The estimates in these tables exclude (a) any gold or dollar payments to Canada and (b) gold borrowed from the Belgians, since this is a temporary device carrying with it a corresponding gold liability.

On the basis of these estimates, our position on September 1st, 1941, would be as follows:

	\$ millions
Available gold and dollars on April 1st.....	161
Net deficit (on capital and current account), April 1st - August 31st.....	34
Hence, available gold and dollars on Sept. 1st..	127

We consider it necessary to accumulate a working gold or dollar balance at the rate of \$50 millions a month until September 1941 when it would reach \$250 and thereafter to raise it to \$600 in another twelve months. We should fall short of this requirement by \$123 millions as at September 1st, 1941, and, we estimate, by from \$225 to \$275 millions as at January 1st, 1942. Allowance has been made in the figures for the effect of taking over \$73 millions of old contracts; if this figure were raised to \$300 millions the position might be covered.

No account is taken in this table of any payments of gold or dollars to Canada in respect of British purchases in that country. If, for example, payments were made by the U.K. to Canada of one-half of the current adverse balance of Canada with the U.S., this would represent about \$220 millions a year.

Washington, D.C.
April 18th, 1941

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B.P.M. Commitments

	\$ millions		
	Balance due April 1st	Payments Apr. 1-Aug.31	Balance due Sept.1
Contracts signed before Jan.1 *	1066	538	528
Contracts signed and options exercised, Jan 1 to Mar. 31	162	73	89
Payments to French	86	56	30
Total actual commitments, April 1	1314	667	647
Contracts and amendments as planned on April 1st	24	21	3
Further amendments, etc. probably to be made **	25	5	20
Total actual and prospective com- mitments, April 1st	1363	693	670
less commitments on Machine Gun contracts to be taken over	24	7	17
Estimated net commitments	1339	686	653

* Including all amendments to such contracts, Jan. 1st to March 31st

** Rough estimate, mainly for prospective amendments to air contracts

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YTABLE IIEstimated expenditures and receipts of dollars
on current accountApril 1st - August 31st

\$ m i l l i o n s

Expenditures:

B.P.M. commitments, April 1st	667	
further contracts and amendments *	19	
running production costs	15	
administration expenses	7	
Other U.K. payments to U.S. **	42	
Payments to third countries	67	817

Receipts:

B.P.M. miscellaneous receipts	17	
U.K. receipts from exports (visible and invisible) to U.S.***	75	
Sterling area, net receipts from U.S.	75	167

Excess of expenditures over receipts

650

- * Deducting payments on commitments on Machine Gun contracts to be taken over
- ** Interest and dividends, film royalties, shipping disbursements (not covered by Lend-Lease), etc.
- *** Increasing difficulties of the export trade may seriously affect this figure.

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TABLE III

Estimated expenditures and receipts of gold and dollars
on capital and current accountApril 1st - August 31st

\$ m i l l i o n s

Expenditures:

Net expenditure of dollars on current account (see Table II)	650
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Receipts:

Sales of securities and direct investments	400	
Acquisition of newly-mined gold	167	
Sale of Tennessee Powder Plant	20	
Refund of capital and advances, Machine Gun contracts *	29	<u>616</u>
Net deficit		<u><u>34</u></u>

- * Capital and advances outstanding at April 1st \$35 millions,
of which the War Department estimates \$29 millions will
be refunded.

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TABLE IV
Gold and Dollar Assets

\$ m i l l i o n s

	<u>Actual</u> <u>April 1st</u>	<u>Estimated</u> <u>Sept. 1st</u>
Official dollar balance	69 }	127
Gold (excluding scattered) *	92 }	
Marketable securities	526	326 **
Direct investments	<u>900</u>	<u>700 ***</u>
Total	<u>1587</u>	<u>1153</u>

* Belgian gold excluded

** Deducting estimated sales, no allowance for depreciation (or appreciation) of values.

*** This residual value takes no account of the amounts by which actual realizations may fall short of the original estimated values of the properties sold.

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April 23, 1941

Secretary Morgenthau

H. D. White

Subject: The British Cash Position

1. The British estimate that, as of April 1, 1941, they had \$1,587 million of available gold and other assets convertible into U. S. dollars. This does not include \$300 million of British private dollar balances, \$105 million of gold borrowed from Belgium, nor \$28 million of scattered or otherwise unavailable gold.

British dollar assets as of April 1, 1941:

(Millions - U.S.)

Gold (excluding scattered and Belgian gold)	\$ 92
Official dollar balances	69
Marketable U.S. securities	526
Direct investments in U.S.	900
Total, British estimate	\$ 1,587
Private dollar balances	300
Belgian gold	105
Scattered and reserved gold	28
Total	\$ 2,020

2. Actual B.P.M. commitments in this country on April 1, 1941, totalled \$1,309 million. Amendments and adjustments are expected to raise this figure to \$1,334 million.

Division of Monetary
Research

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(Millions - U.S.)

Balances due from B.P.M. on April 1

1. On contracts signed before January 1, 1941 (This includes all amendments to such contracts made between January 1 and March 31, totalling \$34 million)	\$ 1,061
2. On contracts signed and options exercised, January 1 to March 31	162
3. On payments due French	86
Total	\$ 1,309

Estimated additional amendments and adjustments for contracts taken over - net	25
--	----

Estimated balance due, April 1	\$ 1,334
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3. Of these commitments, the British estimate \$686 million will fall due, April 1 to August 31, 1941. In addition, they anticipate making other dollar expenditures during this period totalling \$131 million, of which \$67 million represents payments to third countries other than Canada.

Against these dollar requirements of \$817 million, the British expect dollar receipts on current transactions of \$167 million. This sum is comprised of the following items:

(Millions - U.S.)

U. K. exports to U. S.	\$ 75
Sterling area, net receipts from U. S.	75
B.P.M. miscellaneous receipts	17
Total	\$ 167

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Research

- 3 -

4. To meet the estimated \$650 million excess of dollar expenditures over receipts, April - August 1941, the British anticipate selling the following assets:

(Millions - U.S.)

U.S. securities and direct investments in U. S.	\$ 400
Newly-mined gold	167
Refunds on B.P.M. contracts and capital assets taken over by U. S. Government	49
Gold and official dollar balances	<u>34</u>
Total	\$ 650

In addition to this \$650 million, the British sold on April 4, \$105 million of Belgian gold. Presumably this is not included in their anticipated receipts, April through August, because of the offsetting liability which they wish to liquidate as quickly as possible.

The British have already sold \$65 million of direct investments and will receive an additional \$35 million when the Viscose stock is sold to the public. If security sales during this five-month period are at the same rate as in February and March, they will amount to over \$200 million, leaving less than \$100 million to be secured by the further sale of direct investments.

Newly-mined South African gold available to the British is now estimated to be \$320 million per year, or \$160 million lower than their previous estimate. The British are now including in their newly-mined gold, \$80 million of African colonial production, bringing the total of newly-mined gold available to them to \$400 million annually or \$167 million for a five-month period. Australian newly-mined gold, amounting to \$75 million annually, is now included in the anticipated merchandise exports of the sterling area.

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Research

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5. On the basis of the above estimates, the net reduction of British holdings of gold and assets convertible into U. S. dollars, April 1 to September 1, 1941, will be \$434 million. This assumes that by the latter date the Belgian gold will have been repaid. It does not allow for changes in market value of U. S. securities or for any discrepancy between liquidation value and estimated value of British direct investments in this country. The British dollar asset position - exclusive of private dollar balances -- as of September 1, 1941, is anticipated to be as follows:

(Millions - U.S.)

Gold (excluding scattered) }	\$ 127
Official dollar balances }	
Marketable U.S. securities	326
Direct investments in U. S.	<u>700</u>
Total	\$1,153

The \$127 million of gold and official dollar balances which the British estimate they will hold on September 1, falls \$123 million short of the \$250 million which the British desire to accumulate in gold or U.S. dollars during the next five months. However, if by September 1, the \$105 million of Belgian gold has not been repaid, the British holdings of gold and official dollar balances will total \$232 million, or only \$18 million short of the British goal.

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April 25, 1941

Secretary Morgenthau

H. D. White

Subject: The British Cash Position

Appended is a digest of Sir Frederick Phillips' Aide-Memoire dated April 18 covering the British cash position and their needs during the next five months.

An examination of the figures reveals that they will have enough dollars and gold available to meet their estimated dollar requirements -- at least until September 1. However, their dollar balances (official, not private) may not rise during this period above \$175 million and may at times drop considerably lower. This is less than the \$250 million cash balance which they wish to attain by the end of August.

They can increase their dollar balances in one of the following ways:

1. Transfer additional plants and contracts. So far they are to receive in refunds only \$49 million and are to have commitments taken over by the Army and Navy of only \$24 million. It is our understanding that they would receive at least \$200 million through the assumption of contracts and purchase of capital equipment.
2. Increase their sales of direct investments. Their present plans call for liquidation at the rate of \$40 million a month. It may be possible to step up this rate.
3. Postpone repayment of the Belgian loan of \$100 million in gold. This would add \$100 million to their cash balance as long as the loan remained outstanding.
4. Maintain the former rate of gold production in South Africa. They report a rate of acquisition of

- 2 -

South African gold of about \$160 million a year lower than their previous estimates. It is not clear whether the reduction in their estimate arises from a decline in production or a decrease in transfers to U. K. In either case, they may be able to correct the situation.

5. In a pinch, they may be able to borrow some more gold from Belgium and some dollars or gold from the Netherlands.

All things considered, it is doubtful that you need be seriously concerned about the British cash position for the next few months. Of course, if Lend-Lease does not take care of as many payments as the British may expect, the situation will be different.

April 30, 1941.

TO: Secretary Morgenthau

FROM: Mr. Gaston

Sir Arthur Salter spoke "off the record" at Press Club luncheon today.

He said the net loss of British shipping since the start of the war (after offsetting acquisitions and new construction against sinkings) was about 10 percent of the 20 million tons available at the start of the war. The efficiency of the remaining tonnage is, of course, substantially reduced by diversion to military purposes, remoteness of sources of supply (e.g., bringing food from South America and the United States, instead of Denmark, Netherlands, France, etc.), slowness of convoys, delay in discharging, etc. He made no estimate of comparative efficiency.

Since the fall of France, total losses have been at the rate of approximately 5 million tons per annum (more than 2/3rds by submarine, about 1/7th or 1/8th by surface raiders, and the remainder by aerial bombing). Recent sinkings by aerial bombing have risen to almost 1/2.

All-out shipbuilding effort by Great Britain and the United States can overcome sinkings at the present rate in another year or year and a half. The danger, in the meantime, is not that Britain will be starved into yielding, but that lack of materials will cripple defense effort. He avoided expressing any opinion as to the sufficiency of the United States shipbuilding program.

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As to the patrol system as a safeguard for cargoes to Britain, he said the audience could form its own conclusion from the fact that only an insignificant portion of the sinkings were in the western Atlantic.

The manufacture of war materials in Great Britain has not so far been impeded by lack of materials, he said.



April 30, 1941
11:10 a.m.

RE FOREIGN FUNDS CONTROL

Present: Mr. Shea
Mr. Gaston
Mr. Foley
Mr. Bernstein
Mr. Acheson

H.M.Jr: Well, before we get on this other thing, Foley reported to me this morning on the conference yesterday. I just want to say that I am ready to take his recommendations. I don't know whether the rest of you people are or not, for whatever that is worth. Are you, Dean, in accord on this draft that I have in my hand or not? (See Attachment No. 1)

Acheson: Well, I think I would tell the Secretary to do this rather than not to go ahead at all, but I think it would be better if the draft gave us some sort of salient points. We talked about that yesterday, and Ed agreed with that.

H.M.Jr: Well, Ed tells me the way Shea had the thing set up that it would give this committee powers independent of the President.

Acheson: We discussed that and were ready to modify that. That was not the intention. Now, one thing that I think --

H.M.Jr: Excuse me a minute. I don't want to be in the

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position that this is a Treasury draft. If this is considered a Treasury draft, I would rather withdraw myself from it. I mean, I got the impression - I may be wrong - that this was acceptable to Acheson.

Foley: I thought it was when I left his office last night.

Acheson: As I said, Ed, I would rather do this than not go ahead with it. I think we ought to go ahead. I am willing to compromise on any draft which we are all agreed to, but I think we - when we started out, one of the things which I put up to the Secretary, which he approved of, was that we should go ahead with the registration. Under this draft, all questions are left open for future discussion.

Foley: And recommendation of action to the President by the committee.

Acheson: Yes.

Foley: Yes.

Acheson: The other alternative is to go further with the discussions and see what we can recommend to the President in this draft.

H.M.Jr: I will tell you what I am going to do. I am in the same position that Mr. Jackson was a month ago. I am not going to discuss anything more on this thing until Mr. Hull has signed it. When he has signed it, I will discuss it. I mean, my time is worth something, and I am not going to be all the time put in the position that this is a Treasury draft and then I find that --

Acheson: I don't think that is it.

H.M.Jr: Well, I am not going to agree to anything until

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Mr. Hull agrees to it first. When he has signed it, and if this is entirely agreeable to him, then I will take up the discussion, but until he signs it and says, "This is agreeable," I am not going to discuss it any more. I am not going to be all the time put in the position that we here are trying to push ourselves. I am fed up on it.

Acheson: But I think the position is the opposite. You are not pushing for something. It is we who are.

H.M.Jr: But I asked you this morning, and you said you thought you would rather take this than something else, which leaves it that hereafterward it is the bright boys of the Treasury who are pushing this thing.

Acheson: Oh, no.

H.M.Jr: And it isn't the bright boys from Treasury, bright or dull. I am one of the boys, and if and when Mr. Hull will inform me that this is something that he has agreed to, then I will take it up. I am not going to be all the time put in that position, and Jackson made the remark to me a month ago, he won't discuss it any more. He said he is sick and tired of discussing it.

Shea: Well, Mr. Secretary, he discussed it with me this morning.

H.M.Jr: How does he like that draft.

Shea: I think the one suggestion which he has in regard to it is that he would like to see, if possible, a provision in it which suggests immediate registration, but I think the thing which he feels most is that he would like to see something directed by the President.

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- H.M.Jr: Let's leave it this way. When Mr. Jackson and Mr. Hull agree on something, I will be glad to take it up last, when they definitely agree to something, but I have fooled around, and I read in the paper some place where it is the Treasury bright boys who are pushing this, or something like that, and I would rather be doing - there are so many things that I have got to do which are my own responsibility, and which the President looks to me for. I would rather concentrate on those things.
- Shea: Mr. Secretary, can you give us some indication on the matter of the business of control over export control?
- H.M.Jr: Mr. Foley met me at the house at eight-thirty this morning and said this is his recommendation. I said I would take it. But now I can see from the way Acheson talks that he is not quite sure of this himself, and then he takes it in to Mr. Hull, and Mr. Hull says, "Oh, this is something else that the Treasury wants."
- Shea: Well, Mr. Secretary, we didn't go into the meeting yesterday as advocates for a special position. We went in to confer with your representatives, and I had submitted a draft which, goodness knows, I didn't think would be at all a final draft, but we came out with something which we hoped was composed of several views.
- H.M.Jr: Why not start with Mr. Hull and get him to agree to something, and after he has agreed to something in writing, then - not like the last memorandum. After his agreement, I can study it.
- Shea: Well, Mr. Secretary, might I ask one question? Would you consider that the - one addition to that, to wit, the suggestion of immediate registration?

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- H.M.Jr: If that is what Mr. Jackson wants. If Mr. Jackson wants that, I am satisfied. I am satisfied when anybody says something positive.
- Shea: I think the addition of a suggestion of immediate registration, I would say, would satisfy the Department of Justice.
- H.M.Jr: I would like to see - Mr. Hull is my senior in Cabinet, and I think it is only fair to ask him to make up his mind first.
- Acheson: I think what we could do perfectly well is to take this thing and hold it and then go on and work out some other recommendations and put them all together. Now isn't that a perfectly possible thing?
- H.M.Jr: Why not let Mr. Hull make up his mind what he wants?
- Acheson: I think what he wants is the idea of a group of people who will take this matter, someone representing the State Department, to work it out and bring it to him with a recommendation. Then I can say, "I agree with this, Treasury agrees with this, Justice agrees with this, all the economists who looked at it agree with it, and this is what we think ought to be done." And Mr. Hull will say, "All right." But I think we have got to get machinery and some kind of outline of the course we are going to take.
- H.M.Jr: Well, why can't Mr. Hull say, "This is what I want?" We have been fooling around for I don't know how many months. I always give my time. And then when we get up to the point that the State Department is to agree, they never agree. I would like to see them agree first.

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- Acheson: Well, is my suggestion acceptable, that we regard this as the set-up of the committee and then we go ahead as potential members of the committee and try to work out what the recommendations will be?
- H.M.Jr: No, I don't want - I am not going to let my men go one step further until I know what Mr. Hull's position is. I mean, is that draft acceptable to him with this thing added that Mr. Jackson wants, or isn't it?
- Acheson: I think it would be acceptable to him that way, or with the addition, or any way.
- H.M.Jr: Well, I want something positive. If Mr. Hull says this is a matter of foreign affairs, all right, let him express himself, how he wants the thing handled. We are willing to be the mechanics. All right, we will just be the mechanics, and we will let the policy be settled by Mr. Hull, what direction he wants to go. After it is settled what the policy is, and if we here in the Treasury don't feel that we can carry it out, the mechanics end of it, we are at liberty to say so. We are discussing policy here, and I have been told that this is a matter of foreign affairs. All right, let the State Department set the policy.
- Acheson: I am sure we can work this thing out.
- H.M.Jr: No, these men have got a lot of other things that are strictly Treasury business. We are just up to our ears. We work day and night here, and I want them to confine themselves to Treasury business. There are all kinds of law suits and God knows what else. There are a thousand and one things that these lawyers should be devoting themselves to.

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Acheson: I think that we are very close together, and my hesitation, when you asked me whether I accepted it --

H.M.Jr: Well, Dean, if we are, then let Mr. Hull say so. Let him say so formally, but I don't want to read in the papers that this is another plan of the Treasury bright boys.

Acheson: Henry, I feel that I have done something stupid here which is --

H.M.Jr: No, no, it is not you at all.

Acheson: I am perfectly willing to start over again.

H.M.Jr: This has nothing to do with you. You are just - you happen to be here, so don't take it personally, but this - it has nothing to do with you at all. It is just between Mr. Hull and me, and I want to know - I have been told it is a matter of foreign policy. O.K. We are just the mechanics. All right, that is all right. I accept that. Now, let him write a memorandum saying how he wants this Foreign Funds thing carried out. When he expresses himself in writing, if it is workable and the Treasury feels that they can run the machinery, all right. If they can't, we will say that we simply can't do this.

Shea: I gather, Mr. Secretary, on the points on which you are willing to go forward, you are willing to have one of your lawyers work out the draft.

H.M.Jr: No, only after Mr. Hull tells me in writing what is our foreign policy in connection with foreign funds. When I have got that, then we can - the rest is very easy. I don't know whether he wants this committee. I don't know whether he wants the Treasury to be on that committee. I don't

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know whether he wants to divide the responsibility with the Treasury or between the State Department and the White House. I don't know how he wants it. I don't know whether he wants it entirely for himself. Does he want to share it with the President or with Justice and Treasury? I don't know. I would like to know. I don't know whether he wants Foreign Funds to continue in the Treasury.

Acheson: On that, that is clear, because I have a memorandum which I showed you a minute ago.

H.M.Jr: Well, I didn't read it. You just showed me the date. I mean, I couldn't read the memorandum.

Acheson: All those things --

H.M.Jr: But I have nothing. The last thing I saw in that memorandum, it came over from Mr. Hull, and you and I thought we had everything ready. You have done a beautiful job, a beautiful job. And then that memorandum came back from Mr. Hull to the President, and you saw it. You must have seen it. I think I returned it to you.

Acheson: Yes, I have it.

H.M.Jr: I returned it to you at the direction of the President. That is the last thing that I know. I don't know whether he has changed his mind from that day to this. Inasmuch as he takes the position, with which I don't argue, that the question of handling Foreign Funds is a matter of foreign affairs, all I am asking is that he express to me where he stands.

Acheson: May I show you this, because --

H.M.Jr: As I say, so that you don't feel bad, it is purely between Mr. Hull and me.

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Acheson: Now, this is my recommendation to him.
(Showing memorandum to the Secretary.)

H.M.Jr: No one has seen this in the Treasury staff?

Acheson: Oh, no.

H.M.Jr: Well, you see, Jackson told me he would have nothing to do with selective registration of companies. That is the last he told me. Has he changed his position?

Shea: He said to me this morning, Mr. Secretary, that he would like to do as much as possible in that regard and would like to be in a position to go in and do freezing if it were possible to work out a general agreement on something more extensive.

H.M.Jr: And he is willing to go in and do the investigating of each company to see whether they are or are not controlled by Germans?

Shea: I think, Mr. Secretary, that his expectations are that that committee, after working for a while, would arrive at something more extensive.

H.M.Jr: But I mean, that is going to be - the Justice Department is going to do the snooping?

Shea: If it is done, Justice, I take it, would undertake it.

H.M.Jr: I wouldn't.

Shea: I appreciate that, and I think he appreciates your view in that regard.

H.M.Jr: I wouldn't touch it.

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- Shea: And furthermore, I think he certainly wouldn't consider that that would get to be the exclusive thing, and I think I understand that he wouldn't expect that that would loom as one of the most important elements, but it ought to be considered as an available and possible item.
- H.M.Jr: Well, you see, as an individual, as Secretary of the Treasury, I don't agree with this. I haven't from the beginning. But if Mr. Hull will say that this is what he wants, and Mr. Jackson says he is willing to go with it and put FBI in to examine thousands of companies and have a witch hunt and they are willing to say so, I will trail along. But I haven't changed --
- Acheson: That was merely one of the methods --
- H.M.Jr: I haven't changed, but if Mr. Hull will simply write me a letter and say as to the matter of handling this thing, this is the way he wants to handle it - I am sorry, Dean, but I can't take that. It is your memorandum to him and his initials, which is all right as an inter-office memorandum.
- Acheson: Oh, no, I was just referring to it to show that he had told me to go ahead and talk.
- H.M.Jr: Your word is good enough anyway for me, but I know I am repeating myself when I simply say I have come to a point where I am not going to use my time or the time of these men until Mr. Hull will sit down and write a letter which you can draft and he can sign and say, as to handling of these matters through this committee, "This is the way I would like to have it done." What will I do then? I will simply say O.K., in advance, whatever you do. You can tell him that, see, but I want him to write me a letter saying this is the way he wants it. My answer will be

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O.K. I can't answer any more than that.

Acheson: Well, now, will you say that if - trying to help myself in working out something, I want to consult with someone, and will you let them talk to me?

H.M.Jr: Oh, sure, this is a free country. I am not going to put a muzzle on anyone. As far as I am concerned, I am just devoting myself to other things.

Acheson: I really feel that it was my ineptness in the early part of this discussion.

H.M.Jr: Well, don't feel that --

Acheson: I think we could have gone ahead on the basis of this document.

H.M.Jr: As a friend, let me assure you it has nothing to do with you.

Acheson: All right.

H.M.Jr: Now, while you gentlemen are here, what about the - this other matter, this question of export control?

Gaston: It is all in this same memorandum.

H.M.Jr: Well, I am going to take the same position. It is a matter of foreign affairs, and I am just going to sit here and wait until Mr. Hull tells me what he wants me to do, and I am not going to be, again, put in the position that I am pushing anybody around.

Shea: I take it, Mr. Secretary, that so far as you are concerned you would be prepared to go forward with that.

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H.M.Jr: I will do anything on either subject that Mr. Hull tells me in a statement that he wants me to do, if he will just express a view, and again all I do is to reserve the right that if I think it is unworkable as far as the Treasury part of the machinery is concerned, I want to say so, but as to the principle involved, in advance I will say I will go along. I reserve the right - I mean, if they are asking us to do something, for instance, like we should do the snooping on the factories and so forth, I say in advance I won't do it, but there might be something in export control, when it gets down to that, which goes against my principles on the question of civil liberties and all that sort of thing. I just won't do it, that is all. But as to the overhead policy, whatever Mr. Hull will write me, I will say in advance I will agree to it.

Acheson: There are questions of coordination of internal governmental policies.

H.M.Jr: I know, but that has been hanging around for six months, as a result of which, if a man was in the export business and has a legitimate business to a neutral country, it is next to impossible to do business. It is next to impossible. I mean, all this Russian business and all the Russian machine tool thing and all the rest of the stuff. I am going to confine myself to taxes and finance and defending the revenue of the country.

Acheson: We will go on and work at this and try to get something.

H.M.Jr: Well, these men, if you think they can be helpful, they are available, but I am not going to - I am going to ask them just to keep it away from the Treasury.

EXECUTIVE ORDER

DEALING WITH THE ESTABLISHMENT OF
AN ECONOMIC DEFENSE COMMITTEE
AND RELATED MATTERS

By virtue of and pursuant to the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 415), as amended, by section 6 of the Act of July 2, 1940 (54 Stat. 714), by the Act of October 10, 1940 (54 Stat. 1090), by virtue of all other authority vested in me, and by virtue of the continued existence of a period of national emergency, and finding that this Order is in the public interest and is necessary in the interest of national defense and security, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do prescribe the following:

Section 1. There is hereby established an Economic Defense Committee (hereinafter referred to as the "Committee"). The Committee shall consist of the Secretary of State, the Secretary of the Treasury and the Attorney General. Each member of the Committee may designate an alternate from among the officials of his Department and such alternate may act for such member in all matters relating to the Committee. The Committee may, in carrying out the provisions of this Order, act either directly or through such subcommittees, agencies or personnel as it may designate or employ.

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Section 2. All proclamations, orders and regulations issued under section 5(b) of the Act of October 6, 1917 (40 Stat. 415), as amended, or under section 6 of the Act of July 2, 1940 (54 Stat. 714), which are in effect as of the date hereof or are hereafter issued thereunder, shall be administered pursuant to the supervision and control of the Committee.

Section 3. The Committee shall engage in such studies and shall make such recommendations to the President, to the Congress and to the appropriate departments and agencies of the Government as the Committee deems in the interests of the economic defense of the United States.

Section 4. Any regulation, license, ruling, instructions or other action by the Secretary of the Treasury or the Administrator of Export Control, as the case may be, purporting to be under the provisions of any proclamation, order or regulation heretofore or hereafter issued under section 5(b) of the Act of October 6, 1917 (40 Stat. 415), as amended, or under section 6 of the Act of July 2, 1940 (54 Stat. 714), shall be conclusively presumed to have been issued or taken pursuant to the supervision and control of the Committee.

Section 5. This Executive Order may be amended, modified or revoked at any time.

THE WHITE HOUSE,

, 1941.

April 30, 1941
11:55 a.m.

H.M.Jr: Hello.

Operator: Congressman May.

Cong. Andrew May: Hello, Mr. Secretary.

H.M.Jr: Yes, Mr. May.

M: You of course know that the Congress up here has put upon the Military Affairs Committee the obligation of investigating the expenditures of the War Department with a view to determining if there is any bottle-necks and so forth, and so forth, and what the trouble, if any, is.

H.M.Jr: Yes.

M: Now, we're going to have to have a lot of investigators to aid the committee in making these investigations and we're just wondering how many we can borrow from your Department.

H.M.Jr: Well, now, Mr. Helvering is sitting right here and let me ask him and I'll have him get in touch with you when he gets back to his office.

M: Yes, sir.

H.M.Jr: How's that?

M: That's fine, and you might say to him that I'd like to have one real, up-to-date investigator to begin with to come up and confer with our special assistant.

H.M.Jr: Well, I'll have him look into it and he'll give you a call as soon as he gets back to his office.

M: Well, that's fine, Mr. Secretary.

H.M.Jr: Thank you.

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M: Thank you, sir.
H.M.Jr: Thanks for the compliment.
M: Yes, sir. Thank you.

4/30/41

73^v

MEMORANDUM

Since coming to Washington, I have worked with others on the details of the regulations and the offering circulars in connection with the sale of defense securities and also on the program for having banks and other institutions qualify as issuing agents for Series E Bonds and for taking subscriptions for Series F and G Bonds.

I have generally looked after the correspondence with banks and followed up the contacts in relation thereto. I have also assisted in the work that is being done in connection with setting up the state organizations.

I attended the Regional Conference of the American Bankers Association in Louisville, Kentucky, on March 21.

I have attended two meetings of the District of Columbia Bankers in Washington and made explanatory remarks concerning the program.

I attended and made a talk to the Central Group of New York Bankers in Syracuse, New York, on April 22.

I assisted in setting up the State Organization of South Carolina in Columbia, South Carolina, on Thursday, April 24, and made a talk to the Group Meeting of South Carolina Bankers in Columbia the same evening.

I made a talk to the Group Meeting of North Carolina Bankers at Concord, North Carolina, on Saturday, April 26, and I attended the American Bankers Association Executive Council meeting at Hot Springs, Virginia, on April 27, 28 and 29 and made a talk to the Council and other committees on each of these dates.

Bm Edwards.

-COPY- .

Expenses of Loans

April 30, 1941

STRAIGHT TELEGRAM

Mr. Burridge D. Butler,
Station KOY,
PHOENIX, Arizona.

I AM HAPPY TO PARTICIPATE IN YOUR SPECIAL PROGRAM OVER STATION KOY IN CONNECTION WITH THE OPENING OF THE TREASURY DEPARTMENT'S CAMPAIGN TO SELL DEFENSE SAVINGS BONDS AND STAMPS TO OUR CITIZENS. THESE DEFENSE SAVINGS BONDS AND STAMPS ARE ON SALE AT POST OFFICES AND BANKS THROUGHOUT THE COUNTRY BEGINNING TODAY, MAY ONE. THEY GIVE US ALL A WAY TO TAKE A DIRECT PART IN BUILDING THE DEFENSES OF OUR COUNTRY--AN AMERICAN WAY TO FIND THE BILLIONS NEEDED FOR NATIONAL DEFENSE. THE UNITED STATES IS TODAY, AS IT HAS ALWAYS BEEN, THE BEST INVESTMENT IN THE WORLD. THIS IS AN OPPORTUNITY FOR EACH CITIZEN TO BUY A SHARE IN AMERICA.

HENRY MORGENTHAU, JR.

VFC:mjb

Sent: 2:40 p.m.

Initialed by Mr. Powel,
Mr. Sloan,
Mr. Graves.

O.K.'d by Mr. W. N. Thompson.

To be present at the White House, from the Treasury,
at the Wednesday evening (April 30) broadcast:

Mr. and Mrs. D. W. Bell (The Under Secretary)

Mr. and Mrs. J. L. Houghteling (Assistant to the
Secretary)

Mr. and Mrs. Ferdinand Kuhn (Assistant to the Secretary)

Mr. B. M. Edwards (Assistant to the Secretary)

Mr. Harold H. Graves (Assistant to the Secretary)

Mr. and Mrs. Charles Schwarz (Head, Press Section)

Mr. and Mrs. Eugene W. Slean (Executive Director,
Defense Savings Staff)

Mr. Harford Powel (Information Director, Defense
Savings Staff)

April 30, 1941.

Dear Mr. Houston:

I know about the splendid cooperation of yourself and other members of the staff of the American Bankers Association, as well as the banks and bankers who constitute your membership, with respect to our program for the sale of defense securities.

Your patriotic contribution to the cause is very helpful and is appreciated.

With kind regards,

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. F. D. Houston,
President, American Bankers Association,
22 East Fortieth Street,
New York, N. Y.

BME/mff

CONFIDENTIALFIRST DRAFT

GRAM: OPENING OF THE DEFENSE SAVINGS CAMPAIGN

ADDRESSEES: PRESIDENT ROOSEVELT
SECRETARY MORGENTHAU
POSTMASTER GENERAL WALKER

DATE: APRIL 30, 1941

WORKS: NBC, RED AND BLUE, CBS & MBS

LOCATION: The White House, Washington, D.C. and Des Moines, Ia.

SECRETARY MORGENTHAU:

Tomorrow morning, the Government of the United States provides one answer to the question that millions of patriotic Americans have been asking since the National Defense Program was undertaken.

That question has been: "What Can I Do to Help?" As the Treasury Department's Defense Savings Bonds and Stamps go on sale tomorrow morning in every state and county, city and town in America -- it will be possible for everyone -- literally everyone -- to have a chance in the National Defense effort.

Defense Savings Bonds and Stamps are not for the few; they are for the many. They are for the great mass of the people ... for the laboring man, the skilled mechanic, the office worker, the employer, the housewife, the retired business man -- even children can save their pennies toward the dimes that buy the stamps of lowest denomination and in turn are exchangeable for *Defense* Savings Bonds.

Let this be clear: your government is frankly seeking the current, regular savings of the people -- all the people -- men, women and children. It is not asking you to buy one bond or one ~~group~~ ^{set} of stamps and let it go at that; it is inviting you to save regularly and systematically by putting your money into the

SECRETARY MORGENTHAU:
(CONT'D)

soundest investment on the face of the earth -- the United States of America.

Why does your government want the savings of the people? Obviously, there are faster and simpler ways for the government to raise money. Why has the Treasury Department taken this more difficult course? Here are ~~my~~ ^{my} reasons:

First, as I have indicated, your government wants to give every one of you a chance to ~~have~~ ^{have} a financial stake in American Democracy ... an opportunity to contribute toward the defense of that democracy and the right to say to yourself, "I am doing something to help."

Secondly, your government wants to encourage the habit of thrift in all the people... to prevent a spending spree of the kind that accompanied the last war...to provide a hedge against inflation...to safeguard and stabilize the current American standard of living.

Finally, your government wants to provide each of you with a cushion against the post-war period when, inevitably, adjustments of employment will have to be made ... it wants every American family to face this post-war adjustment period with savings protected and guaranteed by ~~all~~ ^{full} the faith and credit of the United States of America.

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SECRETARY MORGENTHAU:
CONT'D)

We are now engaged in the greatest defense building program in the history of the world. Just as its results will be unprecedented, so will its cost.

But the billions that will be required to build all the planes and tanks and guns and battleships are not beyond our powers to produce. We can finance our defense, gigantic as it is, just as surely as our factories and men can turn out the weapons.

It is with full confidence in the willingness and eagerness of the American people to share the defense effort that this program of Defense Savings has been planned by the Treasury Department.

There is to be no "drive"...there are to be no quotas...there is to be no hysteria...there is to be no appeal to hate or fear. The Defense Savings Bonds and Stamps are presented as an opportunity...an opportunity for each citizen to buy a share in America.

Consequently, the Treasury Department will not measure the success of the Defense Savings program in terms of money alone ... ~~in terms of~~ it will measure success in terms of people participating ... in terms of the number of partners it wins among the men and women and children of the nation.

SECRETARY MORGENTHAU:
CONT'D)

And now it is my privilege to reserve the first Defense Savings Bond -- not to be delivered, of course, until the opening of business in Washington tomorrow --- in the name of Franklin Delano Roosevelt, the President of the United States. And it is my further pleasure to present to you now the Postmaster General of the United States under whose direction the Postoffice Department has done such a splendid job in making the ^{United States} Savings Bonds available in the past ... my good friend, Postmaster General Frank C. Walker ... who speaks to you now from Des Moines, Iowa.

MASTER GENERAL WALKER:

Thank you, Secretary Morgenthau.

I am happy, indeed, to pledge to you and the people of America the complete cooperation and patriotic support of the Postoffice Department and its thousands of employees from coast to coast in the Defense Savings Program. These employees -- postmasters and clerks throughout the nation -- are well qualified for the all-important roles they will play in this great *undertaking* ~~by~~ the government and its people.

These same postmasters and clerks have served the Treasury Department ^{and the public} with *great* distinction before. Through their hands have passed the *billions* of dollars worth of "baby bonds" and postal savings stamps already purchased by two million Americans. The Postoffice Department is very proud of that record and it stands ready to render an even greater service in the cause of Defense Savings.

^{new}
The ^ADefense Savings Bonds and Stamps will be within easy reach of all Americans, no matter where they live. They may be purchased

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POSTMASTER GENERAL WALKER:
(CONT'D)

in every first, second and third class postoffice in the country, and also will be available at some 400 fourth class postoffices.

At every one of these postoffices, the public will find our employees extremely cooperative and eager to be of assistance in every way possible.

They have been given complete information about the Bonds and Stamps that are being sold through the postoffice and are prepared to answer all of your questions. All postoffices have been supplied with brochures containing all vital information about every type of Bond and Postal Saving Stamp -- and so I would suggest that those of you who are not prepared to make an actual purchase tomorrow morning, drop in at your postoffice anyway and get one of these brochures to study at your leisure.

All postoffices also have been supplied with ~~special~~ ^{handsome pouches} albums for Postal Savings Stamps. These albums provide a quick and convenient way for everyone to exchange current savings for bonds.

And so, in behalf of all the employees of the Postoffice Department, I want to

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POSTMASTER GENERAL WALKER:
(CONT'D)

say that we are ready and eager to serve you. Don't hesitate to call on us for information whenever you need it. And we all hope that each one of you -- just as each one of us -- will get the habit of coming to your Postoffice regularly to save with your government for the preservation of everything for which the government stands.

Secretary Morgenthau has reserved the first Defense Savings Bond in the name of the President. It is now my pleasure to reserve -- for delivery tomorrow morning -- the first Defense Postal Savings Stamp, also in the name of Franklin Delano Roosevelt.

YOUNGER:

Thank you, Postmaster General Walker.
We return to Secretary Morgenthau at the White House in Washington.

SECRETARY MORGENTHAU:

And now, with the first Defense Savings Bonds and Stamps reserved in his name, it is my honor to present the President of the United States. Secretary Morgenthau, Postmaster General Walker, my friends:

THE PRESIDENT:

If I were to begin by saying that I am proud to have the first Defense Savings Bonds and Stamps ordered in my name, I should be stating only a partial truth.

I am proud, but I am more than that ... I am grateful ... humbly grateful that it is my right to share with you all, this tangible evidence of partnership -- a partnership that is dedicated to the preservation of ideals ~~and ideas~~ which have not been so clearly at issue since ^{our Savior} ~~man~~ died for them, nineteen hundred and forty-one years ago.

~~we Americans~~
We are truly partners. Perhaps most of us, in the ordinary course of affairs, do not feel a sense of partnership with our government and with each other. In the past, we may have been inclined to think of the government as something remote and far removed from our daily lives. But in this time of peril, we all are beginning to realize that ~~in the final analysis~~ ^{United States} the government is you and I and the family next door.

This evening we are giving thought to the financial

PRESIDENT:
NT'D)

structure of our partnership. But first, let us look for a moment at the partnership itself.

What are we partners in? For one thing, we own property together. Look about you at our property this Spring. In Florida and the South, it has been Summer for some months now. In Maine and Minnesota and the North, Winter has not quite relaxed its grip. In the granary states, the crops are well advanced and in Wisconsin, the pastures of the dairy farms are green again. In the West, the sun lingers longer over the Rockies now, and at night the Spring moon over the Grand Canyon is a sight to make men humble. From the Atlantic to the Pacific, from Winter in the North to Summer in the South, America is beautiful this Spring. And we have eyes to see its beauty this Spring as we never saw it in any Spring before.

What are the terms of the partnership under which you and I share this land? Under the terms of our partnership, you may be a member of one church and I another; you may belong to one organization and I another; you may prefer to live in one section of the country and I another. Our ^{OPINIONS} ~~attitudes~~ on these and a thousand other points may ^{differ} ~~be~~ sharply -- but on this one point we are agreed and on this one point we have no differences of opinion: We are partners in America.

Under our partnership, we are ~~not~~ individually proud of our churches, proud of our organizations, proud of our towns and cities. But we are most proud of America. For America belongs to us and we belong to it.

PRESIDENT:
(T'D)

In those ^{foreign} lands where ~~there~~ there is no partnership, government follows our system only a part of the way. Each man belongs to the state -- but the state does not belong to him.

The state owns each man -- body and soul -- but he may not own any part of it.

The dictatorships in other lands say that our partnership over here is weak and ineffective and inefficient. The dictatorships say that our partnership is overly sentimental, that our partnership is not cold enough, not cruel enough to stand up against a system which does not take human feeling and human aspiration into account.

has proved that the only kind of government which is
We say in reply that our partnership ~~is~~ ^{and} strong, ~~that~~
~~our partnership is effective, that our partnership is~~
~~efficient, and permanent and impregnable.~~

We say in reply that under the terms of our partnership we ~~can~~ ^{will} save more money, ~~build more guns,~~ ^{will} train more men, ~~make ourselves stronger in every way than~~ ^{will} they can under the terms of their dictatorships.

Now We have an opportunity to demonstrate the effectiveness of our partnership. In the Defense Savings program which begins tomorrow morning, every man, woman and child in this land ~~has the privilege of exercising the privileges~~ ^{may exercise the full} of a partner in America.

The Defense Savings program was designed to raise funds for National Defense. ^{But} that is not the main point. The Defense Savings program was designed to provide for your future security -- but that is not the main

RESIDENT:
'D)

point either.

Vitally important as both these points are, both are subordinate to ~~the~~ ^{the} main objective of the Defense Savings program which is to remind you and me that we do have a partnership and that we share a responsibility toward that partnership.

That is why the success of the Defense Savings program will be measured in terms of people and not in terms of dollars alone.

But as we keep this chief objective in mind, it will be well to remember that Defense Savings are ~~intended~~ designed to protect you against rising prices now and depression later on. Even in this grave emergency, your government ~~has not been unmindful~~ ^{Takes constant thought} of your future security.

This program of regular saving with your government may make it necessary for you to do without certain luxuries you would like to own, now that wages are higher and jobs more plentiful.

Your government asks that you make this sacrifice.

Or is it sacrifice? Can we call it sacrifice to make ~~some of our~~ ^{belongings} ~~last year's automobile~~ ^{serve us} go another year, or ~~more than a million~~ ^{brass} ~~two when thousands~~ of our young men have been withdrawn from civilian life and ~~have~~ ^{all} gladly accepted the discipline of military ~~life?~~ ^{and a new} life?

Can we call it sacrifice ~~to forego a thousand things we would like to have~~ ^{dozen small luxuries} to forego a ~~thousand things~~ we would like to have, when fellow beings like ourselves are scurrying underground ^{in foreign cities,} at night, to escape the bombs that rain down out of the sky?

RESIDENT:
(D)

No, sacrifice is not the word. This is a privilege and an opportunity -- the opportunity to share in the defense of everything we cherish against the threat that is being made against them.

We must fight that threat everywhere it can be found ... and it can be found at the threshold of every home in America. It is as real and serious in the hamlet tucked away in the Ozark Mountains of Missouri ~~as~~ as it is in the cities along the Atlantic and Pacific Coasts. It is the same threat that rages at the gates of England, storms the mountain passes in Greece, and rolls across the desert sands of Africa.

You and I and the family next door must unite with our ~~overcome and dislodge~~ ^{this} government to ~~prevent~~ ^{fight} that threat against our partnership.

The Defense Savings program gives us ^{this} ~~that~~ opportunity and ~~that~~ ^{this} privilege. *Will you join me tomorrow in investing in the new Defense Savings Bonds and Stamps?*

I do not envy the man who must say ~~triumphant~~ when the fight is won ... when our partnership has ~~triumphed~~ ^{triumphed} at last ... I do not envy the man who must say in his heart "It was none of my doing ... I had no part in the victory."

As a citizen and a patriot

April 28, 1941.

CONFIDENTIAL

SECOND DRAFT

PROGRAM: OPENING OF THE DEFENSE SAVINGS CAMPAIGN

SPEAKERS: PRESIDENT ROOSEVELT
SECRETARY MORGENTHAU
POSTMASTER GENERAL WALKER

DATE: APRIL 30, 1941

TIME: 9:30 P.M., E.S.T.

NETWORKS: NBC (RED AND BLUE), CBS & MBS

ORIGINATION: THE WHITE HOUSE, WASHINGTON, D. C., AND
DES MOINES, IOWA.

SECRETARY MOROENTHAU:

Tomorrow morning, the Government of the United States provides one answer to the question that millions of patriotic Americans have been asking since the National Defense Program was undertaken.

That question has been: "What Can I Do To Help?" As the Treasury Department's Defense Savings Bonds and Stamps go on sale tomorrow morning in every state and county, city and town in America — it will be possible for everyone — literally everyone — to take part in the National Defense effort.

SECRETARY MORGENTHAU
(Cont'd)

Defense Savings Bonds and Stamps are not for the few; they are for the many. They are for the great mass of the people . . . for the laboring man, the skilled mechanic, the office worker, the employer, the housewife, the retired business man — even children can save their pennies to buy the stamps exchangeable for Defense Savings Bonds.

Let this be clear: Your Government is frankly seeking the current, regular savings of the people — all the people — men, women and children.

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SECRETARY MORGENTHAU:
(Cont'd.)

It is not asking you to buy one bond or one set of stamps and let it go at that; it is inviting you to save regularly and systematically by putting your money into the soundest investment on the face of the earth — the United States of America. Why does your Government want the savings of the people? Obviously, there are faster and simpler ways for the Government to raise money. Why has the Treasury Department taken this more difficult course? Here are the reasons:

SECRETARY MORGENTHAU:
(Cont'd.)

First, as I have indicated, your Government wants to give every one of you a chance to have a financial stake in American Democracy . . . an opportunity to contribute toward the defense of that democracy and the right to say to yourself, "I am doing something to help." Secondly, your government wants to encourage the habit of thrift in all the people . . . to prevent a spending spree of the kind that accompanied the last war . . .

SECRETARY MORGENTHAU:
(Cont'd.)

to provide a check against high prices

. . . to safeguard and stabilize the

current American standard of living.

Finally, your Government wants to provide

each of you with a cushion against the

post-war period when, inevitably,

adjustments of employment will have to

be made. Your Government wants every

American family to face this post-war

adjustment period with savings protected

and guaranteed by the full faith and credit

of the United States of America.

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SECRETARY MORGENTHAU:
(Cont'd.)

We are now engaged in the greatest defense building program in the history of the world. Just as its results will be unprecedented, so will its cost.

But the billions that will be required to build all the planes and tanks and guns and battleships are not beyond our powers to supply. We can finance our defense, gigantic as it is, just as surely as our factories and men can turn out the weapons.

SECRETARY MORGENTHAU:
(Cont'd.)

It is with full confidence in the willingness and eagerness of the American people to share the defense effort that this program of Defense Savings has been planned by the Treasury Department.

There is to be no "drive" . . . there are to be no quotas . . . there is to be no hysteria . . . there is to be no appeal to hate or fear. The Defense Savings Bonds and Stamps are presented as an opportunity . . . an opportunity for each citizen to buy a share in America.

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SECRETARY MORGENTHAU;
(Cont'd.)

Consequently, the Treasury Department will not measure the success of the Defense Savings Program in terms of money alone ... it will measure success in terms of people participating . . . in terms of the number of partners it wins among the men and women and children of the nation.

And now it is my privilege to reserve the first Defense Savings Bond -- not to be delivered, of course, until the opening of business in Washington tomorrow -- in the name of Frankling Delano Roosevelt, the President of the United States.

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SECRETARY MORGENTHAU:
(Cont'd.)

And it is my further pleasure to
present to you now the Postmaster
General of the United States, under
whose direction the Post Office
Department has done such a splendid job
in making the United States Savings Bonds
available in the past . . . my good
friend, Postmaster General Frank G. Walker . . .
who speaks to you now from Des Moines,
Iowa.

POSTMASTER GENERAL WALKER:

Thank you, Secretary Morgenthau. I am happy, indeed to pledge to you and the people of America the complete cooperation and patriotic support of the Post Office Department and its thousands of employees from coast to coast in the Defense Savings program. These employees — postmasters and clerks throughout the nation — are well qualified for the all-important roles they will play in this great undertaking by the government and its people.

POSTMASTER GENERAL WALKER:
(Cont'd.)

These same postmasters and clerks have served the Treasury Department and the public with great distinction before. Through their hands have passed the billions of dollars worth of "baby bonds" and postal savings stamps already purchased by two million Americans. The Post Office Department is very proud of that record and it stands ready to tender an even greater service in the cause of Defense Savings.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

The new Defense Savings Bonds
and Stamps will be within easy reach
of all Americans, no matter where they
live. They may be purchased in every
first, second and third class post
office in the country, and will also
be available at some 400 fourth class
post offices.

POSTMASTER GENERAL WALKER:
(Cont'd.)

At every one of these post offices,
the public will find our employees
extremely cooperative and eager to be
of assistance in every way possible.

They have been given complete
information about the Bonds and Stamps
that are being sold through the post
office and are prepared to answer
all of your questions. All post offices
have been supplied with leaflets containing
all vital information about every type
of Bond and Postal Savings Stamp —

POSTMASTER GENERAL WALKER:
(Cont'd.)

and so I would suggest that those of you who are not prepared to make an actual purchase tomorrow morning, drop in at your post office anyway and get one of these leaflets to study at your leisure. All post offices also have been supplied with handsome pocket albums for mounting Postal Savings Stamps. These albums provide a quick and convenient way for everyone to exchange current savings for bonds.

POSTMASTER GENERAL WALKER:
(Cont'd.)

And so, in behalf of all the
employees of the Post Office Department,
I want to say that we are ready and eager
to serve you. Don't hesitate to call on
us for information whenever you need it.
And we all hope that each one of you —
just as each one of us — will get the
habit of coming to your post office
regularly to save with your government
for the preservation of everything for
which the United States Government
stands.

POSTMASTER GENERAL WALKER:
(Cont'd.)

Secretary Morgenthau has reserved
the first Defense Savings Bond in the
name of the President. It is now my
pleasure to reserve -- for delivery
tomorrow morning -- the first Defense
Postal Savings Stamp, also in the name
of Franklin Delano Roosevelt.

ANNOUNCER:

Thank you, Postmaster General Walker.
We return to Secretary Morgenthau
at the White House in Washington

SECRETARY MORGENTHAU:

And now, with the first Defense Savings Bond and Stamp reserved in his name, it is my honor to present the President of the United States.

THE PRESIDENT:

Secretary Morgenthau, Postmaster General Walker, my friends:

If I were to begin by saying that I am proud to have the first Defense Savings Bond and Stamp ordered in my name, I should be stating only a partial truth.

THE PRESIDENT:
(Cont'd.)

I am proud, but I am more than that
... I am grateful . . . humbly grateful
that it is my right to share with you all,
this ^tangible evidence of partnership --
a partnership that is dedicated to the
preservation of ideals which have not been so
clearly at issue since the Minute Men at
Lexington and Concord proclaimed
them to the world.

THE PRESIDENT:
(Cont'd.)

We Americans are truly partners.

Perhaps most of us, in the ordinary course of affairs, do not feel a sense of partnership with our government and with each other. In the past, we may have been inclined to think of the Government as something remote and far removed from our daily lives. But in this time of peril, we all are beginning to realize that the United States Government is you and I and the family next door.

This evening we are giving thought to the financial structure of our partnership. But first, let us look for a moment at the partnership itself.

THE PRESIDENT;
(Cont'd.)

What are we partners in? For one thing, we own property together. Look about you at our property this Spring. In Florida and the South, it has been summer for some months now. In Maine and Minnesota and the north, winter has not quite relaxed its grip. In the granary states, the crops are well advanced and in Wisconsin, the pastures of the dairy farms are green again.

THE PRESIDENT:
(Cont'd.)

In the west, the sun lingers longer over
the Rockies now, and at night the spring
moon over the Grand Canyon is a sight
to make men humble. From the Atlantic
to the Pacific, from winter in the north
to summer in the south, America is
beautiful this spring. And we have
eyes to see its beauty this spring as we
never saw it in any spring before.

THE PRESIDENT:
(Cont'd.)

What are the terms of the partnership under which you and I share this land? Under the terms of our partnership, you may be a member of one church and I another; you may belong to one organization and I another; you may prefer to live in one section of the country and I in another. Our opinions on these and a thousand other points may differ sharply -- but on this one point we are agreed and on this one point we have no differences of opinion: We are partners in America.

Under our partnership, we are individually proud of our churches, proud of our organizations, proud of our towns and cities. But we are most proud of America. For America belongs to us and we belong to it.

In those foreign lands where there is no partnership, government follows our system only a part of the way. Each man belongs to the state -- but the state does not belong to him. The state owns each man -- body and soul -- but he may not own any part of the state.

The dictatorships in other lands say that our partnership over here is weak and inefficient. The dictatorships say that our partnership is overly sentimental, that our partnership is not cold enough, not cruel enough to stand up against a system which does not take human feeling and human aspiration into account.

THE PRESIDENT:
(Cont'd.)

We say in reply that our partnership has perpetuated the only kind of government which is strong, and effective, and permanent, and impregnable.

We say in reply that under the terms of our partnership we will save more money, will train more men, will build more guns, will make ourselves stronger in every way than they can under the terms of their dictatorships.

THE PRESIDENT:
(Cont'd)

Now we have an opportunity to demonstrate the effectiveness of our partnership. In the Defense Savings Program which begins tomorrow morning, every man, woman and child in this land may exercise the full privileges of a partner in America.

The Defense Savings Program was designed to raise funds for National Defense -- But that is not the main point. The Defense Savings Program was designed to provide for your future security -- but that is not the main point either.

THE PRESIDENT:
(Cont'd.)

Vitally important as both these points are, both are subordinate to the main objective of the Defense Savings Program which is to remind you and me that we do have a partnership and that we share a responsibility toward that partnership.

That is why the success of the Defense Savings Program will be measured in terms of people and not in terms of dollars alone.

THE PRESIDENT:
(Cont'd.)

But as we keep this chief objective in mind, it will be well to remember that Defense Savings are designed to protect you against rising prices now and depression later on. Even in this grave emergency, your government takes constant thought of your future security. This program of regular saving with your government may make it necessary for you to do without certain luxuries you would like to own, now that wages are higher and jobs more plentiful.

THE PRESIDENT:
(Cont'd.)

Your government asks that you make this
sacrifice.

Or is it sacrifice? Can we call it
sacrifice to make some of this year's
belongings serve us another year, when more
than a million of our bravest young men have
been withdrawn from civilian life and are
gladly accepting the discipline of military
and naval life?

THE PRESIDENT:
(Cont'd.)

Can we call it sacrifice to forego a dozen small luxuries we would like to have, when fellow beings like ourselves are scurrying underground at night in foreign cities, to escape the bombs that rain down out of the sky?

No, sacrifice is not the word. This Defense Savings Program is a privilege and an opportunity — the opportunity to share in the defense of all the things we cherish against the threat that is being made against them.

THE PRESIDENT:
(Cont'd.)

We must fight that threat everywhere it can be found, . . and it can be found at the threshold of every home in America. It is as real and serious in the hamlet tucked away in the Ozark Mountains of Missouri as it is in the cities along the Atlantic and Pacific Coasts. It is the same threat that rages at the gates of England, storms the mountain passes in Greece, and rolls across the desert sands of Africa.

THE PRESIDENT:
(Cont'd.)

You and I and the family next door must unite with our Government to overcome and dispel this threat against our partnership. The Defense Savings Program gives us this opportunity and this privilege. Will you join me tomorrow in investing in the new Defense Savings Bonds and Stamps? By so doing, we shall demonstrate again our faith in America.

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SECRETARY MORGENTHAU:

Tomorrow morning, the Government of the United States provides one answer to the question that ~~millions~~ of patriotic Americans have been asking since the National Defense Program was undertaken.

That question has been: "What Can I Do To Help?" As the ~~Treasury Department's~~ Defense Savings Bonds and Stamps go on sale tomorrow ~~morning~~ in every state and county, city and town in America -- it will be possible for everyone -- literally everyone -- to take part in the National Defense effort.

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SECRETARY MORGENTHAU:
(Cont'd)

Defense Savings Bonds and Stamps are
not for the few; they are for the many.
They are for the great mass of the people . . .
for the laboring man, the skilled mechanic,
the office worker, the employer, the
housewife, the retired business man -- even
children can save their pennies to buy
the stamps exchangeable for Defense Savings
Bonds.

Let this be clear: Your Government is
frankly seeking the current, regular savings
of the people -- all the people -- men,
women and children.

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SECRETARY MORGENTHAU:
(Cont'd.)

It is not asking you to buy one bond or one set of stamps and let it go at that; it is inviting you to save regularly and systematically by putting your money into the soundest investment on the face of the earth -- the United States of America. Why does your Government want the savings of the people? Obviously, there are faster and simpler ways for the Government to raise money. Why has the Treasury Department taken this more difficult course? Here are the reasons:

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SECRETARY MORGENTHAU:
(Cont'd.)

said
First, as I have indicated, your Government wants to give every one of you a chance to have a financial stake in American Democracy . . . an opportunity to contribute toward the defense of that democracy and the right to say to yourself, "I am doing something to help." Second~~y~~, your Government wants to encourage the habit of thrift in all the people . . . to prevent a spending spree of the kind that accompanied the last war . . .

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SECRETARY MORGENTHAU:
(Cont'd.)

to provide a check against high prices

. . . to safeguard and stabilize the
current American standard of living.

Finally, your Government wants to provide
each of you with a cushion against the
post-war period when, inevitably,
adjustments of employment will have to
be made. Your Government wants every
American family to face this post-war
adjustment period with savings protected
and guaranteed by the full faith and credit
of the United States of America.

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SECRETARY MORGENTHAU:
(Cont'd.)

Pause

We are now engaged in the greatest defense building program in the history of the world. Just as its results will be unprecedented, so will its cost.

But the billions that will be required to build all the planes and tanks and guns and battleships are not beyond our powers to supply. We can finance our defense, gigantic as it is, just as surely as our factories and men can turn out the weapons.

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SECRETARY MORGENTHAU:
(Cont'd.)

It is with full confidence in the willingness and eagerness of the American people to share the defense effort that this program of Defense Savings has been planned by the Treasury Department.

There is to be no "drive" . . . there are to be no quotas . . . there is to be no hysteria . . . there is to be no appeal to hate or fear. The Defense Savings Bonds and Stamps are presented as an opportunity . . . an opportunity for each citizen to buy a share in America.

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SECRETARY MORGENTHAU:
(Cont'd.)

Consequently, the Treasury Department will not measure the success of the Defense Savings Program in terms of money alone ... it will measure success in terms of people participating . . . in terms of the number of partners it wins among the men and women and children of the nation.

Pause

And now it is my privilege to reserve the first Defense Savings Bond -- not to be delivered, of course, until the opening of business in Washington tomorrow -- in the name of Franklin Delano Roosevelt, the President of the United States.

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SECRETARY MORGENTHAU:
(Cont'd.)

And it is my further pleasure to
present to you now the Postmaster
General of the United States, under
whose direction the Post Office
Department has done such a splendid job
in making the United States Savings Bonds
available in the past . . . my good
friend, Postmaster General Frank G. Walker . . .
who speaks to you now from Des Moines,
Iowa.

April 30, 1941

Reading copy used by the Secretary at the White House broadcast in which the President participated and Postmaster General Walker, the latter being in Des Moines, Iowa.

SECRETARY MORGENTHAU:

Tomorrow morning, the Government of the United States provides one answer to the question that patriotic Americans have been asking since the National Defense Program was undertaken.

That question has been: "What Can I Do To Help?" As the Defense Savings Bonds and Stamps go on sale tomorrow in every state and county, city and town in America -- it will be possible for everyone -- literally everyone -- to take part in the National Defense effort.

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Defense Savings Bonds and Stamps are not for the few; they are for the many. They are for the great mass of the people . . . for the laboring man, the skilled mechanic, the office worker, the employer, the housewife, the retired business man -- even children can save their pennies to buy the stamps exchangeable for Defense Savings Bonds.

Let this be clear: Your Government is frankly seeking the current, regular savings of the people -- all the people -- men, women and children.

-3-

It is not asking you to buy one bond or one set of stamps and let it go at that; it is inviting you to save regularly and systematically by putting your money into the soundest investment on the face of the earth -- the United States of America. Why does your Government want the savings of the people? Obviously, there are faster and simpler ways for the Government to raise money. Why has the Treasury Department taken this more difficult course? Here are the reasons:

-4-

First, as I have said, your Government wants to give every one of you a chance to have a financial stake in American Democracy . . . an opportunity to contribute toward the defense of that democracy and the right to say to yourself, "I am doing something to help."

Second, your Government wants to encourage the habit of thrift in all the people . . . to prevent a spending spree of the kind that accompanied the last war . . . to provide a check against high prices . . . to safeguard and stabilize the current American standard of living.

-5-

Finally, your Government wants to provide each of you with a cushion against the post-war period when, inevitably, adjustments of employment will have to be made. Your Government wants every American family to face this post-war adjustment period with savings protected and guaranteed by the full faith and credit of the United States of America.

Pause

We are now engaged in the greatest defense building program in the history of the world. Just as its results will be unprecedented, so will its cost.

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But the billions that will be required to build all the planes and tanks and guns and battleships are not beyond our powers to supply. We can finance our defense, gigantic as it is, just as surely as our factories and men can turn out the weapons.

It is with full confidence in the willingness and eagerness of the American people to share the defense effort that this program of Defense Savings has been planned by the Treasury Department.

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There is to be no "drive" . . . there are to be no quotas . . . there is to be no hysteria . . . there is to be no appeal to hate or fear. The Defense Savings Bonds and Stamps are presented as an opportunity . . . an opportunity for each citizen to buy a share in America.

Consequently, the Treasury Department will not measure the success of the Defense Savings Program in terms of money alone . . . it will measure success in terms of people participating . . . in terms of the number of partners it wins among the men and women and children of the nation.

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Pause

And now it is my privilege to reserve the first Defense Savings Bond -- not to be delivered, of course, until the opening of business in Washington tomorrow -- in the name of Franklin Delano Roosevelt, the President of the United States.

And it is my further pleasure to present to you now the Postmaster General of the United States, under whose direction the Post Office Department has done such a splendid job in making the United States Savings Bonds available in the past . . . my good friend, Postmaster General Frank C. Walker, who speaks to you now from Des Moines, Iowa.

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POSTMASTER GENERAL WALKER:

Thank you, Secretary Morgenthau. I am happy, indeed to pledge to you and the people of America the complete cooperation and patriotic support of the Post Office Department and its thousands of employees from coast to coast in the Defense Savings program. These employees -- postmasters and clerks throughout the nation -- are well qualified for the all-important roles they will play in this great undertaking by the Government and its people.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

These same postmasters and clerks have served the Treasury Department and the public with great distinction before. Through their hands have passed the billions of dollars worth of "baby bonds" and postal savings stamps already purchased by two million Americans. The Post Office Department is very proud of that record and it stands ready to render an even greater service in the cause of Defense Savings.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

The new Defense Savings Bonds
and Stamps will be within easy reach
of all Americans, no matter where they
live. They may be purchased in every
first, second and third class post
office in the country, and will also
be available at some 400 fourth class
post offices.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

At every one of these post offices,
the public will find our employees
extremely cooperative and eager to be
of assistance in every way possible.

They have been given complete
information about the Bonds and Stamps
that are being sold through the post
office and are prepared to answer
all of your questions. All post offices
have been supplied with leaflets containing
all vital information about every type
of Bond and Postal Savings Stamp --

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POSTMASTER GENERAL WALKER:
(Cont'd.)

and so I would suggest that those of you who are not prepared to make an actual purchase tomorrow morning, drop in at your post office anyway and get one of these leaflets to study at your leisure. All post offices also have been supplied with handsome pocket albums for mounting Postal Savings Stamps. These albums provide a quick and convenient way for everyone to exchange current savings for bonds.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

And so, in behalf of all the employees of the Post Office Department, I want to say that we are ready and eager to serve you. Don't hesitate to call on us for information whenever you need it. And we all hope that each one of you -- just as each one of us -- will get the habit of coming to your post office regularly to save with your Government for the preservation of everything for which the United States Government stands.

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POSTMASTER GENERAL WALKER:
(Cont'd.)

Secretary Morgenthau has reserved
the first Defense Savings Bond in the
name of the President. It is now my
pleasure to reserve -- for delivery
tomorrow morning -- the first Defense
Postal Savings Stamp, also in the name
of Franklin Delano Roosevelt.

ANNOUNCER:

Thank you, Postmaster General Walker.
We return to Secretary Morgenthau
at the White House in Washington

SECRETARY MORGENTHAU:

And now, with the first Defense Savings Bond and Stamp reserved in his name, it is my honor to present the President of the United States.

THE PRESIDENT:

Secretary Morgenthau, Postmaster General Walker, my friends:

If I were to begin by saying that I am proud to have the first Defense Savings Bond and Stamp ordered in my name, I should be stating only a partial truth.

THE PRESIDENT:
(Cont'd.)

I am proud, but I am more than that
... I am grateful . . . humbly grateful
that it is my right to share with you all,
this tangible evidence of partnership --
a partnership that is dedicated to the
preservation of ideals which have not been so
clearly at issue since the Minute Men at
Lexington and Concord proclaimed
them to the world.

THE PRESIDENT:
(Cont'd.)

We Americans are truly partners.

Perhaps most of us, in the ordinary course of affairs, do not feel a sense of partnership with our Government and with each other. In the past, we may have been inclined to think of the Government as something remote and far removed from our daily lives. But in this time of peril, we all are beginning to realize that the United States Government is you and I and the family next door.

This evening we are giving thought to the financial structure of our partnership. But first, let us look for a moment at the partnership itself.

THE PRESIDENT:
(Cont'd.)

What are we partners in? For one thing, we own property together. Look about you at our property this Spring. In Florida and the South, it has been summer for some months now. In Maine and Minnesota and the North, winter has not quite relaxed its grip. In the granary states, the crops are well advanced and in Wisconsin, the pastures of the dairy farms are green again.

THE PRESIDENT:
(Cont'd.)

In the West, the sun lingers longer over the Rockies now, and at night the spring moon over the Grand Canyon is a sight to make men humble. From the Atlantic to the Pacific, from winter in the North to summer in the South, America is beautiful this spring. And we have eyes to see its beauty this spring as we never saw it in any spring before.

THE PRESIDENT:
(Cont'd.)

What are the terms of the partnership under which you and I share this land? Under the terms of our partnership, you may be a member of one church and I another; you may belong to one organization and I another; you may prefer to live in one section of the country and I in another. Our opinions on these and a thousand other points may differ sharply -- but on this one point we are agreed and on this one point we have no differences of opinion: We are partners in America.

THE PRESIDENT:
(Cont'd.)

Under our partnership, we are individually proud of our churches, proud of our organizations, proud of our towns and cities. But we are most proud of America. For America belongs to us and we belong to it.

In those foreign lands where there is no partnership, government follows our system only a part of the way. Each man belongs to the state -- but the state does not belong to him. The state owns each man -- body and soul -- but he may not own any part of the state.

THE PRESIDENT:
(Cont'd.)

The dictatorships in other lands say that our partnership over here is weak and inefficient. The dictatorships say that our partnership is overly sentimental, that our partnership is not cold enough, not cruel enough to stand up against a system which does not take human feeling and human aspiration into account.

THE PRESIDENT:
(Cont'd.)

We say in reply that our partnership has perpetuated the only kind of government which is strong, and effective, and permanent, and impregnable.

We say in reply that under the terms of our partnership we will save more money, will train more men, will build more guns, will make ourselves stronger in every way than they can under the terms of their dictatorships.

THE PRESIDENT:
(Cont'd.)

Now we have an opportunity to demonstrate the effectiveness of our partnership. In the Defense Savings Program which begins tomorrow morning, every man, woman and child in this land may exercise the full privileges of a partner in America.

The Defense Savings Program was designed to raise funds for National Defense -- But that is not the main point. The Defense Savings Program was designed to provide for your future security -- but that is not the main point either.

THE PRESIDENT:
(Cont'd.)

Vitally important as both these points are, both are subordinate to the main objective of the Defense Savings Program which is to remind you and me that we do have a partnership and that we share a responsibility toward that partnership.

That is why the success of the Defense Savings Program will be measured in terms of people and not in terms of dollars alone.

THE PRESIDENT:
(Cont'd.)

But as we keep this chief objective in mind, it will be well to remember that Defense Savings are designed to protect you against rising prices now and depression later on. Even in this grave emergency, your Government takes constant thought of your future security. This program of regular saving with your Government may make it necessary for you to do without certain luxuries you would like to own, now that wages are higher and jobs more plentiful.

THE PRESIDENT:
(Cont'd.)

Your Government asks that you make this
sacrifice.

Or is it sacrifice? Can we call it
sacrifice to make some of this year's
belongings serve us another year, when more
than a million of our bravest young men have
been withdrawn from civilian life and are
gladly accepting the discipline of military
and naval life?

THE PRESIDENT:
(Cont'd.)

Can we call it sacrifice to forego a dozen small luxuries we would like to have, when fellow beings like ourselves are scurrying underground at night in foreign cities, to escape the bombs that rain down out of the sky?

No, sacrifice is not the word. This Defense Savings Program is a privilege and an opportunity -- the opportunity to share in the defense of all the things we cherish against the threat that is being made against them.

THE PRESIDENT:
(Cont'd.)

We must fight that threat everywhere it
can be found . . . and it can be found at
the threshold of every home in America.
It is as real and serious in the hamlet
tucked away in the Ozark Mountains of
Missouri as it is in the cities along
the Atlantic and Pacific Coasts. It is
the same threat that rages at the gates
of England, storms the mountain passes in
Greece, and rolls across the desert sands
of Africa.

THE PRESIDENT:
(Cont'd.)

You and I and the family next door
must unite with our Government to overcome
and dispel this threat against our
partnership. The Defense Savings Program
gives us this opportunity and this
privilege. Will you join me tomorrow
in investing in the new Defense Savings
Bonds and Stamps? By so doing, we shall
demonstrate again our faith in America.

-oOo-

HOLD FOR RELEASE

HOLD FOR RELEASE

HOLD FOR RELEASE

APRIL 30, 1941

CAUTION: The following address of the President, to be broadcast from the White House in connection with the Defense Savings Campaign must be held in confidence until released.

NOTE: Release to editions of all newspapers appearing on the streets not earlier than 9:40 P.M., E.S.T., April 30, 1941. The same release of the text of the address also applies to radio announcers and news commentators.

CARE MUST BE EXERCISED TO PREVENT PREMATURE PUBLICATION.

STEPHEN EARLY
Secretary to the President

SECRETARY BORGENTHAU, POSTMASTER GENERAL WALKER, AMERICANS EVERYWHERE:

One thought is uppermost in my mind as I make grateful acknowledgment of this dual honor. It is that in reserving the first Defense Savings Bond and the first Defense Postal Savings Stamp in the name of the President, the Secretary of the Treasury and the Postmaster General have given emphasis to the national character of the Defense Savings Campaign. This character of the campaign is national in the best sense of the word -- for it is going to reach down, we hope, to the individual and the family in every community, and on every farm, in every state and every possession of the United States.

It is national and homey at the same time. For example, I am buying not one stamp out twenty stamps to go into little books for each of my ten grandchildren. And the first Defense Savings Bond is being made out in the name of Mrs. Roosevelt as beneficiary.

It is fitting that the President in his purchases should be the symbol of the determination of all the people to save and sacrifice in defense of democracy.

In the larger sense, this first Defense Bond and these first Defense Stamps reserved to the President, constitute tangible evidence of partnership -- a partnership between all of the people and their government -- entered into to safeguard and to perpetuate all those precious freedoms which government guarantees. In this time of national peril what we all must realize is that the United States Government is you and I and all the other families next door all the way across the country and back again. It is one great partnership.

This evening we are giving thought to the financial structure of our partnership. We are engaged in an all-out effort to perpetuate democracy in the New World by aiding embattled democracy in the Old World. From the Atlantic to the Pacific, America is in full beauty of glorious Springtime. And we have eyes to see the beauty of our country this Spring as we never saw it in any Spring before.

For a great many people are appreciating our blessings the more when they realize what blessings so many other millions of people have lost this Spring and last Spring -- so many millions of people who hoped and prayed and even assumed -- taking it for granted that fate would let them live on as they had always lived.

Regraded Unclassified

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In the few words which I am speaking to my fellow countrymen tonight, I desire above all else to emphasize the thought that in just such measure as we support our government will it be strong, effective and safe.

Defenses that were adequate ten years ago are today a broken reed. New machines in the air, on the land and on the sea have created a revolution in the conduct of offensive war and defensive war.

Nations and lands safe ten years ago by virtue of the mere fact of distance away from possible aggression have today been overrun by mechanized conquerors. Distance is no longer a guarantee of safety.

Your government, therefore, is arming, factories spring up, production multiplies - a country-wide unanimous effort of planning and of work.

At this time we add another call -- a frank and clear appeal for financial support to pay for our arming, and to pay for the American existence of later generations.

With jobs more plentiful and wages higher, slight sacrifice here, the omission of a few luxuries there, will swell the coffers of our Federal Treasury. The outward and visible tokens of partnership through sacrifice will be the possession of these defense Bonds and Defense Savings Stamps which are, at the same time, a guarantee of our future security.

Your government asks that you make this sacrifice. But is it a sacrifice? Is it a sacrifice for us to give dollars when more than a million of our finest young men have been withdrawn from civilian life to accept the discipline of military life in defense of our country? No, sacrifice is not the word. This Defense Savings Program is rather a privilege and an opportunity -- an opportunity to share in the defense of all the things we cherish against the threat that is made against them. We must fight this threat wherever it appears; and it can be found at the threshold of every home in America.

Fellow Americans, I ask you to demonstrate again your faith in America by joining me in investing in the new Defense Savings Bonds and Stamps.

Names of those who helped on Secretary's radio
talk inaugurating the sale of Defense Savings Bonds:

Mr. Herald Holland (Of Mr. Powel's staff)
Mr. Harford Powel
Mr. Ferdinand Kuhn
Mr. Charles Schwarz
Mr. Harold Graves

April 30, 1941

6:15 P.M.

RADIO STATION WOL

FULTON LEWIS, JR.: Incidentally, the new Government Defense Stamps and Defense Bonds will go on sale tomorrow in post offices and banks in all parts of the country. You can invest any amount you wish, from ten cents to fifty thousand dollars, by purchasing those stamps or bonds. When you do so, you will be lending money to the Government for the purpose of financing our defense program. Your local post office or bank has complete information regarding interest rates and other details of the sale; and in a nation-wide broadcast which the Mutual Network is carrying later this evening, President Roosevelt himself and Cabinet members will officially open this sale.

9:00 P.M.

RADIO STATION WOL

RAYMOND GRAM SWING: Before signing off, let me remind you that the United States Savings Bond and Defense drive begins tomorrow, that it is good citizenship and good sense for everyone to give the most careful thought to the opportunity for loyal service that the Treasury is presenting in this critical time.

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10:00 P.M.

RADIO STATION WOL

FRANK BLAIR: Savings bonds and stamps go on sale tomorrow in sixteen thousand post offices throughout the nation. Mr. Roosevelt appealed for national support of the Government's money-raising plan in a nation-wide radio address. Secretary of the Treasury Morgenthau and Postmaster General Walker took part in the special appeal.

10:00 P.M.

RADIO STATION WRC

BAUKHAGE: Washington. President Roosevelt urges all Americans to buy a financial stake in the efforts to preserve Democracy by purchasing Defense Savings Bonds and Stamps. The Bonds and Stamps go on sale tomorrow in sixteen thousand post offices throughout the nation. Mr. Roosevelt appealed for national support of the Government's money-raising plan in a nation-wide radio address. Secretary Morgenthau and Postmaster General Walker took part in the special appeal.

10:00 P.M.

RADIO STATION WBT (Charlotte, N.C.)

ANNOUNCER: In his broadcast from the White House over the stations of these networks, the President said because

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distance is no longer a guarantee of safety, the country is rearming on an unprecedented scale. The President asked the country to defray the costs of this program to pay for the existence of later generations. Said the President, "It is not a sacrifice to purchase the bonds, but an opportunity to share in the defense of the things we cherish against the threat that is made against them. We can fight that threat wherever it appears, and it can be found in every threshold of America," declaring that the strength of the Government can be measured only in terms of the public support.

10:00 P.M.

RADIO STATION WJSV

EDWIN C. HILL: The news tonight centers on the distinguished figure of the President of the United States. He took the center of the stage in two affairs most important to the American people. He launched the United States Treasury's multi-billion dollar Defense Savings Bond campaign with the assertion that the threshold of every American home is threatened, and by means of a letter to Admiral Land, he appealed for at least two million tons of merchant shipping which he knows to be in existence. In a nation-wide radio

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broadcast, the President appealed to every American man, woman and child to sacrifice some luxuries to help support the gigantic defense program by buying savings stamps and bonds. "Sacrifice is not the word," Mr. Roosevelt said. "This defense savings program is rather a privilege and an opportunity - an opportunity to share in the defense of all the things we cherish against the threat that is made against them. We must fight this threat wherever it appears; and it can be found at the threshold of every home in America." Saying that it is "national and homey," the President revealed that instead of buying one stamp, he is buying twenty stamps to go into the books of his grandchildren. He added that the first Defense Savings Bond is being made out in the name of Mrs. Roosevelt as beneficiary. "It is fitting that the President in his purchases should be the symbol of the determination of all the people to save and sacrifice in the defense of Democracy," Mr. Roosevelt said, and he called on the people to join in a partnership with the Government to safeguard and to perpetuate all those freedoms which the Government guarantees. The President spoke from the White House with Secretary Morgenthau sitting beside him; and Postmaster General Walker spoke from Des Moines, telling

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about the machinery set up to sell the bonds and stamps. Sale of the bonds and stamps will begin tomorrow in banks and post offices throughout the country. The bond sale program is part of the Administration's program to avert inflation. The Defense Savings and the three billion six hundred million dollar tax program now before Congress and the price-control agency are designed partly to prevent a spiraling of prices. Secretary Morgenthau hopes to sell six billion dollars in bonds and savings stamps to individuals during the coming year, which, with the tax program, would draw nearly ten billion dollars of consuming power that it is feared might interfere with armament production.

10:15 P.M.

RADIO STATION WSB (Atlanta, Ga.)

ANNOUNCER: President Roosevelt in his broadcast tonight urged all Americans to buy a financial stake in the effort to finance America. The bonds and stamps go on sale tomorrow in sixteen thousand post offices throughout the nation. Mr. Roosevelt appealed for national support of the Government's money-raising plan in a nation-wide radio address. Secretary Morgenthau and Postmaster General Walker participated. The President declared that the strength, effectiveness,

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and safety of the Government could be measured only in terms of the public support. He added, "It is not a sacrifice to purchase the bonds and stamps, but an opportunity to share in the defense of all things we cherish against the threats that are made against them. All America must fight that threat," he said, "wherever it appears." The President asserted that the threat can be found at the threshold of every home in America. Morgenthau said the program aids to speed the cause of America, encourages thrift, and provides a cushion against post-war upheaval. Walker pledged the full-hearted cooperation of all clerks and officials throughout the nation, and he said the bonds would be available to every American.

11:00

RADIO STATION WMAL

ANNOUNCER:

President Roosevelt tonight launched the Treasury's huge Defense Bond Sales Campaign and warned at the same time that the threshold of every American home is threatened. The President appeals to everyone in the nation to sacrifice some luxuries to help finance the gigantic thirty-eight billion dollar defense and Lend-Lease programs by purchasing savings stamps and bonds. "Sacrifice is not

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the word," he declares, adding that this defense savings program is rather a privilege and an opportunity to share in the defense of what we cherish against the threat that is made to them. Mr. Roosevelt calls upon the people to join in a partnership with their Government to safeguard and perpetuate all those precious freedoms which the Government guarantees. The President spoke over a nation-wide radio hook-up from the White House. Mr. Roosevelt declares, and we quote, "We are engaged in an all-out effort to perpetuate Democracy in the New World by aiding embattled Democracy in the Old World. From the Atlantic to the Pacific, America is in full beauty of glorious springtime, and we have eyes to see the beauty of our country this spring as we never saw it in any spring before." The President stresses also that the strength, effectiveness, and safety of the nation depends upon the support the people give it, and he cites that nations and lands that were safe ten years ago because of distance, today have been overrun by mechanized conquerors. Giving this as a basis for the huge armament program, he declared, and we quote again, "At this time we add another call, a frank and clear appeal for financial support to pay for our arming and to pay for the American existence of later

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generations." "Purchase of bonds and savings stamps by the people will be a guarantee of our future security," he says, in calling upon fellow Americans to demonstrate again, "your faith in America." The bond sale program is part of the Administration's plan to avert inflation. Besides it, the three billion six hundred million dollar tax program now before Congress and the price-control agency are designed to prevent a spiraling of prices. Secretary Morgenthau hopes to sell six billion dollars in bonds and savings stamps to individuals during the coming year. With the tax program, this would draw off nearly ten billion dollars of consuming power that is feared might interfere with armament production.

11:00 P.M.

RADIO STATION WOL

ANNOUNCER: Coming back to our own shores and here in the nation's capital, President Roosevelt called upon the nation tonight to throw its full financial force back of rearmament and the British aid program. At the same time, Mr. Roosevelt warned that air and mechanized warfare has reduced distances and made security dependent upon all the strength of the country's armed might. The President spoke over all the

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major radio networks as he inaugurated the National Defense Savings Bond and Stamp program. Mr. Roosevelt declared that the people of the United States and their Government are partners in the campaign to make Democracy victorious and the nation impregnable. Said he, "This evening we are giving thought to the financial structure of our partnership. We are engaged in an all-out effort to perpetuate Democracy in the New World by aiding embattled Democracy in the Old World." The President recalled that millions of individuals elsewhere in the world have lost their freedom through a false sense of security. Declared the President, "Defenses that were adequate ten years ago today are broken reeds. New machines in the air, on the land, and on the sea have created a revolution in the conduct of offensive war and defensive war."

12:00 Midnight RADIO STATION WINX

ANNOUNCER: President Roosevelt is mailing each of his ten grandchildren a little present, five dollars of stamps to go

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toward the purchase of a \$25.00 Defense Savings Bond. The ten booklets with twenty twenty-five cent Minute Men Stamps carefully pasted in were enclosed with notes to the grandchildren.

6:30 A.M.

RADIO STATION WOL

ANNOUNCER: Well, anybody can walk into a post office or bank sometime today and plunk down anything from a dime to 10 thousand dollars to help pay for America's armament program. The sale of defense stamps and bonds is officially now on. President Roosevelt and Secretary of the Treasury Morgenthau started the drive, as you probably know, with a special broadcast last night. Mr. Roosevelt appealed for financial support to, as he put it, "pay for armaments and also to pay for the American existence of later generations."

7:00 A.M.

RADIO STATION WMAL

ED ROGERS: Also in Washington, the following steps have been taken during the past 48 hours to further the American all-out aid to Britain. ... Third, a call upon the entire nation for a slight sacrifice here and omission of a few

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luxuries there to help pay for the national defense and British aid...

7:30 A.M. RADIO STATION WJSV

ANNOUNCER: Financial mobilization also is under way throughout the nation. Defense Savings Stamps and Bonds designed to tap the savings of all the people go on sale at post offices and banks today. President Roosevelt has appealed for support, saying that this is an opportunity to share in the defense of all the things Americans cherish. The sale of the defense series officially began when Treasury Secretary Morgenthau delivered to Mr. Roosevelt the first bond and 10 of the first stamps. The securities range in value from 10 cents to 10 thousand dollars. All men, women, and children are urged to buy, or as Morgenthau says, "to save regularly and systematically by putting money into the soundest investment on earth, the United States of America." Mr. Roosevelt calls upon those in all walks of life to join in an all-out effort to perpetuate democracy.

7:45 A.M. RADIO STATION WMAL

EARL GODWIN: You certainly can find a way to divert some-

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where from a dime to 10 thousand dollars of your money to spend and lay it on the line for Uncle Sam, lending it, and you will get it back. I have often thought that night club spending could be diverted to defense. If it could, we would have the thing in the bag by now. You know, we play and throw away more money than we need for this whole business. At any rate, the President handed it out last night when he started this defense stamp and bond campaign in the nation-wide radio broadcast, and he said, "in just such measure as we support our government will it be strong, effective, and safe."

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8:00 A.M.

RADIO STATION WMAL

Broadcast from the window in the Washington Post Office selling Defense Savings Bonds and Stamps.

Due to faulty radio reception, it was impossible to report verbatim the first part of this broadcast, during which Senator Rayburn spoke on behalf of Defense Savings Bonds and Stamps; Mr. Vincent C. Burke, Postmaster of the District of Columbia, outlined the mechanics for distributing the bonds and stamps; and Mr. John W. Honeyfield, 75, the first customer, who had been waiting at the Post Office window since 7:00 o'clock was introduced.

The remainder of the broadcast follows:

ANNOUNCER: Now I should like to introduce Mr. Eugene W. Sloan, Executive Director of the Defense Savings Staff. Mr. Sloan, will you please tell me your function on this particular staff in this particular staff in this very important drive?

Mr. Sloan: The function of the staff is to promote the sale of savings bonds and keep the public fully informed with reference to the bonds and the stamps.

Announcer: Let me see. Your Department is connected with the Treasury. Is that right?

Mr. Sloan: That is right.

Announcer: And how do you break your system down? I mean, what are the various departments of your Department?

Mr. Sloan: We have an administrative division, we have an

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information division, and we have a field organization.

Announcer: I see. Now, the administrative, of course, takes care of all the details of coordination, is that right?

Mr. Sloan: That is correct.

Announcer: And then the other two?

Mr. Sloan: The information division is for the preparation of all the advertising material.

Announcer: I see.

Mr. Sloan: The field organization is for contact with the public throughout the states.

Announcer: In other words, you have gone into this thing very, very carefully, and it is well thought out and well planned and not a fly-by-night scheme.

Mr. Sloan: That is correct.

Announcer: In other words, the investors and the citizens of the United States are actually investing their dollars in the Government and those dollars are very assuredly returned, is that right?

Mr. Sloan: That is right.

Announcer: And thank you so much, Mr. Sloan.

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I have a gentleman here who was quoting some figures this morning to me. Ordinarily, figures may be a little dry, but in this case he has such interesting information that I want him to tell the people of the United States exactly how well certain localities are taking on this particular stamp drive. May I introduce Mr. Benjamin F. Cain who is the Superintendent of the Division of Postal Savings in the Post Office Department. Mr. Cain.

Mr. Cain: The 10-cent stamp seems to be the most popular denomination at the present. Some of the offices, for instance, Los Angeles, California, ordered yesterday one hundred thousand additional 10-cent stamps. That office and other offices of like size had been furnished with some ten thousand five hundred 10-cent stamps, 25-cent stamps, and a slightly smaller amount of the one-dollar and five-dollar stamps. Buffalo, New York, for instance, wired in yesterday afternoon for about 20 thousand additional of four denominations and additional bonds.

Announcer: Now tell me, Mr. Cain, just what is the set-up here? This, of course, is an advance sale, is

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it not? Officially we don't sell them until starting this morning. We started it off at 8:00 o'clock, is that not so?

Mr. Cain: That is true. The Department, due to pressure over the country from banks and large business concerns, the Department granted authority to the postmasters to make advance sales on April 30 to the banks and business houses.

Announcer: I see.

Mr. Cain: That is why the demand is so heavy at this time.

Announcer: And of course this has all been prepared weeks in advance, is that not so?

Mr. Cain: That is true.

Announcer: I see. All right, and I want to thank you very much, Mr. Cain, for coming up this morning. Now, I think I ought to have a representative of John Public here and if someone from the audience will just come in. We have such a huge line formed here this morning. It seems that a good many folks have heard about this broadcast and also about this Defense Saving Stamps idea and I have a young man here whom I would like to interrogate for just a moment.

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Your name, sir?

Mr. Porch: Clyde Porch.

Announcer: And you live at what address?

Mr. Porch: 3017 Central Avenue, Northeast.

Announcer: In Washington, D. C.?

Mr. Porch: That is right.

Announcer: Your occupation?

Mr. Porch: I am a Postal Clerk.

Announcer: Well, that is a representative young man for this particular moment. Tell me what you know about the Defense Savings idea and what they have told you about it and whether or not you are going to buy one today. I would like to sell you one.

Mr. Porch: Well, I am not going to buy one today, but today is payday and you have to get your check cashed first.

Announcer: But we will get you tomorrow, is that right?

Mr. Porch: You probably will.

Announcer: Are you anticipating a tremendous day ahead of you? Have you planned for a big rush?

Mr. Porch: Well, in our department it won't make any difference.

Announcer: Say, by the way, are you interested in collecting stamps?

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Mr. Porch: Well, all I save is first day covers.

Announcer: First day covers? Naturally, I would be in a job of your kind. I would like to say, too, that this first stamp will undoubtedly be of historical significance and of much value to philatelists and I want to thank you so much for coming up to our microphone and good luck in that all-day rush you are bound to have. Thank you so much.

And so, ladies and gentlemen, I think it is just about time to wind up this broadcast. I would like to say that our NBC microphone has been placed directly before one of the many Postal Savings stamp windows here at the City Post Office in Washington, and during the broadcast we heard from the Honorable Sam Rayburn, Speaker of the House of Representatives, Mr. Vincent C. Burke, who is the Postmaster of the District of Columbia; Eugene W. Sloan - Mr. Sloan is the Executive Director of the Defense Savings Stamps - Benjamin F. Cain, superintendent of Postal Savings; and James L. Hudson, the gentleman who sold the first Defense Savings Stamp to our first customer, Mr. John Honeyfield, 75 years young. This is Bill Crago speaking to you from Washington, and this is the National Broadcasting Company.

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8:30 A.M.

RADIO STATION WOL

WALTER COMPTON: Financial mobilization is under way throughout the nation. Defense Savings Stamps and Bonds designed to tap the savings of all the people go on sale at post offices and banks today. President Roosevelt has appealed for support, saying that this is an opportunity to share in the defense of all the things Americans cherish.

3:45 P.M.

RADIO STATION WJSV

Announcer: Today throughout the country the United States Government is sponsoring a new medium for national defense revenue through its sales to its citizens of Defense Savings Bonds and Stamps. In connection with this nation-wide drive, Columbia presents at this time from WGAN, Portland, Maine, Kenneth Roberts, well-known reporter, who will interview a representative of the United States Treasury Department, the Governor of Maine, and several leading citizens from the town of Meddybemps concerning the bonds. Mr. Roberts.

Mr. Roberts: Today the Treasury Department placed on sale its new series of Defense Savings Bonds and Stamps in post offices and banks all over the country. We are fortunate in having with us a representative of the Treasury Department, Joseph T. Sylvester, who is Collector of Customs for District I. Mr. Sylvester, can you tell us something about these new defense bonds and stamps?

Mr. Sylvester: Certainly, Mr. Roberts. The Treasury Department has worked out a program whereby every citizen

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of the United States is being given a chance to share directly in our National Defense Program.

Mr. Roberts: You mean by buying the defense bonds and stamps?

Mr. Sylvester: Yes. This is a well thought out effort of investment to put our dollars and cents to work for the defense of America.

Mr. Roberts: Well, just what are these bonds and stamps?

Mr. Sylvester: It is quite simple, Mr. Roberts. Defense Savings Bonds are being sold in denominations ranging from 25 dollars for the smallest on up to one thousand dollars for the largest. The best part of it is that you pay only 18 dollars and 75 cents for the 25 dollar bond.

Mr. Roberts: Do you mean that a 25 dollar bond costs me only 18 dollars and 75 cents? How is that.

Mr. Sylvester: Well, you pay 18 dollars and 75 cents now and in 10 years the bond matures and the Treasury Department will pay you 25 dollars for the bond.

Mr. Roberts: Why, that is an increase of six dollars and twenty-five cents over my original investment.

Mr. Sylvester: Quite right, and that six dollars and twenty-

- 3 -

five cents profit is equivalent to an interest return of almost three percent on your money, which is quite liberal these days.

Mr. Roberts: I should say it is. And all the other bonds run accordingly?

Mr. Sylvester: Yes. For instance, you pay 37 dollars and 50 cents for a 50 dollar bond, 75 dollars for a hundred dollar bond and so forth.

Mr. Roberts: So my money will actually be working for me, earning interest?

Mr. Sylvester: That is right, Mr. Roberts. In fact, the return of these bonds is so liberal that the Treasury has decided to limit the amount which may be bought by an individual during any one calendar year to five thousand dollars worth. Of course, with the larger investor, there are two other types of defense bonds which pay a smaller rate of interest, about two and one half percent, and which mature in 12 instead of 10 years' time.

Mr. Roberts: And are those available only to individuals, too?

Mr. Sylvester: No, Mr. Roberts, they may be owned by associations, partnerships, or corporations, as well as

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individuals in amounts not exceeding 50 thousand dollars, issued in any one calendar year, of either series or of both combined.

Mr. Roberts: Well, now, how about the fellow with the small income, you know, maybe he doesn't feel he can afford 18 dollars and 75 cents for these smallest Defense Savings Bonds?

Mr. Sylvester: Uncle Sam has thought of him too. Postal Savings Stamps priced at from 10 cents a piece up to five dollars each can be obtained at post offices and other designated agencies.

Mr. Roberts: Do these stamps pay interest too?

Mr. Sylvester: No, but they are a convenient way of saving up to buy bonds.

Mr. Roberts: What do you mean by that?

Mr. Sylvester: Well, when you have accumulated 18 dollars and 75 cents worth of these stamps, they can be exchanged for the smallest Defense Savings Bond, the 25 dollar one, which will earn interest for you. It is sort of an installment method of buying bonds.

Mr. Roberts: That is a new wrinkle. Well, certainly every

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American can afford to put a little money into these defense stamps.

Mr. Sylvester: Yes, Mr. Roberts, the Treasury Department's campaign is designed to give each and every one of us a chance to do our part. It is an opportunity for all Americans to buy a share in America.

Mr. Roberts: Well, this is an appeal to our patriotic desire to help our country in these critical times.

Mr. Sylvester: Yes, and not only that, it is a means with which to provide for our future security; with incomes and salaries on the increase, the important thing for all of us should be to plan for a nest egg, for future uncertainties.

Mr. Roberts: That would mean that in this way we can provide for future income?

Mr. Sylvester: Yes, perhaps to be used for our children, or as an annuity for our old age or for many other reasons. The important thing, too, is that we should make this savings a regular habit, put aside some each week or each month in Defense Savings Bonds or in stamps, and 10 years from now, when it may come in mighty handy, we will have

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something we can count on.

Mr. Roberts: That is it exactly. A safe investment such as this can prove to be a lifesaver for all of us, and thank you very much Mr. Sylvester.

And now ladies and gentlemen, it gives me pleasure to introduce His Excellency, Sumner Sewell, the Governor of the State of Maine. Governor Sewell.

Governor Sewell: I am very happy to have this opportunity of congratulating the citizens of Meddybemps for their patriotism and their exhibition of real New England thrift. As Governor of the State of Maine, I am naturally very proud that the first community to subscribe one hundred percent with the United States Savings Bond Program lies within our borders. It is a remarkable record to establish so early in the program of financing the cost of our national defense, and I am sure that all the citizens of Maine will welcome the opportunity to display at this time their sense of patriotism and their ability to recognize a good bargain.

The presence here of Charles Lombard, of Roy Gillespie,

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and of Cassius Bridges is proof enough to me and to the people all over the United States who are listening that Maine is ready and eager to do her share and more in furthering the national defense efforts.

The Town of Meddybemps, a few weeks ago, became one hundred years of age. It is located in the northeast corner of Maine, close to our good neighbors across the Canadian border. Perhaps for this reason our citizens are more keenly aware of the importance and the significance of every possible effort to promote and provide for an adequate national defense. The people of Maine, living as they do in this exposed northeast corner of the United States, have for many months been conscious of the vital importance of a large and efficient defense machine. They also recognize that this machine, like any machine, costs money to build and money to operate. With characteristic realism, they are prepared to do their share in meeting these costs. Through their legislature they have already authorized the issuance of state laws to assist the national government in meeting the cost of defense. Maine men, Maine ships, and Maine money will be contributed gladly in the future as in the past to provide for the maintenance and the advancement of the national safety and wellbeing. I am very proud to be

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able to pay any tribute to the people of Meddybemps for their expression of the faith which all the American people have in the stability and the safety and the freedom of the United States of America.

Mr. Roberts: Thank you, Governor Sewell; and now with your permission, I should like to have our audience meet a representative group of citizens from the State of Maine, who have come up or down, as I believe the expression is in New England, who have come here in any case to participate in this broadcast which on this May day is among the first to inaugurate the sale of Defense Savings Bonds and Stamps. I think you will enjoy meeting these citizens if for no other reason than that they represent America. I think they have the feeling as all true Americans should in the right way, which is the Democratic way. The person at our microphone is a ruddy-faced, sandy-haired, pleasant gentleman, Cassius Bridges by name. Mr. Bridges, what is your occupation?

Mr. Bridges: I am Postmaster of Meddybemps, Maine.

Mr. Roberts: How long have you been Postmaster?

Mr. Bridges: Since 1923.

Mr. Roberts: Well, since you have inaugurated the sale of Defense Savings Bonds and Stamps this morning, as a matter of fact, can you tell us something about the sale of those stamps within your town?

Mr. Bridges: Before I left Meddybemps yesterday, we had

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applications which proved Meddybemps was one hundred percent ready to buy stamps and bonds.

Mr. Roberts: One hundred percent?

Mr. Bridges: That is right.

Mr. Roberts: Then that to the best of my knowledge is the first town in any state which has, you might say, gone all-out in this Defense Savings Bond effort.

Mr. Bridges: That is what we thought.

Mr. Roberts: I will wager that any visitors after you - by the way, what is the population?

Mr. Bridges: I believe on this broadcast the papers call it ninety-nine.

Mr. Roberts: That is what I understood.

Mr. Bridges: I think that is a mistake. I think it is a hundred and fifteen.

Mr. Roberts: All right, we will give you that benefit. And I will wager you that any visitors coming to Meddybemps fishing this summer will perhaps get a slight sales talk from you on purchasing stamps and bonds.

Mr. Bridges: I believe that is so. I will try to do that.

Mr. Roberts: Fine. Talking about selling things, I have a check made out here to you, as Postmaster of the Meddybemps, Maine, Post Office, and I have it made out in the sum of

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seventy-five dollars, with which I should like to be the first to purchase one of these hundred dollar bonds.

Mr. Bridges: I thank you, and I will be glad to issue that bond, and I will send it to your address.

Mr. Roberts: I see. It is CBS in New York. Well, thank you very much, Mr. Bridges.

Mr. Bridges: You are welcome. Glad to meet you boys.

Mr. Roberts: O.K. And now our next guest. What is your name, sir?

Mr. Lombard: Charles W. Lombard.

Mr. Roberts: And your occupation?

Mr. Lombard: A guide and an angler.

Mr. Roberts: Say, that is right down my alley. I came up here to do a little fishing after this broadcast. Suppose you tell us something about Meddybemps. How did the town get its name?

Mr. Lombard: It is an Indian name, and the meaning of it is "Many Hills." Many hills and many bumps.

Mr. Roberts: So in reality it is many bumps, is that right?

Mr. Lombard: Yes.

Mr. Roberts: It is located up toward the Canadian Border, isn't it?

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Mr. Lombard: Right.

Mr. Roberts: How about famous visitors in Meddybemps. Do you fellows have any?

Mr. Lombard: Well, we have a lot of fine New York people come there and we have nice summer homes, nice log cabin homes.

Mr. Roberts: Any outstanding personalities?

Mr. Lombard: Why, Grover Cleveland came there.

Mr. Roberts: Well, he was one of the Presidents of the United States.

Mr. Lombard: And Thomas Jefferson.

Mr. Roberts: I see. And what about this fishing? Do you know any stories about that?

Mr. Lombard: We have, I think, the very best small mullet that there are in the state.

Mr. Roberts: Thank you. I am sorry, but our time is up. I am sorry, but I don't think we have time to interview the next guest, which is Mr. Gillespie. I am awfully sorry, but we will have to do it some other time.

8:00 a.m. RADIO STATION WMAL

Mr. Crago: Good morning. Today throughout the United States of America in sixteen thousand post offices the first issue of the Defense Savings Stamps will go on sale. We are speaking to you from the City Post Office of the District of Columbia, located at North Capitol and Massachusetts Avenues, which is just three blocks from the United States Capitol Building. From this central point have been sent the Stamps, Bonds and supplies to all post offices throughout the country. So I think it is appropriate that the first sale should originate from here. In just a moment we will describe the sale of the first stamp. Our NBC microphone is placed directly before door No. 1010 in this huge building. The building is not unlike main post offices in all cities throughout the United States. A little to the left is a window marked in bold letters "Postal Savings and Savings Bonds." The gentleman in charge of this particular counter is Mr. James L. Hudson. Several days ago Mr. Hudson was given the honor of selling the first Stamp. Standing beside me is a gentleman whom you all know, and I'd like to introduce him now. He is the Honorable Sam Rayburn, Speaker of the House of Representatives, and I would like for him to make a few opening

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remarks prior to the sale of the first Stamps. Speaker Rayburn.

Speaker Rayburn: It is a great privilege and pleasure to participate in this program here in this wonderful Post Office in Washington. Today throughout the nation in all the post offices and banks Savings Bonds and Stamps will be put on sale. These Stamps range from five cents to five dollars; the Savings Bonds from \$18.75 to \$10,000. The Government, through the Treasury, is not asking you to give them anything, it is offering to sell you something that is valuable today and will be more valuable one year from now, five years from now, or ten years from now. This is no sacrifice that we are asking upon your part, but it is asking you to respond patriotically to the call of your Government.

Mr. Crago: Thank you, Speaker Rayburn. And now, ladies and gentlemen, I would like to introduce the gentleman in charge of this Defense Stamps affair, and I would like to have him say a few words in regard to the set-up of this particular Stamp drive. I'd like to introduce the Postmaster of the District of Columbia, Vincent C. Burke.

Mr. Burke: Good morning. This morning we are commencing the sale of the Defense Savings Stamps which are issued in denomina-

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tions of ten cents, twenty-five cents, fifty cents, one dollar, and five dollars. These Stamps are on sale, not only in all the post offices and stations in the District of Columbia, but throughout the nation.

Mr. Crago: Mr. Burke, may I ask you a few questions?

Mr. Burke: Surely.

Mr. Crago: Now, just what is the Postal Savings plan?

Mr. Burke: The Postal Savings plan is to enable the small investors to accumulate a sufficient amount to buy the Bonds.

Mr. Crago: I see. Now, that is the purpose of the service - to get enough together to buy an \$18.75 Bond which will mature in ten years to \$25.00, and then on up the line, and these run up to five-dollar denominations in Stamps. Now, who originated this plan?

Mr. Burke: The Secretary of the Treasury, Mr. Morgenthau.

Mr. Crago: Mr. Morgenthau, yes. Can you tell me, in what way or ways does the citizen benefit by purchasing these stamps?

Mr. Burke: Of course. It enables everybody to do their part in providing the funds for this tremendous new defense program.

Mr. Crago: In other words, even though some of our citizens cannot go into Army training, at least they can back the boys who

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are in Army camps with their funds, their monies, their dollars and equipment necessary to keep the boys going in camp.

Mr. Burke: You bet they can.

Mr. Crago: Supposing I bought a certain amount of Stamps and then I found myself financially embarrassed. Could I get my money from these Stamps?

Mr. Burke: Oh, yes; just bring them back to the post office, and we will redeem them for you.

Mr. Crago: The other day, during a conversation we had, I think you mentioned that this particular post office was the focal point. Could you tell us just a little bit about your organization?

Mr. Burke: Yes, of course. The Washington Post Office is the mailing point for all Government departments. Therefore it distributed from the Treasury and the Post Office Department all the supplies in connection with this program.

Mr. Crago: And now, Mr. Burke, I understand that the gentleman who bought the first stamp is just about ready - he also told me this morning some of the things he has been doing - I think this is going to be a nice little human-interest story. He told me several things that he has done. He said, "I have \$28.00 here in my pocket, and I want to buy the first Defense Bond."

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I said, "Well, can't I sell you a couple of Stamps, too?" He said, "No, I want the Bond." And I think maybe we have the Stamps for him. At this time I'd like to introduce Mr. John W. Huneyfield. Mr. Huneyfield, you had something to tell me in regard to the things you have done on New Year's Day for the last fifteen years.

Mr. Huneyfield: At the White House.

Mr. Crago: To shake the President's hand? Is that so?

Mr. Huneyfield: Shook hands with two of them, but this last one, no.

Mr. Crago: Yes, he is a pretty busy gentleman, I take it. Mr. Huneyfield, you were telling me you had some bonds from the last war.

Mr. Huneyfield: Yes. That is correct.

Mr. Crago: What are you planning to do with this one? Do you intend to keep this one for quite some time?

Mr. Huneyfield: Yes, I hope to.

Mr. Crago: You told me your age not so long ago. Do you mind telling the radio audience your age?

Mr. Huneyfield: No, indeed. I wouldn't a while ago. Seventy-five.

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Mr. Crago: Seventy-five years young is all right, and you are doing your bit. And how long have you been waiting before this window here?

Mr. Huneyfield: Seven o'clock.

Mr. Crago: Since seven o'clock this morning. And I came in to find this gentleman seated very comfortably in his chair, and he said, "And nobody is going to roust me out of here either." I said, "Nobody will. We want to sell you that Stamp." And Mr. Huneyfield, I want to thank you very, very much. You are certainly a patriotic citizen.

Mr. Huneyfield: I got the Stamp on the way, and I will soon have it. All you fellows outside come on in and buy one. But two or three. But I can't afford only one this time.

Mr. Crago: Well, you can afford only one this time. If you can afford one, that is very good. I would like to introduce in just a moment or so Mr. James Hudson who is the gentleman behind the counter, the gentleman who is picked to serve the public here. And Mr. Burke is now saying, "Open door No. 1010" in order that we can get Mr. Hudson out. As you understand, these doors are all locked, and there is a definite reason for all of that. We will have Mr. Hudson out in a moment. In the mean-

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time, I think we ought to go through just a bit of explanation concerning these Stamps. The plan is to acquire all the Stamps you can in order to turn them in on the Defense Savings Bond. Mr. Hudson is going to have a few words to say in regard to this sale. Mr. Hudson, what is that that you have in your hand, that piece of paper - I see the dollar bill - but the paper? Will you describe it a little bit? Tell me about it.

Mr. Hudson: This is one of the new Defense Bonds, \$25.00 maturity value. Mr. John W. Huneyfield, 225 C Street, N.E., was the first purchaser at the price of \$18.75.

Mr. Crago: Well, that is very good, and thank you so very much. Right now Mr. Hudson is giving - what is that, a quarter? - a dollar and a quarter change out of \$20.00, and now Mr. Huneyfield is the proud possessor of the first Bond here in the city of Washington. Now, I should like to introduce Mr. Eugene W. Sloan, Executive Director of the Defense Savings Staff.

I want to see this
each week *JA*

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MEMORANDUM FOR THE SECRETARY.

April 30, 1941.

An abstract of concrete comments and suggestions aroused by your tax statement and radio speech is being prepared. I thought, however, you might be interested in a brief analysis of about 200 letters showing the reactions of ordinary people, both men and women, to events of the last week or so.

There is the usual percentage of abusive comment, largely centering about (a) Administration extravagance, and (b) the possibility of going into war. Of the 200 letters, 11 abusive ones were signed, 21 were not.

4 letters urged convoys to England; 32 were violently against any aid to Britain, especially convoys. One suggested a popular vote.

9 were especially abusive of the President.

3 were strongly pro-Lindbergh.

2 suggested that the Secretary resign in protest of the Party's failure to keep economy pledges.

4 commended the suggestion that there be cuts in CCC and relief expenditures; 3 suggested cutting the President's and Harry Hopkins' salaries.

5 farmers were strongly opposed to any cut in farm payments. 1 farmer approved cutting out all subsidizing of this sort.

3 letters urged that the Unions be taxed. 1 letter said, "No tax on laboring man".

There were 14 anonymous letters violently against any further taxation. 3 letters urged that gifts be solicited instead of additional taxes. A number of letters volunteered a day's pay, a week's work, etc.

2 wrote that they would buy no bonds until strikes on defense work were stopped.

1 thanked the Secretary for his stand on taxing food, etc., and 1 attacked him violently for the same thing.

2 urged that German, Italian and Swiss funds be frozen.

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Memorandum for the Secretary.

April 30, 1941.

58 contained general comment, were not unfriendly and gave ideas for further taxation. Of the 58, 8 urged a national lottery, 3 a tax on radios, 2 on dogs, 2 higher postal rates, 2 a general percentage tax on all salaries. A number of married men wanted all single men taxed more heavily, and a number of single persons wished the married to be further taxed. Other suggestions included tax on advertising, documents, drivers' permits, whiskey, bank deposits, river traffic, dividends, matches, express parcels, money sent abroad, and general postage.

There were 3 brief letters of approval for the Secretary's tax statement without any further comment.

Geo F. O'Connell

April 30, 1941.

My dear Miss LeHand:

The enclosed material is sent to you in response to your letter of April 1 which asked for information in connection with the President's Public Papers and Addresses.

Your first request was for a memorandum showing the history, the method and the extent of the "freezing" of funds of the various countries of Europe and Asia. A similar request had been sent by you on March 14. A memorandum on this subject is enclosed, together with copies of Executive Order No. 8389 of April 16, 1940, as amended to date, and the regulations issued thereunder.

As you know, the scope of "freezing" control is being constantly enlarged by the inclusion of additional foreign countries and in the light of the changing international situation. Accordingly, it will be appreciated if, at the time galley proof is prepared on this subject, you will forward copies to this Department so that any modifications made necessary by future developments may then be made.

Your second request was to know the results of the President's recommendation in his message of July 1, 1940, for a steeply graduated excess profits tax. This request had previously been made by Judge Rosenman, and a memorandum dealing with it was sent directly to him. I enclose a copy for you.

Your third request was to know the results, if any, of the President's message of November 30, 1940, on

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financial aid to China. I enclose a memorandum on this subject from Dr. Harry D. White, Director of the Division of Monetary Research of this Department.

I hope that this material will give you the information you need.

Sincerely yours,

(Signed) Ferdinand Kahn, Jr.

Assistant to the Secretary.

Miss Marguerite A. Leland,
Private Secretary to the President,
The White House.

3 Enclosures.

FK/hkb
4/30/41

ORIGINAL FORWARDED TO ADDRESSEE
FROM OFFICE OF THE SECRETARY

By Message

My dear Miss LeHand:

In your letter of March 14, 1941 you requested a memorandum on "freezing" control for use in connection with the President's Public Papers and Addresses.

A memorandum on this subject is enclosed, together with copies of Executive Order No. 8389 of April 10, 1940, as amended to date, and the regulations issued thereunder.

As you know, the scope of "freezing" control is being constantly enlarged by the inclusion of additional foreign countries and in the light of the changing international situation. Accordingly, it will be appreciated if at the time galley proof is prepared on this subject you will forward copies to the Department in order that any modifications necessary by reason of future developments may then be made.

Cordially yours,

Secretary of the Treasury.

Miss Marguerite A. LeHand,
Personal Secretary to the President,
The White House.

Enclosures

AFL:db 4/28/41.

ENCLOSURES:

1. Note on Foreign Funds Control for the Public Papers and Addresses of Franklin D. Roosevelt.

Amendment of E.O. No. 6560, of
1/15/34, approved 4/10/40

Amendment of E.O. No. 8389, of
4/10/40, approved 5/10/40
" " 6/17/40
" " 7/15/40
" " 7/25/40
" " 10/10/40
" " 3/4/41
" " 3/13/41
" " 3/24/41

Regulations, dated 4/10/40.
Amendment to above regulations,
approved 5/10/40

" 6/17/40
" 6/15/40
" 10/10/40
" 3/4/41
" 3/13/41
" 3/24/41

2. Circumstances and results of message from the President to the Congress, dated 7/1/40, relative to excess-profits taxes.
3. Memo from Mr. White to Mr. Kuhn, dated 4/25/41. Subject: Results of the President's Message of Nov. 30, 1940 on Financial Aid to China.

**NOTE ON FOREIGN FUNDS CONTROL FOR THE PUBLIC
PAPERS AND ADDRESS OF FRANKLIN D. ROOSEVELT**

On April 10, 1940, immediately following the invasion of Norway and Denmark by Germany, the above Executive Order was issued. This Order, in effect, prohibited transactions in some \$287,000,000 in Norwegian and Danish credits and other assets in the United States except pursuant to license authorized by the Secretary of the Treasury. Under regulations issued by the Secretary of the Treasury pursuant to such Order, reports were required to be filed with respect to all such assets situated in the United States on April 8, 1940.

As other countries were thereafter invaded, or came under the domination of aggressors, the assets of such countries were similarly subjected to the provisions of Executive Order No. 8389 by amendment thereof. Thus, on May 10, 1940, the control was extended to about \$1,619,000,000 of Netherlands assets, \$760,000,000 of Belgian assets, and \$48,000,000 of Luxembourg assets. Subsequent extensions have subject^{ed} to control about \$1,593,000,000 of French assets, \$29,000,000 of the assets of the Baltic countries, \$53,000,000 of Rumanian assets, as well as other assets of Bulgaria, Hungary, Yugoslavia and Greece, and nationals thereof. By October 10, 1940, the control, popularly referred to as "freezing" control, had been extended to more than four billion in dollar assets.

This was not the first time in the history of the United States that our Government established special controls over foreign exchange transactions and over the administration and disposition of the property of

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foreigners. During the first World War, our Government (under the Trading with the Enemy Act of October 6, 1917) both imposed exchange controls and took custody of the property of enemy aliens. Again, during the banking crisis of 1933, exchange controls were established.

During the 1930's, more or less rigorous exchange controls had been instituted by most nations, but for purposes widely divergent from those of our foreign funds control. Other nations had established exchange controls to prevent the export of capital, to conserve foreign exchange for necessary imports, or to increase their gain from international trade by exploiting the possibilities of bilateral arrangements. In general, exchange poverty and economic necessity had led to the introduction of exchange control.

The position of the United States was quite different. The United States was not "foreign exchange poor". We were not confronted with a flight of capital; on the contrary, all nations sought to place their liquid capital in the United States for refuge. We had no need to conserve foreign exchange to be in a position to pay for necessary imports; on the contrary, we had a plentiful supply of foreign currencies, and all nations were willing to accept payment in dollars. We were not intent upon using our foreign funds control, as some other countries had done, to avoid payment of freely incurred public and private debts due to foreigners. We had no intention of using our foreign funds control to force other nations into disadvantageous bilateral trade and payments arrangements; on the contrary, the Government of the United States had for years advocated and attempted to bring about a freer system of

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multilateral international economic relationships.

Freezing control provided this country with a flexible instrument to further our international economic policy. We wished to prevent aggressor nations from using billions of dollars of assets in the United States--belonging to their victims--to finance their program of world conquest and the destruction of Democracy. It would have been contrary to our national interests to allow the aggressors access to billions of dollars under our control and thereby to cancel the effectiveness of the billions we were spending in our program of aid to Democracy.

The assets of these overrun countries had been placed in this country out of confidence in our free institutions and our integrity. It would have violated that confidence for us to have permitted the true owners of such assets to be divested of their property by one means or another - including duress. Moreover, an invasion or other revolutionary change in the political and economic life of a country precipitates conflicting claims to the ownership of property. These claims, of necessity, cannot be fairly resolved at the time. Freezing control served a definite function in minimizing the liabilities and responsibilities of American banks and other business institutions against the assertion of such conflicting claims pending ultimate clarification as to the true ownership of such property. Without freezing control, the implications of affording the aggressor powers access to huge reserves of dollar balances cannot be ignored when we consider the potential use of such balances to bid against us in the purchase of defense materials and for subversive

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activities in this country and elsewhere in the American Republics.

Upon the issuance of the first freezing order, the Secretary of the Treasury set up a Committee of responsible Treasury officials charged with the duty of formulating the rules and policies to be followed by the Treasury's Foreign Funds Control office in its administration of the control. The scope of freezing control was such as to raise many problems in which other departments and agencies of the Government had an interest. In such cases their views and suggestions were obtained by the Treasury before reaching a decision with respect to such problems. The Federal Reserve Banks, acting as fiscal agents of the United States, played an important part in the administration of this Control, both in their dealings with the public and in their recommendations to the Treasury.

The provision for specific licenses was designed to avoid individual cases of injustice which inevitably would otherwise have been a by-product of such extensive control. Where the authorities were satisfied that an applicant did not intend to use funds for purposes inconsistent with the objectives of control, special authorizations were granted.

Wherever practicable the burden of specific applications for licenses was eliminated. As the result of studies made of cases arising under the Control, a number of types of transactions relatively standardized in character were found susceptible to adequate control through the medium

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of general licenses and reports. Within three weeks after the issuance of the first order in April 1940, the first general license was issued. Thereafter a great number of general licenses were issued, which permitted the effective operation of the Control with a minimum burden on American business. A further important administrative measure which the Treasury took was the issuance of general authorizations to the Federal Reserve Banks, particularly to the Federal Reserve Bank of New York, to dispose of certain classes of applications without reference to the Treasury Department. This system of general licenses and general authorizations aided in making the administration of the Control flexible, efficient, and prompt without prejudicing its effectiveness. It was possible to decentralize operations and minimize the inconveniences inherent in any regulatory system, and, at the same time, to retain a unified policy. Decentralization resulted in the Federal Reserve Banks being able to act promptly upon almost 50% of the cases without referring the applications to Washington. The general licenses permitted the engaging in literally thousands of transactions per day without the necessity of filing an application of any type. Through such procedure, the volume of the applications actually reaching the Treasury was reduced to the point where the great majority could be acted upon by the Department on a 48-hour basis.

Freezing control from its inception proved to be an effective answer to the problems precipitating its institution. Its great flexibility permitted the Government to cope successfully with such problems with a

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minimum burden on legitimate commercial activity. The full extent of its success bears witness to the degree of cooperation and understanding manifested by the public in general and business and financial circles in particular.

AFL:db 4/28/41

OK BB. ~~ADN~~ cleared with JWP
BB swrB

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 6560,
DATED JANUARY 15, 1934, REGULATING
TRANSACTIONS IN FOREIGN EXCHANGE,
TRANSFERS OF CREDIT, AND THE EXPORT
OF COIN AND CURRENCY.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended by section 2 of the Act of March 9, 1933 (48 Stat. 1), and by virtue of all other authority vested in me, I FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 6560, dated January 15, 1934, regulating transactions in foreign exchange, transfers of credit, and the export of coin and currency by adding the following sections after section 8 thereof:

"Section 9. Notwithstanding any of the provisions of sections 1 to 8, inclusive, of this Order, all of the following are prohibited, except as specifically authorized in regulations or licenses issued by the Secretary of the Treasury pursuant to this Order, if involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect:

"A. All transfers of credit between any banking institutions within the United States; and all transfers of credit between any banking institution within the United States and any banking institution outside the United States (including any principal, agent, home office, branch, or correspondent outside of the United States, of a banking institution within the United States);

"B. All payments by any banking institution within the United States;

"C. All transactions in foreign exchange by any person within the United States;

"D. The export or withdrawal from the United States, or the earmarking of gold or silver coin or bullion or currency by any person within the United States; and

"E. Any transaction for the purpose or which has the effect of evading or avoiding the foregoing prohibitions.

"Section 10. Additional Reports.

"A. Reports under oath shall be filed, on such forms, at such time or times and from time to time, and by such persons, as provided in regulations prescribed by the Secretary of the Treasury, with respect to all

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property of any nature whatsoever of which Norway or Denmark or any national thereof is or was the owner, or in which Norway or Denmark or any national thereof has or had an interest of any nature whatsoever, direct or indirect, and with respect to any acquisition, transfer, disposition, or any other dealing in such property.

"B. The Secretary of the Treasury may require the furnishing under oath of additional and supplemental information, including the production of any books of account, contracts, letters or other papers with respect to the matters concerning which reports are required to be filed under this Section.

"Section 11. Additional Definitions. In addition to the definitions contained in Section 7, the following definitions are prescribed:

"A. The terms 'Norway' and 'Denmark', respectively, mean the State and the Government of Norway and Denmark on April 8, 1940, and any political subdivisions, agencies and instrumentalities thereof, including territories, dependencies and possessions, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing. The terms 'Norway' and 'Denmark', respectively, shall also include any and all other governments (including political subdivisions, agencies, and instrumentalities thereof and persons acting or purporting to act directly or indirectly for the benefit or on behalf thereof) to the extent and only to the extent that such governments exercise or claim to exercise de jure or de facto sovereignty over the area which, on April 8, 1940, constituted Norway or Denmark.

"B. The term 'national' of Norway or Denmark shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of Norway or Denmark at any time since April 8, 1940, but shall not include any individual domiciled and residing in the United States on April 8, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on April 8, 1940, had its principal place of business in Norway or Denmark or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of Norway or Denmark at any time on or since April 8, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

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"C. The term 'banking institution' as used in section 9 includes any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or brokers; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate 'banking institution'.

"Section 12. Additional Regulations. The Regulations of November 12, 1934, are hereby modified insofar as they are inconsistent with the provisions of sections 9 to 11, inclusive, of this Order, and except as so modified are hereby continued in full force and effect. The Secretary of the Treasury is authorized and empowered to prescribe from time to time regulations to carry out the purposes of sections 9 to 11, inclusive, of this Order as amended, and to provide in such regulations or by rulings made pursuant thereto, the conditions under which licenses may be granted by such agencies as the Secretary of the Treasury may designate."

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

April 10, 1940, 6 P.M., E.S.T.

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF
APRIL 10, 1940, AMENDING EXECUTIVE ORDER
NO. 6560, DATED JANUARY 15, 1934.

Executive Order No. 8389 of April 10, 1940, is amended to read as follows:

"AMENDMENT OF EXECUTIVE ORDER NO.
6560, DATED JANUARY 15, 1934, REG-
ULATING TRANSACTIONS IN FOREIGN
EXCHANGE, TRANSFERS OF CREDIT, AND
THE EXPORT OF COIN AND CURRENCY.

"By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 6560, dated January 15, 1934, regulating transactions in foreign exchange, transfers of credit, and the export of coin and currency by adding the following sections after section 8 thereof:

"Section 9. Notwithstanding any of the provisions of sections 1 to 8, inclusive, of this Order, all of the following are prohibited, except as specifically authorized in regulations or licenses issued by the Secretary of the Treasury pursuant to this Order, if involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or if involving property in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect:

"A. All transfers of credit between any banking institutions within the United States; and all transfers of credit between any banking institution within the United States and any banking institution outside the United States (including any principal, agent, home office, branch, or correspondent outside of the United States, of a banking institution within the United States);

"B. All payments by or to any banking institution within the United States;

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"C. All transactions in foreign exchange by any person within the United States;

"D. The export or withdrawal from the United States, or the earmarking of gold or silver coin or bullion or currency by any person within the United States;

"E. All transfers, withdrawals or exportations of, or dealings in, any evidences of indebtedness or evidences of ownership of property by any person within the United States; and

"F. Any transaction for the purpose or which has the effect of evading or avoiding the foregoing prohibitions.

"Section 10. Additional Reports.

"A. Reports under oath shall be filed on such forms, at such time or times and from time to time, and by such persons, as provided in regulations prescribed by the Secretary of the Treasury, with respect to all property of any nature whatsoever of which Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof is or was the owner, or in which Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof has or had any interest of any nature whatsoever, direct or indirect, and with respect to any acquisition, transfer, disposition, or any other dealing in such property.

"B. The Secretary of the Treasury may require the furnishing under oath of additional and supplemental information, including the production of any books of account, contracts, letters or other papers with respect to the matters concerning which reports are required to be filed under this section.

"Section 11. Additional Definitions. In addition to the definitions contained in section 7, the following definitions are prescribed:

"A. The terms "Norway" and "Denmark", respectively, mean the State and the Government of Norway and Denmark on April 8, 1940, the terms

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"the Netherlands", "Belgium", and "Luxembourg", mean the State and the Government of the Netherlands, Belgium and Luxembourg on May 10, 1940, and any political subdivisions, agencies and instrumentalities of any of the foregoing, including territories, dependancies and possessions, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of any of the foregoing. The terms "Norway", "Denmark", "the Netherlands", "Belgium" and "Luxembourg" respectively, shall also include any and all other governments (including political subdivisions, agencies, and instrumentalities thereof and persons acting or purporting to act directly or indirectly for the benefit or on behalf thereof) to the extent and only to the extent that such governments exercise or claim to exercise *de jure* or *de facto* sovereignty over the area which, on April 8, 1940, constituted Norway and Denmark and which on May 10, 1940, constituted the Netherlands, Belgium and Luxembourg.

"B. The term "national" of Norway or Denmark shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of Norway or Denmark at any time on or since April 8, 1940, but shall not include any individual domiciled and residing in the United States on April 8, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on April 8, 1940, had its principal place of business in Norway or Denmark or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of Norway or Denmark at any time on or since April 8, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

"C. The term "national" of the Netherlands, Belgium or Luxembourg shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of the Netherlands, Belgium or Luxembourg at any time on or since May 10, 1940, but shall not include any individual domiciled and residing in

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the United States on May 10, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on May 10, 1940, had its principal place of business in the Netherlands, Belgium or Luxembourg, or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of the Netherlands, Belgium or Luxembourg, at any time on or since May 10, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

"D. The term "banking institution" as used in section 9 includes any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or brokers; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution".

"Section 12. Additional Regulations. The Regulations of November 12, 1934, are hereby modified insofar as they are inconsistent with the provisions of sections 9 to 11, inclusive, of this Order, and except as so modified are hereby continued in full force and effect. The Secretary of the Treasury is authorized and empowered to prescribe from time to time regulations to carry out the purposes of sections 9 to 11, inclusive, of this Order as amended, and to provide in such regulations or by rulings made pursuant thereto, the conditions under which licenses may be granted by such agencies as the Secretary of the Treasury may designate."

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

May 10, 1940, 7:55 A.M., E.S.T.

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF
APRIL 10, 1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect; except that, in defining "France" and "national" of France the date "June 17, 1940" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

June 17, 1940

EXECUTIVE ORDER
-----AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF APRIL 10,
1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Latvia, Estonia or Lithuania or any national thereof has at any time on or since July 10, 1940, had any interest of any nature whatsoever, direct or indirect, except that, in defining "Latvia", "Estonia", "Lithuania" and "national" thereof the date "July 10, 1940" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

July 15, 1940.

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 8389
OF APRIL 10, 1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, amending Executive Order No. 6560 of January 15, 1934, by adding the following sections after section 12 thereof:

"Section 13 A. The following are prohibited except as specifically authorized by the Secretary of the Treasury by means of rulings, regulations, instructions, licenses, or otherwise:

"(1) The acquisition, disposition or transfer of, or other dealing in, or with respect to, any security or evidence thereof on which there is stamped or imprinted, or to which there is affixed or otherwise attached, a tax stamp or other stamp of a foreign country designated in this Order, or a notarial or similar seal which by its contents indicates that it was stamped, imprinted, affixed or attached within such foreign country, or where the attendant circumstances disclose or indicate that such a stamp or seal may, at any time, have been stamped, imprinted, affixed or attached thereto.

"(2) The acquisition by, or transfer to, any person within the United States of any interest in any security or evidence thereof if the attendant circumstances disclose or indicate that the security or evidence thereof is not physically situated within the United States.

"B. The Secretary of the Treasury may investigate, regulate, or prohibit under such rulings, regulations, or instructions as he may prescribe, by means of licenses or otherwise, the sending, mailing, importing or otherwise bringing, directly or indirectly, into the United States,

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from any foreign country, of any securities or evidences thereof or the receiving or holding in the United States of any securities or evidences thereof so brought into the United States. The provisions of General Ruling No. 5 of June 6, 1940, and all instructions issued pursuant thereto, are hereby continued in full force and effect, subject to amendment, modification or revocation pursuant to the provisions of this Order.

"C. In the case of any transaction covered by this section, an application for license may be filed in the manner indicated in the Regulations of April 10, 1940, as amended, issued pursuant to this Order.

"D. The Regulations of November 12, 1934, are hereby modified in so far as they are inconsistent with the provisions of this section.

"Section 14. The Secretary of the Treasury may require any person to furnish under oath, complete information relative to any transaction referred to in this Order, or with respect to any property in which any foreign country designated in this Order, or any national thereof, has any interest, including the production of any books of account, contracts, letters, or other papers, in connection therewith, in the custody or control of such person, either before or after such transaction is completed."

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

July 25, 1940.

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 8389
OF APRIL 10, 1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Rumania or any national thereof has at any time on or since October 9, 1940, had any interest of any nature whatsoever, direct or indirect; except that, in defining "Rumania" and "national" of Rumania, the date "October 9, 1940" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
October 10, 1940.

EXECUTIVE ORDER NO. 8701

AMENDMENT OF EXECUTIVE ORDER NO. 8389
OF APRIL 10, 1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Bulgaria or any national thereof has at any time on or since March 4, 1941, had any interest of any nature whatsoever, direct or indirect; except that, in defining "Bulgaria" and "national" of Bulgaria the date "March 4, 1941" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

March 4, 1941

EXECUTIVE ORDER 8711

AMENDMENT OF EXECUTIVE ORDER NO. 8389
OF APRIL 10, 1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Hungary or any national thereof has at any time on or since March 13, 1941, had any interest of any nature whatsoever, direct or indirect; except that, in defining "Hungary" and "national" of Hungary the date "March 13, 1941" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

March 13, 1941.

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AMENDMENT OF EXECUTIVE ORDER NO. 8389
OF APRIL 10, 1940, AS AMENDED

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Yugoslavia or any national thereof has at any time on or since March 24, 1941, had any interest of any nature whatsoever, direct or indirect; except that, in defining "Yugoslavia" and "national" of Yugoslavia the date "March 24, 1941" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT.

March 24, 1941.

TREASURY DEPARTMENT
Office of the Secretary
April 10, 1940.

REGULATIONS

Relating to Transactions In Foreign Exchange, Transfers of Credit, Payments, and the Export or Withdrawal of Coin, Bullion and Currency; and to Reports of Foreign Property Interests in the United States. (*)

Section 130.1. Authority for regulations. These regulations are prescribed and issued under authority of Section 5(b) of the Act of October 6, 1917 (40 Stat. 411) as amended by Section 2 of the Act of March 9, 1933 (48 Stat. 1), and Executive Order No. 6560, dated January 15, 1934, as amended. (*)

Section 130.2. Definitions.

(a) The term "Order" shall refer to Executive Order No. 6560, of January 15, 1934, as amended.

(b) The term "regulations" shall refer to these regulations.

(c) The terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers, and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, other evidences of title or ownership, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, insurance policies, safe deposit boxes and their contents, annuities, et cetera.

(*) Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; sec. 2, 48 Stat. 1; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940.

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(d) Safe deposit boxes shall be deemed to be in the "custody" not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term "custody".

(e) For the meaning of other terms reference should be made to the definitions contained in the Order. (*)

Section 130.3. Licenses to engage in foreign exchange transactions, et cetera. Applications for licenses to engage in foreign exchange transactions, transfers of credit, payments, or the export or withdrawal from the United States or the earmarking of gold or silver coin or bullion or currency, involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed in duplicate with the Federal Reserve bank of the district in which the applicant resides or has his principal place of business or principal office or agency, or with the Federal Reserve Bank of New York if the applicant has no legal residence or principal place of business or principal office or agency in a Federal Reserve district. Application forms may be obtained from any Federal Reserve bank, mint or assay office, or the Secretary of the Treasury, Washington, D. C. Applications shall be executed under oath before an officer authorized to administer oaths, or if executed outside of the United States, before a diplomatic or consular officer of the United States. The applicant shall furnish such further information as shall be requested of him by the Secretary of the Treasury or the Federal Reserve bank at which the application is filed. Licenses will be issued by the Secretary of the Treasury, acting directly or through any agencies that he may designate, and by the Federal Reserve banks acting in accordance with such rules, regulations, and instructions as the Secretary of the Treasury may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury may determine in rules, regulations, and instructions prescribed by him. The Federal Reserve bank at which an application is filed will advise the applicant of the granting or denial of the license. When the transaction authorized by the license has been completed the license should be returned by the licensee to the Federal Reserve bank at which the application was filed, except in the case of licenses for the export or withdrawal of currency or gold or silver coin or bullion, in which case the license, after having been cancelled by the collector of customs or the postmaster through whom the exportation or withdrawal was made, shall be sent by such collector of customs or postmaster to the Federal Reserve bank at which the application was filed. Appropriate forms for applications

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and licenses will be prescribed by the Secretary of the Treasury. Licensees may be required to file reports upon the consummation of the transactions. The decision of the Secretary of the Treasury with respect to the approval or disapproval of an application shall be final. (*)

Section 130.4. Reports of Property Interests of Norway and Denmark and Nationals Thereof.

(a) Within ten days from the publication of these regulations in the Federal Register, reports shall be filed on Form TFR-100, duly executed under oath, containing the information called for in such Form, with respect to all property situated in the United States on the date as of which the report is made in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever direct or indirect. Such reports shall be filed by:

(1) Every person in the United States directly or indirectly holding, or having title to, or custody, control, or possession of such property including, without any limitation whatsoever of the foregoing, every partnership, association, or corporation organized under the laws of the United States or any state or territory of the United States, or having its principal place of business in the United States, in the shares of whose stock or in whose debentures, notes, bonds, coupons, or other obligations or securities Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, and

(2) Every agent or representative in the United States for Norway or Denmark or any national thereof having any information with respect to any such property.

Provided, That no report on Form TFR-100 need be filed where the total value of all property interests to be reported is less than \$250.

(b) The date as of which all reports on Form TFR-100 are required to be made is April 8, 1940.

(c) At the close of every business day in which there shall occur any acquisition, transfer, disposition, or any other dealing in any of the property interests designated in paragraph (a) above, a report, or reports, on Form TFR-200,

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duly executed under oath, containing the information called for in such Form shall be filed by every person, agent, et cetera, referred to in paragraph (a) above, provided, however, that such reports for the ten day period from the date of publication of these regulations in the Federal Register, may be filed at any time within such ten day period.

(d) Neither filing nor the failure to file a report or reports required to be filed on Form TFR-100, nor the absence of a duty to file such report or reports shall in any way affect the duty to file a report or reports on Form TFR-200, and vice versa.

(e) Reports shall be executed and filed in triplicate with the Federal Reserve bank of the district in which the party filing the report resides or has his principal place of business or principal office or agency, or if such party has no legal residence or principal place of business or principal office or agency in a Federal Reserve district, then with the Federal Reserve Bank of New York. A report shall be deemed to have been filed when it is received by the proper Federal Reserve bank or when it is properly addressed and mailed and bears a postmark dated prior to midnight of the date upon which the report is due. At the close of each business day the Federal Reserve bank shall forward two executed copies of every report filed on that day to the Secretary of the Treasury.

(f) (1) All spaces in the report must be properly filled in. Reports found not to be in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the Order.

(2) Where space in the report form does not permit full answers to questions, the information required may be set forth in supplementary papers incorporated by reference in the report and submitted therewith. Supplementary documents and papers must be referred to in the principal statement in chronological or other appropriate order and be described in such manner that they can be identified.

(g) A separate report under oath must be filed by each person required to file a report except that persons holding property jointly may file a joint report.

(h) Upon a written request made to the Secretary of the Treasury by a party required to file a report, setting forth reasons why the report cannot be filed on or before the date such report is due, the Secretary of the Treasury, in his discretion, may grant such an extension of time for making the report as under the circumstances shall appear to be required.

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(1) Report Forms TFR-100 and TFR-200 may be obtained from any Federal Reserve bank, mint or assay office and the Secretary of the Treasury, Washington, D. C. (*)

Section 130.5. Penalties. Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, provides in part:

" * * * Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subdivision the term 'person' means an individual, partnership, association, or corporation." (*)

Section 130.6. Modification or Revocation. These regulations and any Forms or instructions issued hereunder may be modified or revoked at any time. (*)

H. MORGENTHAU, Jr.

Secretary of the Treasury.

APPROVED: April 10, 1940.

FRANKLIN D. ROOSEVELT

TREASURY DEPARTMENT
Office of the Secretary
May 10, 1940.

AMENDMENT TO REGULATIONS

The Regulations of April 10, 1940, are amended to read as follows:

"REGULATIONS

"Relating to Transactions in Foreign Exchange, Transfers of Credit, Payments, and the Export or Withdrawal of Coin, Bullion and Currency, and Transfers, Withdrawals and Exportations of, or Dealings in, Evidences of Indebtedness or Ownership; and to Reports of Foreign Property Interests in the United States. (*)

"Section 130.1. Authority for regulations. These regulations are prescribed and issued under authority of Section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and Executive Order No. 6560, dated January 15, 1934, as amended. (*)

"Section 130.2. Definitions.

"(a) The term 'Order' shall refer to Executive Order No. 6560, of January 15, 1934, as amended.

"(b) The term 'regulations' shall refer to these regulations.

"(c) The terms 'property' and 'property interest' or 'property interests' shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers, and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trade-marks, copyrights, insurance policies, safe deposit boxes and their contents, annuities, et cetera.

(*) Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Lx. Order 8389, April 10, 1940; Lx. Order 8405, May 10, 1940.

"(d) Safe deposit boxes shall be deemed to be in the 'custody' not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term 'custody'.

"(e) For the meaning of other terms reference should be made to the definitions contained in the Order. (a)

"Section 130.3. Licenses to engage in foreign exchange transactions, etc. Applications for licenses to engage in foreign exchange transactions, transfers of credit, payments, the export or withdrawal from the United States or the earmarking of gold or silver coin or bullion or currency, or the transfer, withdrawal or exportation of, or dealing in, any evidences of indebtedness or evidences of ownership of property, involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed in duplicate with the Federal Reserve bank of the district or the Governor or High Commissioner of the territory or possession of the United States in which the applicant resides or has his principal place of business or principal office or agency, or with the Federal Reserve Bank of New York if the applicant has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a territory or possession of the United States. Application forms may be obtained from any Federal Reserve bank, mint or assay office, or the Secretary of the Treasury, Washington, D. C. Applications shall be executed under oath before an officer authorized to administer oaths, or if executed outside of the United States, before a diplomatic or consular officer of the United States. The applicant shall furnish such further information as shall be requested of him by the Secretary of the Treasury or the Federal Reserve bank or other agency at which the application is filed. Licenses will be issued by the Secretary of the Treasury, acting directly or through any agencies that he may designate, and by the Federal Reserve banks acting in accordance with such rules, regulations, and instructions as the Secretary of the Treasury may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury may determine in rules, regulations, and instructions prescribed by him. The Federal Reserve bank or other agency at which an application is filed will advise the applicant of the granting or denial of the license. Licenses for the export or withdrawal of currency or gold or silver coin or bullion or evidences of indebtedness or evidences of ownership of property, after having been cancelled by the collector of customs or the postmaster through whom the exportation or withdrawal was made, may

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be returned by such collector of customs or postmaster to the licensee. Appropriate forms for applications and licenses will be prescribed by the Secretary of the Treasury. Licensees may be required to file reports upon the consummation of the transactions. The decision of the Secretary of the Treasury with respect to the approval or disapproval of an application shall be final. (*)

"Section 130.4. Reports of Property Interests of Norway, Denmark, the Netherlands, Belgium, Luxembourg and Nationals Thereof.

"(a) On or before May 15, 1940, reports shall be filed on Form TFR-100, duly executed under oath, containing the information called for in such Form, with respect to all property situated in the United States on April 8, 1940, in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect. Within thirty days of the publication of these regulations in the Federal Register, reports shall be filed on Form TFR-100, duly executed under oath, containing the information called for in such Form, with respect to all property situated in the United States on May 10, 1940, in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect. Such reports shall be filed by:

"(1) Every person in the United States directly or indirectly holding, or having title to, or custody, control, or possession of such property including, without any limitation whatsoever of the foregoing, every partnership, association, or corporation organized under the laws of the United States or any state or territory of the United States or having its principal place of business in the United States, in the shares of whose stock or in whose debentures, notes, bonds, coupons, or other obligations or securities Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or in which the Netherlands, Belgium, or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect; and

"(2) Every agent or representative in the United States for Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof having any information with respect to any such property.

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"Provided, That no report on Form TFR-100 need be filed where the total value of all property interests to be reported is less than \$250.

"(b) Reports shall be executed and filed in triplicate with the Federal Reserve bank of the district or the Governor or High Commissioner of the territory or possession of the United States in which the party filing the report resides or has his principal place of business or principal office or agency, or if such party has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a territory or possession of the United States, then with the Federal Reserve Bank of New York. A report shall be deemed to have been filed when it is received by the proper Federal Reserve bank or other agency or when it is properly addressed and mailed and bears a postmark dated prior to midnight of the date upon which the report is due. The Federal Reserve bank and other agencies shall promptly forward two copies of every report filed with it to the Secretary of the Treasury.

"(c)(1) All spaces in the report must be properly filled in. Reports found not to be in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the Order.

"(2) Where space in the report form does not permit full answers to questions, the information required may be set forth in supplementary papers incorporated by reference in the report and submitted therewith. Supplementary documents and papers must be referred to in the principal statement in chronological or other appropriate order and be described in such manner that they can be identified.

"(d) A separate report under oath must be filed by each person required to file a report except that persons holding property jointly may file a joint report.

"(e) The Secretary of the Treasury may, in his discretion, grant such extensions of time as he deems advisable for the making of any or all of the reports required by these regulations.

"(f) Report Form TFR-100 may be obtained from any Federal Reserve bank, mint or assay office and the Secretary of the Treasury, Washington, D. C. (*)

"Section 130.5. Penalties. Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, provides in part:

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"**** Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subdivision the term 'person' means an individual, partnership, association, or corporation." (*)

"Section 130.6. Modification or Revocation. These regulations and any Forms or instructions issued hereunder may be modified or revoked at any time. (*)"

HENRY MORGENTHAU, JR.

Secretary of the Treasury.

APPROVED: May 10, 1940, 7:55 A.M., E.S.T.

FRANKLIN D. ROOSEVELT

TREASURY DEPARTMENT,
Office of the Secretary,
June 17, 1940.

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on June 17, 1940, in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed by July 17, 1940.

H. MORGENTHAU, JR.
Secretary of the Treasury.

APPROVED: June 17, 1940.

FRANKLIN D. ROOSEVELT

* Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940.

TREASURY DEPARTMENT,
Office of the Secretary,
July 16, 1940.

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Latvia, Estonia or Lithuania or any national thereof has at any time on or since July 10, 1940, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on July 10, 1940, in which Latvia, Estonia or Lithuania or any national thereof has at any time on or since July 10, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed by August 10, 1940.

H. MORGENTHAU, JR.
Secretary of the Treasury.

APPROVED: July 15, 1940.
FRANKLIN D. ROOSEVELT.

*Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S. C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940.

TREASURY DEPARTMENT,
Office of the Secretary,
October 10, 1940.

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Rumania or any national thereof has at any time on or since October 9, 1940, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on October 9, 1940, in which Rumania or any national thereof has at any time on or since October 9, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed by November 9, 1940.

H. MORGENTHAU, JR.
Secretary of the Treasury.

APPROVED: October 10, 1940.

FRANKLIN D. ROOSEVELT

* Sections 130.1 to 130.6; - Sec. 5(b), 40 Stat. 415 and 955; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Ex. Order 8565, October 10, 1940.

TREASURY DEPARTMENT
Office of the Secretary,
March 4, 1941

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Bulgaria or any national thereof has at any time on or since March 4, 1941, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on March 4, 1941, in which Bulgaria or any national thereof has at any time on or since March 4, 1941, had any interest of any nature whatsoever, direct or indirect, shall be filed by April 4, 1941.

H. MORGENTHAU, JR.
Secretary of the Treasury

APPROVED: March 4, 1941.
FRANKLIN D. ROOSEVELT.

* Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Ex. Order 8565, October 10, 1940; Ex. Order 8701 March 4, 1941.

TREASURY DEPARTMENT
Office of the Secretary
March 13, 1941

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Hungary or any national thereof has at any time on or since March 13, 1941, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on March 13, 1941, in which Hungary or any national thereof has at any time on or since March 13, 1941, had any interest of any nature whatsoever, direct or indirect, shall be filed by April 13, 1941.

H. MORGENTHAU, JR.
Secretary of the Treasury.

APPROVED:
FRANKLIN D. ROOSEVELT.

*Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Ex. Order 8565, October 10, 1940; Ex. Order 8701, March 4, 1941; Ex. Order 8711, March 13, 1941.

TREASURY DEPARTMENT
Office of the Secretary
March 24, 1941

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Yugoslavia or any national thereof has at any time on or since March 24, 1941, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on March 24, 1941, in which Yugoslavia or any national thereof has at any time on or since March 24, 1941, had any interest of any nature whatsoever, direct or indirect, shall be filed by April 24, 1941.

D. W. Bell,
Acting Secretary of the Treasury.

* Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Ex. Order 8565, October 10, 1940; Ex. Order 8701, March 4, 1941; Ex. Order 8711, March 13, 1941; Ex. Order 8721, March 24, 1941.

(Orig) #12
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Enc. #2

Statement and results of message from the President
to the Congress dated July 1, 1945, relative to excess
profits taxes.

The matter of taxing excess profits came up for consideration in the Committee on Ways and Means when it was preparing the Revenue Bill of 1945, which became law on June 22, 1945. As stated in the Committee Report on that bill (H.R. Report No. 2021, 76th Congress, 2d Session), the Committee thought that the complex problems involved in an excess profits tax would require too long a period of study to permit such a tax to be included in the Revenue Act of 1945. However, the Committee expressed its conviction that tax legislation to prevent persons from unduly profiting from the defense program was desirable and instructed its technical experts and the appropriate Treasury officials to accelerate their studies of excess profits taxation in order to have recommendations ready for consideration by "the opening of the next session of Congress." The provision of special amortization deductions for income tax purposes, in respect of facilities necessary for the national defense, was to be studied at the same time.

On July 1, 1945, the President sent to the Congress a message recommending "the enactment of a steeply graduated excess profits tax, to be applied to all individuals and all corporate organizations without discrimination" in order to ensure that the national defense program would not result in enrichment of a few at the expense of the many.

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As a consequence of this message the studies on excess profits taxation were carried on with a view to action in the current session of the Congress. The Ways and Means Subcommittee on Taxation, the Staff of the Joint Committee on Internal Revenue Taxation, the House Legislative Council's Office, and the Treasury collaborated in such studies. On August 8, 1940, the Subcommittee submitted its report containing a proposed excess profits tax, and this report became the basis for subsequent Congressional deliberations on the subject.

On October 8, 1940, the Excess Profits Tax Act of 1940 became law as part of the Second Revenue Act of 1940 with the approval of the President. As the title indicates, this Act provided for an excess profits tax, which was made applicable to corporations, but not to individuals. In this connection, the report of the Committee on Ways and Means, dated August 29, 1940, (H.R. Report No. 2894, 76th Congress, 2d Session) had pointed out that the excess profits tax should be applied only to corporations because of the existence of heavy surtaxes applicable to individuals and because of the difficulties of determining the capital invested in a business by an individual proprietor or partnership.

April 25, 1941.

Mr. Euhn

Mr. White

Subject: Results of the President's Message of November 30, 1940 on Financial Aid to China.

On the day that the President made his statement, November 30th, the Export-Import Bank authorized an additional loan to China of \$50,000,000. Of this amount \$25,000,000 had been disbursed by April 1, 1941. Two days after the President's message, the Secretary of the Treasury obtained a Congressional committee's approval for a \$50,000,000 stabilization loan to China. Negotiations for this loan were concluded in April.

It is significant that following the President's message parallel action was taken by the United Kingdom and Russia. On December 10th, the United Kingdom Government announced extension of a new credit of £10,000,000, about \$40,000,000 to China. The U.S.S.R. followed with loan agreements in December and January.

The announcement by the President was enthusiastically greeted in China by Government officials and all sections of the press. In Japan, though official expression of disapproval was restrained, public speakers and the press thoroughly denounced the new American move as tending to stiffen Chinese morale and hence prolong the conflict.

The message was certainly a factor in promoting confidence in China's national currency and thus in helping to sustain its foreign

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Division of Monetary
Research

exchange value. The rate, even during the establishment in January by the Japanese-Puppet Government at Hanking of a Central Reserve Bank of issue, was well maintained.

Commentators in both China and the United States were agreed that the President's message served to bolster the pro-American, pro-democratic, anti-axis groups in Chungking and throughout all China. Indicative of these attitudes was the opinion expressed in an editorial of the March 11th issue of the New York Times:

"One fact should be made clear to both sides or all sides of the controversy. American sympathy has been given and American aid has been extended in the hope that China would become not only free but democratic. Americans will not give aid to support either side of a Chinese civil war."

WWT:rel:gle

THE WHITE HOUSE
WASHINGTON

April 1, 1941.

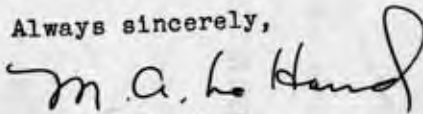
Dear Mr. Secretary:-

Would you be good enough to send us the following information in connection with the President's Public Papers and Addresses:

1. A memorandum showing the history of the freezing of funds of the various countries of Europe and Asia; the method of operation, the extent thereof (if this is not confidential), and the results.
2. Results of the recommendation of the President in his message to the Congress for a steeply graduated excess profits tax, dated July 1, 1940.
3. Results, if any, of the President's message of November 30, 1940 on financial aid to China.

With many thanks,

Always sincerely,



M. A. Le Hand
PRIVATE SECRETARY

The Honorable
The Secretary of the Treasury,
Washington, D. C.

THE WHITE HOUSE
WASHINGTON

March 14, 1941.

Dear Mr. Secretary:-

In connection with the President's Public Papers and Addresses we are anxious to have from you a memorandum on the procedure, history and results of the freezing of credits of the various nations of Europe as they became involved in the war.

With kindest regards,

Always sincerely,

M A Le Hand
M. A. Le Hand
PRIVATE SECRETARY

The Honorable
The Secretary of the Treasury,
Washington, D. C.

12-11 1941

These two were not sent with ltr. of 4/30/41

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EXECUTIVE ORDER

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AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF APRIL 10,
1940, AS AMENDED.

By virtue of the authority vested in me by section 5(b) of the Act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which Greece or any national thereof has at any time on or since April 28, 1941, had any interest of any nature whatsoever, direct or indirect; except that, in defining "Greece" and "national" of Greece, the date "April 28, 1941" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

April 28, 1941

TREASURY DEPARTMENT,
 Office of the Secretary,
 April 28, 1941

AMENDMENT TO REGULATIONS*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which Greece or any national thereof has at any time on or since April 28, 1941, had any interest of any nature whatsoever, direct or indirect; except that reports on TFR-100 with respect to all property situated in the United States on April 28, 1941, in which Greece or any national thereof has at any time on or since April 28, 1941, had any interest of any nature whatsoever, direct or indirect, shall be filed by May 28, 1941.

H. MORGENTHAU, JR.

Secretary of the Treasury.

APPROVED: April 28, 1941
 FRANKLIN D. ROOSEVELT

* Sections 130.1 to 130.6: - Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U.S.C. 95a; Ex. Order 6530, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8435, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Ex. Order 8565, October 10, 1940; Ex. Order 8701, March 4, 1941; Ex. Order 8711, March 13, 1941; Ex. Order 8721, March 24, 1941; Ex. Order 8746, April 28, 1941.

APRIL 30, 1941

The following text of a letter from the President to Rear Admiral Emory S. Land, United States Maritime Commission, is released for publication in papers appearing on the streets not earlier than 9:00 P.M., E.S.T., April 30, 1941. The same release of the text of the letter also applies to radio announcements and news commentators.

CARE MUST BE EXERCISED TO PREVENT FALSIFICATION PUBLICATION.

STEPHEN EARLY
Secretary to the President

"April 30, 1941

"My dear Admiral:

"As part of the defense effort to which this country is committed I wish you at the earliest possible moment to secure the service of at least two million tons of merchant shipping which now exists and plan the operation thereof in such a manner as will make their cargo space immediately effective in accomplishing our objective of all out aid to the Democracies. I realize fully that to get cargo and refrigerated ships and tankers diverted from their existing or proposed routes of travel will cause not only great inconvenience but the loss of trade and sacrifices by the consuming public. But vital war materials are piling up at the ports or delayed at the factories. To must supply those ships and at once. I am sure the crews of our ships will gladly cooperate in this essential undertaking.

"This program falls naturally into two parts. First, to arrange for the utilization in routes to the combat zone of foreign ships or ships which are to be transferred to foreign registry and secondly, to reallocate our own flag ships, including those which will be completed in the next few months, in such a way as to make every cargo directly or indirectly useful to our defense efforts and the winning by the Democracies of the battle now being waged in the Atlantic. As I indicated to you, I believe that you should assign a special person who will give him full time to the carrying out of this directive.

"I have been pleased to hear of the progress you have made with the ship building program but I cannot stress too strongly the urgent necessity of keeping all of the existing shipyards in continuous operation. Every possible means should be immediately explored to increase the number of employees at work, to further develop the training program and to speed up the building of the additional ship building ways already authorized.

"I know from long experience of the great capacity of our ship builders and of the skill of the workers who build the ships, but our merchant fleet must be expanded faster than we had planned so that ships and more ships will be available to carry the food and the munitions of war to the Democracies of the world.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT"

Regraded Unclassified

MAY 2, 1941

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April 30, 1941

Dear Mr. Knudsen and Mr. Hillman:

My recent discussions with you have emphasized in my mind the urgent necessity of **expanding** and speeding up the manufacture and use of critical machine tools. I have watched the steady and substantial growth of the machine tool industry during the past months. At the same time I have seen the critical machines in our defense plants used in an ever growing number of hours each week. I know that this increase has been caused by the hard work of yourselves, of your associates and of the men who manage and work in the plants throughout the nation.

But it is not enough. The ever increasing demands for munitions, planes and ships, caused by the critical situation which confronts our nation, requires that they be produced in even larger quantities and ahead of the schedules assigned to them. It is essential that industry continue to increase the number of vital machines manufactured and that every single critical machine in the United States be used the maximum number of hours each week.

Every effort should be made to utilize to the very limit those critical machines; if they be in defense plants by increased hours of operation on the work at hand; if in other plants by finding defense items or parts for them to make or, as a last resort, by moving the tools to defense plants where they may be urgently needed.

Our problem is to see to it that there is no idle critical machine in the United States. The goal should be to work these machines twenty four hours a day and seven days a week, relieving the machines only for such time as is required for overhauling and repair.

The country should be further combed for men who have had experience on these machines. We should ask them to transfer their efforts to this operation which is so essential to our defense. No effort or justifiable expense should be spared in speeding this program, in order to obtain the objective which our national interests require.

Workers and managers will, I believe, join with you with spirit and determination in pursuing and achieving this goal at the earliest possible moment.

Very truly yours,

FRANKLIN D. ROOSEVELT

The Honorable
William S. Knudsen,
Office of Production Management.

April 30, 1941

MEMORANDUM FOR THE SECRETARY:

Attached are three tables submitted in response to your request:

(1) The first table shows the amounts of defense contracts let through February 28, 1941, to the 100 concerns receiving the largest amounts of contracts, and the proportion of the total contracts over \$10,000 which these represented, as revised. Information regarding the total number of contractors and the total amount of all contracts let, regardless of size, was not available in the defense agencies. Information on government contracts compiled by the Department of Labor was found to be incomplete and not up-to-date.

(2) The second table shows the defense contracts announced during the month of March, 1941, let to concerns appearing in the first table of 100. The amounts in the second table are not all additional to the amounts in the first table since an undetermined number of contracts let prior to March 1 were announced during March.

(3) The third table shows information derived from income tax returns regarding wages, taxes and profits of 85 of the 100 corporations, 83 being all for which 1939 returns could be located. The 1940 returns were not available for most of the corporations and in numerous cases the figures for salaries and wages paid were not shown separately. A previously submitted table showed similar information from company reports for corporations for which the data were shown.

It will be recalled that a table was submitted some time ago listing the persons working in the defense organizations who are connected with the 100 corporations.

We have been informed that information is not available in the defense agencies with regard to the total amount of cost-plus-fixed-fee contracts that have been let or to the profits being made on defense contracts.

TAS

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Table 1

Defense contracts awarded to February 28, 1941 ^{1/}
(excluding contracts to Government arsenals and shipyards)

(In millions of dollars)

Number:	Name of company	: Amount of : : defense : : contracts :	Cumulative	
			Amount	:Percent of : total ^{1/}
1	Bethlehem Steel	\$901	\$ 901	8.5
2	General Motors	601	1,502	14.2
3	Dupont	509	2,011	19.0
4	Curtiss-Wright	423	2,434	23.1
5	Newport News S.B.&D.D. Co.	403	2,837	26.9
6	U. S. Steel	382	3,219	30.5
7	New York S. B. Corp.	228	3,447	32.7
8	Douglas Aircraft Corp.	220	3,667	34.8
9	United Aircraft	215	3,882	36.8
10	Consolidated Aircraft	214	4,096	38.8
11	Seattle-Tacoma S. B. Co.	171	4,267	40.5
12	Boeing	154	4,421	41.9
13	Ford	148	4,569	43.3
14	Bath Iron Works	128	4,697	44.5
15	Electric Boat	124	4,821	45.7
16	North American Aviation	122	4,943	46.9
17	Glen L. Martin	116	5,059	48.0
18	Western Cartridge Co.	103	5,162	49.0
19	Consolidated Steel	101	5,263	49.9
20	Sun Shipbuilding Co.	97	5,360	50.8
21	Sperry Gyroscope Co.	94	5,454	51.7
22	White Motor Co.	86	5,540	52.5
23	Chrysler Corp.	83	5,623	53.3
24	Bendix Aviation Corp.	72	5,695	54.0
25	Baldwin Locomotive	70	5,765	54.7
26	Hercules Powder Co.	64	5,829	55.3
27	Packard Motor Car Co.	63	5,892	55.9
28	Republic Aviation	62	5,954	56.5
29	American Car & Foundry	62	6,016	57.1
30	American Locomotive Co.	53	6,069	57.6

^{1/} Excludes contracts of less than \$10,000.

Defense contracts awarded to February 28, 1941 ^{1/}
(excluding contracts to Government arsenals and shipyards)

(In millions of dollars)

Number:	Name of company	Amount of defense contracts	Cumulative	
			Amount	Percent of total ^{1/}
31	Ingalls Shipbuilding Corp.	52	6,121	58.0
32	General Electric	50	6,171	58.5
33	Grumman Aircraft	48	6,219	59.0
34	American Woolen Co.	46	6,265	59.4
35	Day & Zimmerman, Inc.	46	6,311	59.8
36	Lockheed Aircraft	46	6,357	60.3
37	Budd Wheel Co.	44	6,401	60.7
38	Los Angeles S.B.&D.D. Co.	42	6,443	61.1
39	Vultee Aircraft	42	6,485	61.5
40	Continental Motors Corp.	41	6,526	61.9
41	Moore Drydock Co.	38	6,564	62.2
42	George A. Fuller Co.	36	6,600	62.6
43	Fairchild Aviation	36	6,636	62.9
44	Associated Ship Builders	35	6,671	63.3
45	Studebaker Corp.	34	6,705	63.6
46	Hawaiian Dredging Co. & Assoc.	33	6,738	63.9
47	Colt's Patent Firearms	32	6,770	64.2
48	Gulf Shipbuilding	31	6,801	64.5
49	Manitowoc Ship Bldg. Co.	31	6,832	64.8
50	Northern Pump Co.	31	6,863	65.1
51	Winston Bros. Company	30	6,893	65.4
52	Proctor & Gamble Defense Corp.	28	6,921	65.6
53	Todd & Brown Inc.	27	6,948	65.9
54	J. A. Jones Construction Co.	27	6,975	66.1
55	Scoville Manufacturing Co.	27	7,002	66.4
56	Eastman Kodak Company	26	7,028	66.6
57	Williamette Iron & Steel Corp.	26	7,054	66.9
58	Beech Aircraft Corp.	25	7,079	67.1
59	Radio Corporation of America	24	7,103	67.4
60	Bell Aircraft Corp.	23	7,126	67.6

^{1/} Excludes contracts of less than \$10,000.

Defense contracts awarded to February 28, 1941 ^{1/}
(excluding contracts to Government arsenals and shipyards)

(In millions of dollars)

Number:	Name of company	Amount of: defense contracts	Cumulative	
			Amount	Percent of total ^{1/}
61	Diamond T. Motor Car Co.	23	7,149	67.8
62	J. P. Stevens Co.	23	7,172	68.0
63	Western Electric	22	7,194	68.2
64	Fairbanks Morse & Co.	21	7,215	68.4
65	Autocar Company	21	7,236	68.6
66	Brewster Aeronautical Corp.	20	7,256	68.8
67	E. B. Badger & Sons	19	7,275	69.0
68	A. Guthrie & Co.	19	7,294	69.2
69	Lansdowne Steel & Iron Co.	19	7,313	69.4
70	Guy F. Atkinson Co.	18	7,331	69.5
71	Standard Oil of N. J.	18	7,349	69.7
72	William Whitman	18	7,367	69.9
73	Mason & Hangar Co.	18	7,385	70.0
74	Virginia Engineering Co.	17	7,402	70.2
75	National Pneumatic Co., Inc.	17	7,419	70.4
76	Borg-Warner Corp.	16	7,435	70.5
77	Aviation Mfg. Corp.	15	7,450	70.6
78	Foley Bros. Inc.	15	7,465	70.8
79	Fred Snare Corp.	15	7,480	70.9
80	York Safe & Lock Co.	14	7,494	71.1
81	Westinghouse	14	7,508	71.2
82	T. A. Loving & Co.	14	7,522	71.3
83	Pullman Standard Car Mfg. Co.	14	7,536	71.5
84	Sanderson & Porter	14	7,550	71.6
85	Botany Worsted Mills	13	7,563	71.7
86	Defoe Boat & Motor Works	13	7,576	71.8
87	Hardaway Construction Co.	13	7,589	72.0
88	Crucible Steel	12	7,601	72.1
89	Dunn Construction Co., Inc.	12	7,613	72.2
90	Willys Overland Motors Inc.	12	7,625	72.3

^{1/} Excludes contracts of less than \$10,000.

Defense contracts awarded to February 28, 1941 ^{1/}
(excluding contracts to Government arsenals and shipyards)

(In millions of dollars)

Number:	Name of company	Amount of defense contracts	Cumulative	
			Amount	Percent of total ^{1/}
91	Cramp Shipbuilding	12	7,637	72.4
92	Hooven, Owens, Rentschler	12	7,649	72.5
93	Johnston, Drake & Piper Co.	12	7,661	72.7
94	Allis-Chalmers Mfg. Co.	11	7,672	72.8
95	Fraser-Brace Engineering Co. Inc.	11	7,683	72.9
96	Fruin-Colnon Contracting Co.	11	7,694	73.0
97	H. W. Williams Co.	11	7,705	73.1
98	Mesta Machine Company	10	7,715	73.2
99	Mullins Mfg. Corporation	10	7,725	73.3
100	Mergenthaler Linotype Company	10	7,735	73.4
	Sub-total	7,735	7,735	73.4
	All other companies	2,810	10,545	100.0
	Total all contracts of \$10,000 or more	10,545	10,545	100.0

^{1/} Excludes contracts of less than \$10,000.

Table 2

263

Defense Contracts Announced in March, 1941 for Companies
awarded the largest volume of defense contracts
through February 28, 1941
(excluding contracts to Government arsenals and shipyards)

Name of Company	Contracts awarded through February 28, 1941 1/		Contracts announced in March, 1941 2/	
	Amount		Amount	
	Rank:(millions of dollars)		Rank:(millions of dollars)	
Bethlehem Steel	1	\$901.0	70	\$ 1.3
General Motors	2	601.0	5	12.3
Curtiss-Wright	4	425.0	55	1.8
U. S. Steel	6	382.0	17	4.9
Ford	13	148.0	2	12.4
North American Aviation	16	122.0	86	.9
Western Cartridge	18	105.0	25	3.8
Sperry Gyroscope	21	94.0	22	4.3
Bendix Aviation	24	72.0	13	5.2
Baldwin Locomotive	25	70.0	89	.9
Hercules Powder Co.	26	64.0	96	.8
General Electric	32	50.0	76	1.2
American Woolen Co.	34	46.0	10	8.4
Vultee Aircraft	39	42.0	24	3.9
Fairchild Aviation	43	36.0	78	1.1
Studebaker Corp.	45	34.0	64	1.4
Colt's Patent Firearms	47	32.0	34	2.8
Sooville Manufacturing Co.	55	27.0	18	4.8
J. P. Stevens Co.	62	25.0	4	12.1
Fairbanks Morse	64	21.0	20	4.6
Fred Stone Corp.	79	15.0	37	2.6
York Safe & Lock	80	14.0	31	3.0
Westinghouse	81	14.0	36	2.7
Dafes Boat & Motor Works	86	13.0	15	5.0
Hardaway Construction Co.	87	13.0	56	1.7
Crucible Steel	88	12.0	38	2.6
Allis-Chalmers	94	11.0	14	5.1
W. H. Williams Co. & Assoc.	97	11.0	49	2.0

Treasury Department, Division of Tax Research

April 11, 1941

1/ O. P. M. data. Excludes contracts of less than \$10,000

2/ Includes all contracts of the War Department and all contracts over \$5,000 of the Navy Department announced in the press releases of the respective departments as compiled by the office of Government Reports. These figures are not strictly comparable with the data of the OPM reports on contracts awarded. Some contracts announced in March may have been awarded before March and included in the OPM data. Hence some duplication would be involved if the figures were added.

Defense contracts announced in March 1941 1/
(excluding contracts to Government arsenals and shipyards)

(In thousands of dollars)

Number :	Name of company :	Amount of : defense : contracts :	Cumulative : percent : of total :
1	Hudson Motor Car Co.	\$20,850	5.9
2	Ford Motor Car Co.	12,406	6.3
3	General Motors Corp.	12,504	8.7
4	J. P. Stevens, Inc.	12,129	11.1
5	Austin Co.	11,286	13.2
6	Utah Const. Co. & Assoc.	10,779	15.3
7	G. L. Tarleton & Assoc.	10,706	17.4
8	Manhattan Const. Co.	10,476	19.4
9	Sullivan, Long & Hagerty & Assoc.	9,437	21.2
10	American Woolen Co.	8,373	22.9
11	Dravo Corp.	6,698	24.2
12	J. A. Jones Const. Co.	5,556	25.2
13	Bendix Aviation Corp.	5,163	26.2
14	Allis Chalmers Mfg. Co.	5,120	27.2
15	Defoe Boat & Motor Works	4,961	28.1
16	Arundel Corp.	4,900	29.1
17	U. S. Steel	4,870	30.0
18	Scovill Mfg. Co.	4,802	31.0
19	Commercial Iron Works	4,771	31.9
20	Fairbanks, Morse & Co.	4,574	32.8
21	McQuay-Novi Mfg. Co.	4,461	33.6
22	Sperry Corp.	4,326	34.5
23	Hunkin Conkey Const. Co.	4,040	35.2
24	Vultee Aircraft, Inc.	3,867	36.0
25	Western Cartridge Co.	3,813	36.7
26	Hayward-Schuster Co., Inc.	3,770	37.5
27	International Business Machines	3,255	38.1
28	Lukens Steel Co.	3,099	38.7
29	Rheem Mfg. Co.	3,052	39.3
30	Wigton-Abbot Corp.	3,000	39.9
31	York Safe & Lock Co.	2,969	40.4
32	Ford, Bacon & Davis, Inc.	2,940	41.0
33	Peerless Woolen Mills	2,825	41.5
34	Colts Patent Firearms	2,818	42.1
35	MacDougald Const. Co. & Assoc.	2,813	42.6

Defense contracts announced in March 1941 1/
(excluding contracts to Government arsenals and shipyards)
(continued - 2)

Number :	Name of company	: Amount of : Cumulative	: defense : percent
:	:	: contracts :	: of total
36	Westinghouse Elec. & Mfg. Co.	\$2,695	43.1
37	Frederick Snare Corp.	2,630	43.7
38	Crucible Steel Co.	2,605	44.2
39	Platzner Boat Works	2,552	44.6
40	Revere Copper & Brass	2,549	45.1
41	Jeffersonville Boat & Mach. Co.	2,549	45.6
42	Albina Engine & Machine Works, Inc.	2,520	46.1
43	Pennsylvania Forge Corp.	2,500	46.6
44	Sullivan Dry Dock & Repair Co.	2,500	47.1
45	International Harvester Co.	2,498	47.6
46	Hobart Bros.	2,491	48.1
47	Worth Steel Co.	2,371	48.5
48	Babcock & Wilcox Co.	2,300	49.0
49	W. H. Williams Co. & Assoc.	2,037	49.3
50	Norris Stamping & Mfg. Co.	2,027	49.7
51	Cooper-Bessemer Corp.	1,952	50.1
52	Luders Marine Const. Co.	1,908	50.5
53	Universal Atlas Cement Co.	1,780	50.8
54	Reeves Bros.	1,775	51.2
55	Curtiss-Wright Corp.	1,770	51.5
56	Hardaway Contracting Co.	1,697	51.8
57	Utica Knitting Co.	1,697	52.2
58	Cramerton Mills, Inc.	1,601	52.5
59	Leece-Neville Co.	1,595	52.8
60	Chatham Mfg. Co.	1,588	53.1
61	T. L. James & Co.	1,459	53.4
62	Perrilliat-Rickey Const. Co., Inc., & Assoc.	1,441	53.7
63	A. B. Fien & Assoc.	1,409	53.9
64	Studebaker Corp.	1,375	54.2
65	Leland-Gifford Co.	1,363	54.5
66	Penn-Jersey Corp.	1,350	54.7
67	Nashville Bridge Co.	1,348	55.0
68	Bossert Co.	1,290	55.2
69	Cahill Bros. & Assoc.	1,289	55.5
70	Bethlehem Steel Co.	1,280	55.7

Defense contracts announced in March 1941 ^{1/}
(excluding contracts to Government arsenals and shipyards)
(continued - 5)

Number	Name of company	Amount of defense contracts	Cumulative percent of total
71	Jakobson Shipyard, Inc.	\$1,249	56.0
72	Consolidated Shipbuilding Co.	1,240	56.2
73	Alan Wood Steel Co.	1,256	56.4
74	Leatham Smith Coal & S. B. Co.	1,200	56.7
75	Axelson Mfg. Co.	1,168	56.9
76	General Electric Co.	1,158	57.1
77	Gardiner Warring Co., Inc.	1,132	57.3
78	Fairchild Aviation Corp.	1,124	57.5
79	Fuld & Hatch Knitting Co.	1,107	57.8
80	Youngstown Sheet & Tube Co.	1,095	58.0
81	Square D Co.	1,050	58.2
82	Monarch Machine Tool Co.	1,035	58.4
83	Gillmore-Carmichael-Olson Co.	957	58.6
84	Claussen-Lawrence Co.	954	58.7
85	Indian Motorcycle Co.	946	58.9
86	North American Aviation, Inc.	945	59.1
87	A. C. Lawrence Leather Co.	931	59.3
88	Champion-Spark Plug Co.	900	59.5
89	Baldwin Locomotive Co.	871	59.6
90	Harley Davidson Co.	870	59.8
91	J. L. Stefel & Sons	847	60.0
92	F. C. Huyck & Sons	824	60.1
93	Atlas Powder Co.	825	60.3
94	Brown Shoe Co.	811	60.4
95	American Bleached Goods Co.	805	60.6
96	Kilby Steel Co.	803	60.7
97	Standard Felt Co.	802	60.9
98	Hercules Powder Co.	790	61.1
99	International Shoe Co.	782	61.2
100	Joseph A. Bass Co.	782	61.4
Subtotal		517,511	61.4
All other companies		199,631	100.0
Total		\$517,142	

Source: Office of Government Reports

^{1/} Includes all contracts of the War Department and all contracts over \$5,000 of the Navy Department announced in the press releases of the respective departments as compiled by the Office of Government Reports. These figures are not strictly comparable with the data of the OPM reports on contracts awarded.

Table 3

268

MEMORANDUM

April 24, 1941.

TO: Secretary Morgenthau
FROM: Mr. Sullivan

I attach hereto the requested figures on
eighty-two of the one hundred companies with the
largest number of defense contracts.

TLS

Sales and Operating Records, Compiled Receipts, Salaries and Wages, Taxes, and Profits
for 1939 and 1940 for Selected Corporations

Firm number	Name of Corporation	Year ending	1939		Sum of sal- aries and wages, taxes, and compiled net profit	Salaries and wages	Total taxes	Compiled net profit after taxes	Sales and operating receipts	Compiled receipts	1940		Total taxes	Compiled net profit after taxes
			Sales and operating receipts	Compiled receipts							Sales and operating receipts	Sum of sal- aries and wages, taxes, and compiled net profit		
1	General Motors Corp.	Dec. 31	1,089,144,482	1,167,840,656	1/	(Not segregated)	40,644,352	509,277,343	Extension granted to 6-15-41					
2	E. I. DuPont de Nemours and Co.	Dec. 31	349,798,708	377,370,187	1/	(Not segregated)	21,374,436	70,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
3	Westport News Shipbuilding and Dry Dock Co.	Dec. 31	34,716,988	40,114,760	1/	(Not segregated)	1,100,600	4,831,644	Extension granted to 6-15-41 on 11-10 and 11-11					
4	New York Shipbuilding Co.	Dec. 31	37,047,609	37,443,024	1/	(Not segregated)	1,559,442	4,559,902	Extension granted to 6-15-41					
5		Dec. 31	Inactive						Inactive					
6	United Aircraft Corp.	Dec. 31	80,704,473	51,704,543	1/	(Not segregated)	11,640,308	3,187,944	Extension granted to 6-15-41 on 11-10 and 11-11					
7	Kendall Motors Co.	Dec. 31	679,904,485	685,130,606	1/	(Not segregated)	17,108,076	19,015,609	Extension granted to 6-15-41 on 11-10 and 11-11					
8	Continental Motors Co.	Dec. 31	11,501,432	11,940,097	1/	(Not segregated)	608,008	1,181,475	Extension granted to 6-15-41 on 11-10 and 11-11					
9	The Glenn L. Martin Co.	Dec. 31	24,174,684	24,285,126	1/	(Not segregated)	12,412,459	4,027,006	Extension granted to 6-15-41 on 11-10 and 11-11					
10	Western Aircraft Co.	Dec. 31	20,232,692	20,438,701	1/	(Not segregated)	14,500,032	7,474,454	Extension granted to 6-15-41 on 11-10 and 11-11					
11	Don Shipbuilding and Dry Dock Co.	Dec. 31	34,774,446	34,943,269	1/	(Not segregated)	1,000,918	3,529,265	Extension granted to 6-15-41 on 11-10 and 11-11					
12	General Motors Corp., Inc.	Dec. 31	14,060,000	14,138,742	1/	(Not segregated)	1,110,051	3,790,812	Extension granted to 6-15-41 on 11-10 and 11-11					
13	The Chrysler Corp.	Dec. 31	28,316,464	28,946,477	1/	(Not segregated)	6,208,007	4,474,094	Extension granted to 6-15-41					
14	Chrysler Corp.	Dec. 31	300,010,493	310,061,378	1/	(Not segregated)	70,432,200	87,230,044	Extension granted to 6-15-41					
15	General Motors Corp.	Dec. 31	25,384,934	27,073,009	1/	(Not segregated)	14,336,021	921,079	Extension granted to 6-15-41					
16	The Packard Motor Car Co.	Dec. 31	10,117,011	12,418,540	1/	(Not segregated)	4,404,352	497,004	Extension granted to 6-15-41					
17	General Motors Corp.	Dec. 31	45,375,451	44,038,780	1/	(Not segregated)	1,041,270	4,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
18	General Motors Corp.	Dec. 31	10,670,000	10,940,072	1/	(Not segregated)	1,000,000	969,013	Extension granted to 6-15-41 on 11-10 and 11-11					
19	General Motors Corp.	Dec. 31	323,559	335,376	1/	(Not segregated)	40,000	(500,000)	Extension granted to 6-15-41 on 11-10 and 11-11					
20	General Motors Corp.	Dec. 31	10,100,000	10,200,000	1/	(Not segregated)	8,000,000	10,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
21	General Motors Corp.	Dec. 31	11,700,000	11,800,000	1/	(Not segregated)	700,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
22	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
23	General Motors Corp.	Dec. 31	10,000,000	10,000,000	1/	(Not segregated)	10,000,000	10,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
24	General Motors Corp.	Dec. 31	11,000,000	11,000,000	1/	(Not segregated)	11,000,000	11,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
25	General Motors Corp.	Dec. 31	7,000,000	7,000,000	1/	(Not segregated)	7,000,000	7,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
26	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
27	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
28	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
29	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
30	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
31	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
32	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
33	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
34	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
35	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
36	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
37	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
38	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
39	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
40	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
41	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
42	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
43	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
44	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
45	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
46	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
47	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
48	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
49	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
50	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
51	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
52	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
53	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
54	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
55	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
56	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
57	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
58	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
59	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
60	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
61	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
62	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
63	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
64	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
65	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
66	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
67	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
68	General Motors Corp.	Dec. 31	1,000,000	1,000,000	1/	(Not segregated)	1,000,000	1,000,000	Extension granted to 6-15-41 on 11-10 and 11-11					
69	General Motors Corp.	Dec. 31	1,											

Footnotes

- () Indicates deficit.
- Not available because salaries and wages are not segregated.
- Excess-profits tax reported on Form 1181. Form 1181 (revised March, 1941) not yet received.
- Does not include excess-profits tax. This is included in consolidated return of parent company. Proportion applicable solely to this company cannot be ascertained.
- After deducting \$2,673,030 Vietnam Act reserves.
- Net profit from contracts. No gross receipts shown.
- Excess-profits tax estimated on tentative returns.

Explanation of Columnar Headings

Serial Number —This number corresponds to the number assigned to the corporation on the attached list relating to defense contracts.

Year Ending —The date shown represents the close of the accounting period covered by the income tax returns. As for example, September 30, means that the transactions for the year ending September 30, 1939, are tabulated with the 1939 figures and the transactions for the year ending September 30, 1940, are tabulated with the 1940 figures.

Sales and Operating Receipts —This item is the total of items 1 and 4 of page 1 of the corporation income tax return Form 1180. Item 1 reads: "Gross sales (where inventories are an income-determining factor) less returns and allowances". Item 4 reads: "Gross receipts (where inventories are not an income-determining factor)." Other income items on the face of the returns, representing largely investment income, have not been included with these receipts as they, in general, are not the result of the concern's productive activities. However, such other income is included in the "Total compiled receipts" and is given effect in the "compiled net profit" figures described below. (See also explanation of "total taxes.")

Compiled Receipts —This item represents the "Sales and operating receipts" described above plus all other income reported on the face of the corporation returns and plus all wholly tax-exempt interest shown in the schedules attached to the returns. Specifically it is the sum of items 1, 4, 6, and 7 through 12, page 1 of Form 1180 for 1940 and line 11(a) (1), (2) (5) and (5) of Schedule B of the same return and of corresponding items from the 1939 return form.

Sum of Salaries and Wages Taxes and Compiled Net Profit —This item represents the sum of "Salaries and wages" "Total taxes", and "Compiled net profit" each of which is described in the following explanatory paragraphs.

Salaries and Wages —This item is the total of "Salaries and wages" wherever found on the corporation income tax returns, Form 1180. In general, it represents the sum of salaries and wages from Schedules A and B showing cost of goods sold and cost of operations; item 15, page 1 "Compensation of officers"; item 16, page 1, "Salaries and wages (not deducted elsewhere)". In all cases where it is clear from the return that the aggregated totals for salaries and wages do not represent the total of all salaries and wages no amount has been shown in the table because of the likelihood of understatement. Lack of segregation of salaries and wages generally occurs in the schedules for cost of goods and cost of operations.

Total Taxes —This item is the total of the following items shown on the corporation income tax returns, Form 1180 for 1940, (and corresponding items on the return form for 1939), plus the total excess-profits tax on Form 1181 (Revised March, 1941) for 1940:

Item 21 — Taxes: Taxes other than income taxes taken as a deduction on the corporation income tax return.

Item 31 — Declared value excess-profits tax.

Item 37 — Federal income tax.

Schedules A and B: Taxes, such as social security taxes, included as an item of cost of goods and cost of operations, whenever identifiable. Extreme care has been used in examining the schedules attached to the returns so as to include this item, but in some instances such was not segregated and it is not possible to determine from the returns if such taxes were reported in this manner.

Compiled Net Profit (After taxes) —This item represents the declared value excess-profits net income of the corporation plus the wholly tax-exempt interest reported on the corporation income tax returns; less the declared value excess-profits tax; the Federal income tax; and, the excess-profits tax. The taxes other than these Federal taxes have previously been deducted in arriving at the declared value excess-profits net income. As between the years 1939 and 1940 for all corporations shown with "year ending" as December 31, this figure is not entirely comparable due to changes in the Revenue Act of 1940 affecting all concerns with taxable years beginning after December 31, 1939. The three principal changes relate to (1) treatment of capital gains, (2) amortization, and (3) net operating loss deduction. The information on the return does not permit of adjustments to precisely reconcile this item as between the two years.

**Sales and Operating Receipts, Compiled Receipts, Salaries and Wages, Taxes, and Profits
for 1940 and 1940 for Selected Corporations**

(Supplement to similar table for 41 companies submitted April 16, 1941)

Serial Number	Name of Corporation	Year ending	1939					1940					
			Sales and operating receipts	Compiled receipts	Sum of salaries and wages, taxes, and compiled net profit	Salaries and wages	Total taxes	Compiled net profit after taxes	Sales and operating receipts	Compiled receipts	Sum of salaries and wages, taxes, and compiled net profit	Total taxes	Compiled net profit after taxes
1	(Bethlehem Steel Co. (Del.))	Dec. 31	\$ 190,189,844	\$ 180,155,799	\$ 5/ (Not segregated)	418,280	\$ 228,441	\$ 228,006,284	\$ 228,108,868	\$ 5/ (Not segregated)	\$150,054	\$ 5/	\$ 339,041
2	(Bethlehem Steel Co. (Pa.))	Dec. 31	148,059,511	484,605,488	5/ (Not segregated)	11,147,004	8,899,370	Extension granted to 4-15-41 for filing Form 1120					
3	United States Steel Corp. (New Jersey)	Dec. 31	none	51,127,177	44,472,147	\$ 1,569,168	2,054,348	40,907,997	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
4	Douglas Aircraft Co., Inc.	Nov. 30	27,808,880	20,158,880	17,166,040	12,795,219	1,809,960	2,781,618	Extension granted to 4-15-41 for filing Form 1120				
5	Consolidated Aircraft Corp.	Dec. 31	12,484,912	12,686,000	4,589,412	2,446,107	606,452	1,400,073	Extension granted to 4-15-41 for filing Form 1120 and 1121				
12	Boeing Aircraft Co.	Dec. 31	10,088,128	10,120,118	2,349,797	8,437,453	120,782	(1,841,488)	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
13	Bata Iron Works Corp. 2/	Dec. 31	146,118	141,448	5/ (Not segregated)	161,468	88,899	Extension granted to 4-15-41 for filing Forms 1120 and 1121					
14	North American Aviation Inc.	Dec. 31	27,836,451	27,750,188	15,060,900	9,079,971	1,940,802	7,020,802	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
15	Moore Dry Dock Co.	Dec. 31	2,123,146	1,722,000	1,722,000	1,699,688	(24,600)	6,284,816	4,966,108	3,007,767	\$ 4,829,188	186,818	486,842
16	Consolidated Steel Corp. Mto. 3/	Dec. 31	2,019,733	2,205,445	1,820,322	2,010,547	142,903	147,172	4,219,374	4,046,650	1,798,608	1,407,496	186,197
26	General Electric Co.	Dec. 31	305,002,801	217,796,912	5/ (Not segregated)	30,163,779	9,330,790	Extension granted to 4-15-41 for filing Forms 1120 and 1121					
27	Day and Zimmerman, Inc.	Dec. 31	2,070,852	2,304,179	1,145,000	170,913	206,406	3,415,145	3,428,940	1,426,501	1,449,386	85,841	(879,087)
28	Luscombe Aircraft Corp.	Dec. 31	35,305,150	35,411,329	14,000,137	2,899,798	1,563,475	1,112,096	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
29	Los Angeles Shipbuilding and Dry Dock Co.	Dec. 31	696,721	540,023	408,945	252,273	84,784	1,210,813	1,209,471	702,141	307,008	96,095	138,040
30	Northern Ship Co. 5/	Dec. 31	1,901,051	1,908,179	1,115,904	796,113	128,088	(64,079)	1,080,712	1,084,268	1,008,448	362,110	111,091
38	Kastner Kodak Co.	Dec. 31	89,084,440	81,088,440	81,169,679	81,071,640	7,899,944	(9,000,000)	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
39	Millwright Iron and Steel Corp.	Dec. 31	200,000	100,000	100,000	100,000	11,000	1,400	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
40	Western Electric Co.	Dec. 31	104,284,133	104,644,900	none	(Not segregated)	7,449,760	10,000,118	Extension granted to 4-15-41 for filing Form 1120. Form 1121 included in consolidated return of American Telephone and Telegraph Co.				
42	Philadelphia Power and Gas	Dec. 31	28,120,544	26,419,499	5/ (Not segregated)	1,000,000	1,148,988	Extension granted to 4-15-41 for filing Forms 1120 and 1121					
43	Gry F. Altkman Co.	Dec. 31	840,014	827,028	5/ (Not segregated)	94,138	518,007	826,730	827,168	5/ (Not segregated)	114,094	809,283	
46	Borg-Warner Corp.	Dec. 31	26,088,518	21,527,351	25,261,930	17,318,494	4,796,984	2,111,427	Extension granted to 4-15-41 for filing Forms 1120 and 1121				
47	West Machine Co.	Dec. 31	14,508,710	14,073,154	5/ (Not segregated)	1,150,384	2,609,741	17,233,156	17,279,011	5/ (Not segregated)	1,701,625	3,251,045	

(Source: Corporation income tax returns, Form 1120 for 1939 and 1940 and corporation excess-profits tax returns, Form 1121 for 1940, as filed with the IRS.)

- 1/ Indicates deficit.
- 2/ Does not include excess-profits tax. This is included in consolidated return of parent company. Proportion applicable solely to this company cannot be ascertained.
- 3/ Report prepared on completed contract basis.
- 4/ Excess-profits tax estimated on tentative return.
- 5/ For 1940 the return covers only the period Jan. 1, to Aug. 31, 1940.
- 6/ For 1940 the return covers only the period Jan. 1, to June 30, 1940.
- 7/ Not available because salaries and wages are not segregated.
- 8/ Net profit from contracts. No gross receipts shown.

Explanation of Column Headings

Serial Number—This number corresponds to the number assigned to the corporation on the attached list relating to defense contracts.

Year ending—The date shown represents the close of the accounting period covered by the income tax returns. As for example, September 30, means that the transactions for the year ending September 30, 1939, are tabulated with the 1939 figures and the transactions for the year ending September 30, 1940, are tabulated with the 1940 figures.

Sales and Operating Receipts—This item is the total of Items 1 and 2 of page 1 of the corporation income tax return Form 1120. Item 1 reads: "Gross sales (where inventories are an income-determining factor) less returns and allowances." Item 2 reads: "Gross receipts (where inventories are not an income-determining factor)." Other income items on the face of the returns, representing largely investment income, have not been included with these receipts as they, in general, are not the result of the company's productive activities. However, such other income is included in the "Total compiled receipts" and is given effect in the "Compiled net profit" figures described below. (See also explanation of "Total taxes.")

Compiled Receipts—This item represents the "Sales and operating receipts" described above plus all other income reported on the face of the corporate returns and plus all wholly tax-exempt interest shown in the schedules attached to the returns. Specifically it is the sum of Items 1, 4, and 7 through 15, page 1 of Form 1120 for 1940 and Line 15(a) (1) (2) (3) and (5) of Schedule B of the same return and of corresponding items from the 1939 return forms.

Sum of Salaries and Wages Taxes and Compiled Net Profit—This item represents the sum of "Salaries and wages," "Total taxes," and "Compiled net profit" each of which is described in the following explanatory paragraphs.

Salaries and Wages—This item is the total of "Salaries and wages" wherever found on the corporation income tax returns, Form 1120. In general, it represents the sum of salaries and wages from Schedules A and B showing cost of goods sold and of operations; Item 15, page 1 "Compensation of officers;" Item 15, page 1 "Salaries and wages (not deducted elsewhere)". In all cases where it is clear from the return that the segregated totals for salaries and wages do not represent the total of all salaries and wages no amount has been shown in the table because of the likelihood of understatement. Lack of segregation of salaries and wages generally occurs in the schedules for cost of goods and cost of operations.

Total Taxes—This item is the total of the following items shown on the corporation income tax returns, Form 1120 for 1940, (and corresponding items on the return form for 1939), plus the total excess-profits tax on Form 1121 (Revised March, 1941) for 1940:

- Item 21 - Federal Tax—Other than income taxes shown as a deduction on the corporation income tax return.
- Item 22 - Federal income tax.
- Item 23 - Federal income tax.
- Schedules A and B—Taxes, such as social security taxes, included as an item of cost of goods and cost of operations, wherever identifiable. Extreme care has been used in examining the schedules attached to the returns as to include this item, but in some instances such was not segregated and it is not possible to determine from the returns if such taxes were reported in this manner.

Compiled Net Profit (after taxes)—This item represents the declared value excess-profits net income of the corporation plus the wholly tax-exempt interest reported on the corporation income tax returns; less the declared value excess-profits tax; the Federal income tax; and, the excess-profits tax. The taxes other than these Federal taxes have previously been deducted in arriving at the declared value excess-profits net income. As between the years 1939 and 1940 for all corporations shown with "year ending" as December 31, this figure is not entirely comparable due to changes in the Revenue Act of 1940 affecting all companies with taxable years beginning after December 31, 1939. The three principal changes relate to (1) treatment of capital gains, (2) amortization, and (3) net operating loss deduction. The information on the return does not permit of adjustments to previously comparable item as between the two years.

April 30, 1941

My dear Sir Arthur:

Thank you very much for your letter of April 26th.

The form of the statement which you inclosed is entirely satisfactory and I would appreciate having a similar report monthly.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Sir Arthur Salter,
British Supply Council,
Box 680, Benjamin Franklin Station,
Washington, D. C.

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

TELEPHONE: REPUBLIC 7860

Box 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

April 26th, 1941

Dear Mr. Morgenthau,

You remember that you and Purvis and myself spoke about the amounts of steel and other commodities waiting for shipment as an indication of our need for additional shipping. You had had certain figures quoted as to the amount of steel waiting for shipment earlier in April, and expressed a wish to have these figures kept up to date, and also supplemented by similar figures as to other commodities.

I have since inquired from our organization in New York, who make the detailed arrangements for shipment under general instructions from London. It appears that a mere statement of the goods waiting at the ports would be a very misleading indication of the need for additional ships. On the one hand these quantities would be considerable even if there was no shortage of ships, since ships do not come in regularly as in peace time. On the other hand an increasing deficiency in ships might be accompanied by an actual reduction in goods at the ports, because if known beforehand the goods would have been kept back at the factories and not sent to the ports.

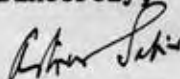
On the whole, the table that will give you the best indication is, I think, a statement of the goods bought and requiring to be loaded in each forthcoming month, with a statement of the ships available and allocated for the purpose. The difference between the two figures indicates the deficiency at the time, though it may of course be increased by subsequent sinkings.

I enclose such a statement of the ships required to load the priority cargoes, and ships allocated, for the month of May, and if this is in the form which meets your purpose, will arrange for similar statements to be given to you in future months.

- 2 -

I have in the office the full details of the different programmes which are briefly summarised in this statement. These, ~~however~~, cover some pages of complicated figures, with which you will probably not desire to be troubled. They are, however, at your disposal at any time, if you would wish to see them.

Yours sincerely,



ARTHUR SALTER

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

Enclosure

Ships required for May loading	249
Ships now allocated for May loading	<u>188</u>
* Deficiency	61

* Deficiency of ships in U.S.A.
for general cargo

90,000 tons or 13 ships

Deficiency of ships in U.S.A.
for steel

155,000 tons or 22 ships

Deficiency of ships for grain
U.S.A. & Canada

73,000 tons or 10 ships

Deficiency of Ships for general
cargo in Canada

112,000 tons or 16 ships

Total 61

N.B. 1 ship = 7,000 tons cargo.

277 ✓

S. Q.

(Orig is being preserved
and framed)

April 30, 1941.

My dear Mr. Prime Minister:

Your warm and friendly letter of April 24, has given me real pleasure.

You know that I am always happy to see you here in Washington, on a working day or any other, and that I am always glad to be helpful to you and Canada.

Mrs. Morgenthau wishes to join me in sending all good wishes.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Right Honorable
W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Canada.

FK/hkb
4/30/41

J. A.

April 30, 1941.

My dear Mr. Prime Minister:

Your warm and friendly letter of April 24 has given me real pleasure.

You know that I am always happy to see you here in Washington, on a wedding day or any other, and that I am always glad to be helpful to you and Canada.

Mrs. Morgenthau wishes to join me in sending all good wishes.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Right Honorable
W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Canada.

FK/hkb
4/30/41

OFFICE OF THE PRIME MINISTER

Canada

Ottawa,
April 24, 1941.

Dear Mr. Morgenthau:

This line is just to express to you anew my very warm appreciation of your many kindnesses and good offices toward myself in the course of my recent visit to the United States.

I shall never be able to express what I feel I owe to the permission you accorded me, on your twenty-fifth wedding anniversary, to discuss public matters as well as those of personal interest.

I was naturally disappointed at not having the pleasure to which I had been looking forward of seeing you again before returning to Canada, and the possibility also of greeting Mrs. Morgenthau and the young people. To tell the truth, however, I felt, even before I reached Virginia, that "my ain folk" would never understand what had happened to their Prime Minister, were the press to record, even for two successive days, the fact that I was enjoying the delights of Southern breezes on the seashore at a time when London was in flames, and British forces were retreating from Greece.

When I found that I might have the pleasure of seeing the President at Hyde Park on Sunday instead of returning to Washington for Monday, I gave up all further thought of a visit to Warm Springs with the President even if that should materialize later on. When I found the latter was possible, my one and only concern was that of the engagement you had been kind enough to let me make with you for Monday, at which time we were to see the President together. I felt, however, that both you and the President were so completely understanding in all matters that no difficulty or embarrassment would arise on that score. As matters have turned out, I think that, in every respect, matters could not have been better arranged than they apparently were by some invisible hand.

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I did appreciate more than I can say your cordial acceptance of the wording of the statement I read to you over the 'phone. I had sought, in the drafting of it, to express only what I felt were the conclusions which you and I had virtually reached on Thursday.

Will you please renew my kindest of greetings to Mrs. Morgenthau. I wish that another twenty-five years may see you spared to each other to celebrate, in happier times than these, the happiest of golden anniversaries.

With kindest personal regards,

Yours very sincerely,

/s/ W. L. Mackenzie King

The Honourable Henry Morgenthau,
Secretary of the Treasury,
Washington, D. C.
U. S. A.

April 30, 1941

MEMORANDUM FOR THE SECRETARY:

Attached is a summary report of the projects which have been worked on in the Division of Tax Research during April, 1941.

Attachment

RIB

100-111-1-111111

Monthly Report on Projects in the
Division of Tax Research
April, 1941

I. New Projects

1. Revenue Revision 1941

- (a) A plan for raising \$3,600 million additional revenue together with supporting exhibits was prepared. (Staff members)
- (b) Data and exhibits requested by members of the Ways and Means Committee in connection with Hearings were prepared. (Staff members)
- (c) Memoranda were prepared analyzing the proposals (1) to repeal the capital stock tax and (2) to change the base to equity invested capital. (Mr. Campbell)*
- (d) A memorandum analyzing the proposal to substitute tax credits for the

* Persons listed as working on the different projects do not include those who acted largely or exclusively in a consulting or reviewing capacity. In general, the person, if any, actively in charge of the project is listed first.

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present personal exemption, dependent credit and earned income credit was prepared. (Staff members)

- (e) Analysis of proposals relating to changes in the rate schedule and computation of the excess profits credit were prepared. (Mr. Campbell)
- (f) Current data on State pari-mutuel taxes and State individual and corporate tax rates were compiled. (Miss Wells and Mr. Mannen)
- (g) A list of items of luxury or semi-luxury consumption as possible sources of additional revenue was prepared. (Staff members)

2. Intercompany dividends

A memorandum on the taxation of intercompany dividends was prepared. (Mr. Atlas)

3. Defense contracts

In collaboration with the Division of Research and Statistics data on defense contracts were compiled for the purpose

- 3 -

of determining the extent to which such contracts are concentrated in few companies. (Mr. Atlas and Mr. Copeland)

4. Mutual insurance companies and banks

- (a) Data summarizing the profits and tax liabilities of large national banks and insurance companies were prepared. (Mr. Mills)
- (b) An analysis of the taxation of mutual insurance companies other than life was completed. (Mr. Mills)

5. Foreign taxes

- (a) Material summarizing recent changes in British, Canadian and Australian taxes was transmitted to Senator Vandenberg in compliance with his request. (Miss Hughes)
- (b) A table comparing estate taxes in the United States and Great Britain was compiled. (Miss Hughes)
- (c) A tentative table showing British individual income tax burdens under

- 4 -

changes proposed in the Budget of April 7, 1941 was prepared.

(Miss Hughes)

- (d) In collaboration with the Division of Monetary Research a study of the Haitian fiscal system was completed.

(Mr. Ecker-Racz and Miss Wells)

- (e) A statement was prepared comparing British and American tax systems.

(Mr. Atlas)

6. Incentive taxation

An analysis of Mr. Hazelett's proposal for incentive taxation is in process.

(Mr. Ecker-Racz and Mr. Gordon)

7. Tax-exempt securities

A memorandum was prepared on the status of tax-exempt securities in other federated countries and nonfederated countries of the world. (Mr. Ecker-Racz and Mr. Gordon)

8. H. R. 1585

A memorandum was prepared summarizing H. R. 1585, 75th Congress, First Session, "A bill to amend the Merchant Marine Act as amended." (Mr. Ecker-Racz and Mr. Farioletti)

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9. Fuel oil used in highway transportation

A memorandum analyzing available data on fuel oil used for highway transportation was prepared. (Mr. Mannen)

10. Sales taxation

An analysis of the advantage of increased and additional selected excises over a general sales tax was prepared.

(Mr. Ecker-Racz and Mr. Farioletti)

11. Taxation and the cost of the defense program

A summary of the basis for the estimate of the effect of State and local sales taxes on the cost of the defense program was prepared. (Mr. Ecker-Racz)

II. Continuing projects

1. Income tax payment

A memorandum analyzing the problems involved in the collection of the individual income tax at source and other methods of facilitating income tax payment is in process. (Mr. Atlas)

2. Sales taxation

(a) A memorandum on some possible forms of Federal sales taxes, including

- 6 -

taxes on value added, manufacturers and wholesalers, is in final stages of preparation. (Mr. Farioletti and Mr. Copeland)

- (b) A memorandum analyzing the advantages and disadvantages of a retail sales tax as opposed to a manufacturer's or a wholesaler's sales tax, is in process. (Mr. Farioletti)

3. Capital gains and losses

An analysis of the tax treatment of capital gains and losses of individuals and fiduciaries since 1938 in relation to the tax treatment of other sources of income is in process. (Miss Coyle)

4. Intergovernmental fiscal relations

- (a) Material relating to conflicting taxation is in process of compilation. (Miss Wells)
- (b) An historical summary of important developments in intergovernmental fiscal relations is in process. (Mr. Gordon)

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5. Treasury Bulletin

An article for possible publication in the Treasury Bulletin is in process comparing taxpayers' reported State of residence in 1936 with the States in which they filed their income tax returns. (Miss Coyle, Mr. Zorach and Mr. Anderson)

6. Income, excess profits and undistributed profits taxation

Reports on the following subjects have not been actively prosecuted during the month:

- (a) Analysis in the light of issues raised by the undistributed profits tax of the statistics made available from income tax returns and other sources. (Mr. Atlas and Mr. Copeland)
- (b) Analysis of the proposal to allow corporations with five or less shareholders to be treated for tax purposes as partnerships. (Mr. Mills)
- (c) Analysis of special treatment afforded financial, personal service and public

- 2 -

utility companies, the professions and agriculture under the World War and present excess profits taxes of the United States, Great Britain and Canada. (Mr. Mills)

III. Routine Assignments

1. Technical review of forthcoming Treasury publications

The work of the Philadelphia project analyzing income, excess profits and estate tax returns is in final stages of completion. A press release for the volume on capital gains and losses was prepared. (Miss Coyle)

2. Study of personal exemption and dependent credit

A memorandum analyzing the Philadelphia study on personal exemption and dependent credit was prepared. (Mr. Zorach)

3. Digests and comments on other studies

(a) The following studies were reviewed:

1. "Report of the Effect of the Excise Taxes on the Brewing Industry" prepared by Ford, Bacon, Davis, Inc. (Mr. Campbell)

- 9 -

2. Mr. D. C. Coyle's "Financing Defense." (Mr. Farioletti)
3. March, 1941 issue of the Annals of the American Academy of Political and Social Science entitled "Billions for Defense." (Mr. Zorach)

- (b) The report "Study of the Delaware State Income Tax Yields" by Walter G. Wilson is pending review. (Miss Coyle)

4. Statistics

- (a) In connection with the supervision of the statistical work of the Bureau of Internal Revenue, various proposals for statistical compilations were examined including suggested tabulations from the corporation income and excess profits tax returns. (Mr. Blough, Mr. Shere and Miss Coyle)
- (b) Administrative reports and statistics of the Bureau of Internal Revenue are graphed and commented upon for Mr. Sullivan's information. (Mr. Campbell)

- 10 -

- (e) Data relating to different taxes, digests of tax items, and congressional activity on tax items of interest to the Division are currently prepared. (Staff members)

5. Correspondence

The Division handled correspondence pertaining to tax matters. (Staff members)

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 30, 1941

TO Secretary Morgenthau
FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£ 37,000
Purchased from commercial concerns	£144,000

Open market sterling was again quoted at 4.03-1/4. Transactions of the reporting banks were as follows:

Sold to commercial concerns	£10,000
Purchased from commercial concerns	£ 7,000

In New York, closing quotations for the foreign currencies listed below were as follows:

Canadian dollar	11-5/8% discount
Swiss franc	.2321
Swedish krona	.2384
Reichsmark	.4005
Lira	.0505
Argentine peso (free)	.2350
Brazilian milreis (free)	.0505
Mexican peso	.2066
Cuban peso	3-15/16% discount

In Shanghai, the yuan was unchanged at 5-5/32¢, and sterling was again quoted at 3.88-1/4.

There were no gold transactions consummated by us today.

No new gold engagements were reported.

A price of 23-1/2d was again fixed in London for both spot and forward silver, equivalent to 42.67¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made one purchase of silver amounting to 100,000 ounces under the Silver Purchase Act. This consisted of new production from foreign countries, for forward delivery.

-2-

During the month of April, our purchases of silver under the Silver Purchase Act amounted to 2,623,300 ounces, the lowest monthly total since September, 1939. The sources of these purchases were as follows:

<u>Type of Silver</u>	<u>Ounces</u>
New production	
1. From various countries	2,573,300
2. From Canada under agreement	<u>50,000</u>
Total	2,623,300

The Federal Reserve Bank's report of April 23, listing deposits of banks in Asia with the New York agencies of Japanese banks, showed that such deposits totaled \$85,145,000, a reduction of \$7,965,000 since April 16. Most of the change in deposits took place on the books of the Yokohama Specie Bank's New York agency. The latter's principal dollar liabilities to and dollar claims on Japanese banks in Asia stood as follows on April 16:

	<u>April 23</u>	<u>Change from April 16</u>
Liabilities: Deposits for Japan and Manchuria.....	\$57,133,000	- \$2,241,000
Deposits for China.....	19,680,000	- 6,030,000
" : U.S. Treas. Bills, comm. paper, etc.....	23,475,000	+ 235,000
Claims : Loans.....	\$45,748,000	- \$2,613,000
" : Other - mainly Jap. import bills.....	6,705,000	- 696,000

We were informed that another \$6,000,000 was transferred from the account of the Yokohama's Tientsin branch to that of the head office. This credit to Japanese bank deposits, however, was more than offset by the following withdrawals: approximately \$3,300,000 was used to reduce Agency loans and holdings of Japanese import bills, and about \$3,000,000 was transferred to accounts of the Bank of Brazil with two New York banks. The Agency advised the Federal that there were also net withdrawals from Japanese bank deposits of about \$1,900,000 for "ordinary" purposes. The net reduction in such deposits, therefore, amounted to \$2,241,000.

CONFIDENTIAL

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

STRICTLY CONFIDENTIAL

DATE April 30, 1941

TO Secretary Morgenthau

FROM Mr. Wiley

FBI reports:

April 28. The Spanish Consul in San Juan, Puerto Rico, has received instruction to notify Spanish nationals to send all their money to Spain through the Garcia Calamarte Bank in Madrid; and that withdrawals in compliance with this instruction began on April 25, 1941, possibly involving several million dollars and seriously depleting bank resources in Puerto Rico.

Wiley

April 30, 1941

CABLE

To: Mr. Archie Lochhead
From: Mr. K. P. Chen
Chungking

Please convey following message to Secretary Morgenthau:

Signing of the \$50,000,000 loan again gives China due encouragement. Your generous efforts are highly appreciated by our Government and people. I wish to assure you of my best efforts in properly utilizing the loan through Stabilization Committee with the cooperation of other members.

(Signed) K. P. Chen

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APR 30 1941

My dear Mr. Secretary:

I should appreciate your advising the Chinese Ambassador in Washington that:

In accordance with the agreement dated as of April 1, 1941 between the National Government of China, the Central Bank of China, and the Secretary of the Treasury of the United States, I request and recommend that China appoint Mr. A. Manuel Fox, a citizen of the United States, as the American member of the Chinese Stabilization Board. Mr. Fox is at present a member of the United States Tariff Commission.

Mr. Fox will designate as his alternate member of the Board Mr. William H. Taylor, a citizen of the United States, who will also act as assistant to Mr. Fox. Mr. Taylor is at present associated with the Treasury Department.

I am also designating Mr. Walter F. Froese, of the Treasury Department, to assist Mr. Fox and

- 2 -

Mr. Taylor in the performance of their functions.

It is understood that China will make provision for the payment of the salaries and expenses of Mr. Fox and Mr. Taylor. Mr. Freese's salary and expenses will be paid by the Treasury Department.

Kindly request the Chinese Ambassador to advise us through the State Department of the names and nationality of all the members of the Stabilization Board of China and the name of the chairman of the Board.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of State.

BB:men

4/30/41

Copy to Mr. Thompson

By Messenger 10⁴⁵
marked urgent

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 30, 1941

TO Secretary Morgenthau

FROM H. D. White

Subject: Chinese Coin Collection Received from Dr. H.H. Kung.

1. This collection of Chinese money, packed in what appears to be a camphor or satin wood chest, contains an excellent representative selection from both Ancient and Modern China. The coins are artistically arranged in chronological order, ranging from about 1,000 B.C. to those of the Republic of China minted in 1912.
2. Mr. Frederick E. Hodge has been consulted in respect to the collection. Mr. Hodge was one of the founders of the Washington Numismatic Society of which he was later the Secretary and then the President. He is recognized as one of the foremost experts in the United States on Chinese money. Mr. Hodge was enthusiastic in his praise for the fine state of the ancient coins which are excellently cast in bronze and beautifully patinated. On some of the newer coins even the "chop marks" of the exchange dealers, through whose hands they passed, are readily identifiable.
3. The top tray contains monetary pieces from Ancient China. These are: cowrie-shell, used widely in the period 2,500 to 1,000 B.C.; ant-nose money, a metallic substitute for the cowrie and used from about 612 to 589 B.C.; knife money, common from the 7th to the 2nd Century B.C.; sharp-pointed and square-footed pu coins, cast in the form of a dress, current from about the 6th to the 3rd century B.C.; and Wang-Mang, or new knife money, first reported from 722 A.D. The only important ancient Chinese coin that is absent from this collection is one known as "spade" money. Spade money was used at approximately the same time as knife money.
4. The coins of the lower tray range in order from Pan Liang coins (220 to 86 B.C.) through successive dynasties and centuries to the Dr. Sun Yat Sen Commemorative coins of the Chinese Republic, issued in 1912.

- 2 -

Division of Monetary
Research

5. Mr. Hodge without appraising each coin individually, placed the total value of the collection at "considerably less" than \$1,000. In fact, it is doubtful if the total would exceed more than \$200 to \$300. The most valuable individual coin is the "Sycee shoe" (the large oval silver ingot) worth about \$25.00. Coins similar to those in the top tray, all of which are from Ancient China, have sold in recent auctions at from \$2.00 to \$5.00 each.

April 30, 1941.

(Reference A-B)

STRICTLY CONFIDENTIAL.

My dear Mr. Secretary:

I have received your letter of April 28, in which, by direction of the President, you informed me as to considerations which should govern the conduct of officers and men of this Department who may be sent to Greenland.

You may be assured that any of the personnel of the Treasury Department assigned to Greenland, or who may have occasion to visit there, will be most carefully and firmly instructed to behave in the most circumspect way and in the light of the directions of the President based on the information and advice gathered by the State Department.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable Cordell Hall,
Secretary of State.

HHS:ds

*Copy of this correspondence
to Adm. Wessche by N. G. H.*

By Messenger 11¹⁵ on 5/2
File to Mr. Gaston

DEPARTMENT OF STATE
Washington

In reply refer to A-B

April 28, 1941

STRICTLY CONFIDENTIAL

My dear Mr. Secretary:

I have been directed by the President to inform you of a report received from the Department's representatives in Greenland with respect to certain desiderata in regard to relations between American personnel dispatched to Greenland and the inhabitants thereof. The President desires that this matter be brought to the attention of officers and men concerned under your jurisdiction for appropriate action.

Both official and private reaction in Greenland to the Agreement relating to the defense of Greenland signed on April 9, 1941, is favorable. But there is a sincere underlying apprehension that the Agreement means an end for an indefinite period of Greenland's isolation from the outside world, and a fear that extensive contact of the native population with American military and navy personnel will result. This is dreaded in Greenland, and with very real reason.

The cornerstone of Danish policy towards the Greenlanders (commonly called Eskimos) was to prevent contact between them and the rest of the world so far as possible. Visitors were not permitted in Greenland without a special license, and these permissions were held to a minimum.

- 2 -

The reason underlying this was the fact that Greenlanders are not immunized to European and American diseases, so that diseases mild here may become dangerous epidemics there. Further, the Greenlander is relatively helpless in the face of ordinary trading operations to which he is not accustomed. The smooth functioning of the Agreement may very well be determined by the decorum and restraint shown by our personnel in their relations with the Greenlanders.

You will be interested to know that the German propaganda has already made much of the assertion that the contact of Greenlanders with Americans will result in the enslavement, miscegenation and ultimate extinction of the native population.

In view of this it appears important that to avoid the possibility of unfortunate incidents, and to safeguard the native population, full provision be made for the welfare and recreation of American personnel sent to Greenland so that the policy of maintaining the isolation of the native Greenland population, so far as possible, may continue.

The Department suggests that you may find it useful in connection with matters of health to consult with Surgeon General Thomas Parran, to whom a copy of this letter has been sent.

In accordance with the President's directions, I am also bringing the foregoing to the attention of the Secretaries of Navy and War.

Sincerely yours,

/s/ Cordell Hull

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury.

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GRAY

BERLIN

Dated April 30, 1941

Rec'd 11:34 a.m.

Secretary of State

Washington

1649, April 30, 10 a.m.

With reference to this Embassy's despatch no. 4004 of December 6, 1940 enclosing text of German-Turkish trade and payment agreements of July 25, 1940 and report no. 1778 of October 3, 1940 entitled "Certain Aspects of German Trade with Turkey", it is reported in the press and confirmed by an official of the Turkish Embassy in Berlin that an agreement supplementing the July 1940 Turko-German trade agreement has been negotiated. DIENST AUS DEUTSCHLAND reports that the newly negotiated supplementary agreement represents an extension of the existing treaty to groups of products which could not be taken into consideration in the restricted accord reached last summer and further states that Turkey will deliver under the new supplementary agreement a considerable quantity of tobacco and such agricultural products as cattle, fodder, technical oil, skins and pelts, while Germany will deliver in return primarily chemical products and dyes as well as certain other industrial products especially paper and paperwares.

MORRIS

NPL

Copy:bj:5-5-41

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YPARAPHRASE

A confidential telegram (no. 612) of April 30, 1941 from the American Embassy at Tokyo reads substantially as follows:

According to information reaching the American Ambassador, agreement on all points in trade negotiations between Japan and Indochina has now been reached and in about a week the trade treaty between them will be ready for signature. The Japanese Foreign Minister is to receive M. Robin in the early part of May before the latter's return to France. According to an informant who is usually reliable, Admiral de Coux has as yet not given his formal assent to the proposed treaty; he considers that the agreement gives away too much and it is even suggested that on account of this issue he may resign.

The above-mentioned informant states that as finally agreed upon, the distribution of rubber is France 18,000 tons, the United States 10,000 tons, Japan separately 15,000 tons, Japan and Germany jointly under the Wiesbaden agreement 25,000 tons. It was only with great difficulty that a reservation of quota was obtained for the United States. It is understood that Japan and Germany are not in agreement in regard to their shares of the Wiesbaden quota. It is assumed that the establishing economic mission will discuss the question.

Copy:bj-5-7-41

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DEPARTMENT OF STATE
WASHINGTON

April 30, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of telegram no. 373 dated April 29 from the American Embassy at Rio de Janeiro, regarding funds of the Banque Nationale du Royaume de Yougoslavia in the Bank of Brazil.

Enclosures:

No. 373, April 29,
from Rio de Janeiro.

Copy:

C O P Y

RIO DE JANEIRO

Dated April 29, 1941

Rec'd 3:15 p.m.

Secretary of State,
Washington.

373, April 29, 2 p.m.

Department's telegram No. 245, April 28, 6 p. m.

CONFIDENTIAL FOR THE UNDER SECRETARY.

The Bank of Brazil is today telegraphing the Federal
Reserve Bank of New York as follows:

"Minister Yugoslavia, Rio de Janeiro, has requested
Banco Brazil to transfer for credit same account with
Federal Reserve Bank \$11,225,000 which we hold for account
Banque Nationale du Royaume de Yougoslavia, Belgrade.
Since we have not received instructions directly from
Banque Nationale du Royaume de Yougoslavia nor can we
communicate with same, consult if you can do so or if not
whether Federal Reserve will agree to accept deposit on
conditions Banco Brazil be exempted all future responsibility."

The Banco of Brazil is not to have to effect this
transfer at once. I suggest that the Federal Reserve Bank
telegraph the Bank of Brazil immediately and explicitly.

CAFFERY



BRITISH EMBASSY,
WASHINGTON, D. C.

Personal and Secret

30th April, 1941.

Dear Mr. Secretary,

I enclose herein for your
personal and secret information a
copy of the latest report received from
London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

Halifax

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D. C.

Telegram received from London
dated April 29th, 1941.

Naval.

Mediterranean. 35,000 troops estimated evacuated from Greece during nights April 24th, 25th 26th in His Majesty's ships and transports. Two destroyers with troops on board feared lost and transport of 11,600 tons bombed and lost with about 1,000 troops. Second vessel of 8,700 tons probably sunk and Dutch ship Penland of 16,400 tons sunk by bombs before evacuation. H.M. Cruiser York further damaged.

Homeward bound convoy attacked April 28th 200 miles south of Iceland (a) British tanker 8,150 tons torpedoed and sunk three other ships torpedoed. Norwegian vessel 1300 tons independent route to Iceland (a) torpedoed and sunk April 27th off Northern Scotland.

Survivors picked up from Belgian ship 7500 tons torpedoed on April 14th far out northwestern approaches.

During visual air reconnaissance of Narvik April 27th no ships seen in port and only two or three medium sized vessels in vicinity.

Royal Air Force. Eight of April 28th/29th. 25 bombers sent to attack battle cruisers at Brest and 5 Hampdens mine-laying. Two Hampdens missing.

In operations by fighters over northern France, Low Countries and this country, one enemy bomber destroyed and 4 other aircraft damaged. One fighter missing.

German/

-2-

German Air Force. Night of April 28th/
29th. 87 enemy aircraft plotted over this country;
main objective Plymouth which was attacked for about
2 hours. Several fires started soon under control.
Preliminary reports indicate neither damage nor
casualties heavy.

RESTRICTED

MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT
Washington, April 30, 1941.

TENTATIVE LESSONS BULLETIN
No. 98
G-2/2657-235

NOTICE

The information contained in this series of bulletins will be restricted to items from official sources which are reasonably confirmed. The lessons necessarily are tentative and in no sense mature studies.

This document is being given an approved distribution, and no additional copies are available in the Military Intelligence Division. For provisions governing its reproduction, see Letter TAG 350.05 (9-19-40) M-B-M.

ADDITIONAL NOTES ON GERMAN MORALESOURCE

TENTATIVE LESSONS BULLETIN NO. 64 presented a study on German morale prepared in the War Department Morale Division. The notes in this bulletin were prepared by a high British official source in September, 1940.

CONTENTS

1. ARMY MORALE
2. CIVILIAN MORALE

RESTRICTED

RESTRICTEDADDITIONAL NOTES ON GERMAN MORALE1. ARMY MORALEa. At the Outbreak of the War

At the outbreak of the war the young men of the German Army were thoroughly Nazi-minded, since they had spent the most impressionable years of their lives under the regime of the Third Reich. Early training in the Hitler Youth, subsequent compulsory labor service, and the moral pressure and obligations associated with such training inspired loyalty to the Army and to the regime. With few exceptions, this spirit was shared by the older reservists called to the colors. The success of the campaign in Poland further strengthened the faith of recruit and reservist in the Fuhrer, the party leaders, and, above all, in the Army. Consequently, morale was at a very high level.

b. During the Period of Static Warfare

The comparative inactivity which followed the Polish campaign had no very pronounced effect upon the morale of the Army, although there were indications that it was not quite on the same level as before. As a rule, this lowering of morale and discipline was not due to discontent with conditions in the service. There existed during this period considerable ill-feeling between the Army and the S.S. and a certain amount of dissension between the Army and party leaders. These factors may have contributed less towards the slight weakening of morale than did the tedium occasioned by comparative inactivity and the economic conditions in the home country.

Restrictions and hardships resulting from the suddenly imposed rationing of food, fuel, and clothes, a shortage of many of the necessities of life and substitution of Ersatz articles, enemy propaganda, and the growing realization that the war was to last longer than had been anticipated, all contributed towards a lowering of the spirit of the civilian population and were probably not entirely without influence upon the morale of the soldier.

Reliable information, however, points to the fact that during the month of February, 1940, there were only 38 cases of desertion from the Army and 102 cases of absence without leave, or over-staying leave. These figures speak for themselves; the Army consisted, at that time, of approximately 5,500,000 men. An examination of reports of prisoners of war who were taken during the period showed that the morale of the front line troops was, on the whole, good, but that the same spirit and discipline was less noticeable among troops in home formations and particularly among older men.

RESTRICTED

RESTRICTEDc. After the Fall of France

In the same way that the success of the Polish campaign stimulated military morale, the successful operations in Norway, Denmark, Holland, Belgium, and France were responsible for raising the standard of morale to a new high level. Operations in which S.S. divisions fought side by side with ordinary infantry divisions had the effect of improving relations between the two services. Implicit faith in the Fuhrer and belief that he can do no wrong removed any real dissension between the Army and party. The Army, although possibly unaware of it, seemed to be permeated with party, especially in the lower ranks.

If economic conditions in the home country had not improved, they no longer seemed to influence the morale of the soldier to the extent they did during the period of the static warfare.

Generally speaking, there existed a spirit of comradeship between officers and other ranks, for strict discipline does not exclude human contact between officer and man, as it did under the old regime. The food of the soldier was sufficient; it compared favorably with that of a highly paid worker in heavy industry. No serious or organized complaints regarding pay or leave had been noted.

The morale of a unit varied according to the locality from which its members were drawn, and it is not surprising to learn that the morale of Austrian troops was lower than that of Prussian and Bavarian troops. Weakening of discipline among men of Bavarian units was also reported, but in these reports and others which speak of poor morale, references were made to isolated cases only.

Arrival of numerous reports made it difficult to sift truth from rumor, but there is good evidence that former Austrian officers disapproved of employment of their men in the most dangerous operations. It is also said that Austrian troops in Norway have protested their unwillingness to be used in an invasion of Great Britain and that severe disciplinary action has had to be taken against them.

Though credence may be given to some reports of the increase of crime and serious offenses among soldiers and of the severe measures taken to suppress them, it must be borne in mind that, in all cases, these occurrences were in Germany's newly occupied territories. The reported parading of numbers of handcuffed soldiers through the streets of towns may have had for its purpose the impression upon the civilian population of Germany's sense of justice. Crime in most cases was said to have been that of looting.

RESTRICTED

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Other instances of the weakening of morale and discipline have been brought to notice, but generally speaking, reports on the interrogation of prisoners pointed to a high standard of morale throughout the German Army.

It appeared that most prisoners would welcome a speedy conclusion of the war. They showed complete faith in the Fuhrer and unshaken belief in Germany's ability to bring this about by successful invasion of the British Isles.

d. Autumn, 1940

There were indications in the fall of 1940 that a number of factors had contributed towards a certain weakening of morale in elements of the German Army, particularly among units stationed in Norway and the coastal sectors of France and Belgium.

These included:

(1) The desire of older men to get home without having to face another winter with the Army.

(2) The dangers which lay before soldiers in the proposed attempt at invasion of the British Isles. Fear of the water and a premonition of impending failure following recent successes.

(3) Disquieting letters from home, including references to the effect of British bombing.

(4) The climate in northern Norway, which is said to be too rigorous in winter.

(5) Training exercises in Norway and France, including swimming exercises and embarking and disembarking with small craft and fishing boats intended for the invasion of Great Britain.

(6) The general idea of being employed in an undertaking which does not appeal and in which casualties are sure to be very high.

Of these items, the last appeared to be responsible more than any other for such lowering of morale as has been brought to notice.

Signs of weakening of discipline and morale and descriptions of the disciplinary measures taken to counter the situation formed the subject of many reports. With few exceptions, however, these were not eye-witness observations but accounts based upon information obtained at second hand. They included such incidents as mass desertion and open rebellion, resulting in the execution of many soldiers in Norway; mutiny of troops in a coastal sector of France and their transport,

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handcuffed together, to Germany; the finding of the bodies of a large number of suicides washed up on the coasts and floating on the rivers of Norway and France.

While there appeared to be an element of truth underlying some of these reports, made in good faith, it was thought that all were stories which lent themselves to exaggeration, and a careful examination of all reports led the British to the assumption that full advantage had been taken of this license in most cases.

Along with these adverse reports, others, pointing to the sustained high morale and standard of discipline in the German Army, were received from sources believed to be reliable. To these were added the impressions obtained from interrogation of German Air Force prisoners. These reports indicated that, while there appeared to be some dissatisfaction with such matters as rewards, promotion, lack of training of personnel, and, to a lesser degree, with the higher strategy of those in authority, and with unnecessary losses, morale was still of a very high order.

e. Conclusion

There were indications that a number of factors had led to a certain weakening of morale in elements of the German Army, particularly among units stationed in Norway and the coastal sectors of France and Belgium. It is not thought that the morale of the German Army as a whole is likely to be affected to any extent by isolated instances of dissatisfaction among certain of its units. Dissatisfied elements will be dealt with by Nazi methods which will ensure no spreading of discontent, and they will be replaced by others whose fighting qualities and morale, like that of the German Army generally, are still believed to be very high.

2. CIVILIAN MORALE

Autumn, 1940

Although the home front was so regimented that the difference between civilian and Army morale was less apparent than would otherwise be the case, the contrast undoubtedly existed and it redounded to the credit of the soldier.

This may have been due in part to the fact that the soldier rarely comes into contact with those small elements which are not partisans of the regime and which consist mainly of the professional classes, the Church and intellectuals. Neither is the soldier in close touch with conditions at home.

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If military successes acted as a stimulant upon the Army, they appeared to create surprisingly little popular enthusiasm at home for the continuation of the war. It was felt that victories had not resulted in any appreciable improvement of economic conditions, and there was an increasing feeling that Germany had subjugated larger populations than she could conveniently cope with. People were discouraged by the prospect of a poor harvest and the possibility of having to face another winter with short rations of food and coal. Continual air raids upon the industrial areas were affecting output and having an exhausting effect on the population. Many families were without news of husbands and sons, and it was generally believed that casualties in the Army, Navy and Air Force had been much heavier than indicated by official reports.

Despite all this, there existed among the masses undiminished faith in their leaders and a determination to submit to further hardships as their contribution towards the price of victory.

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G-2/2657-220; No. 379

M.I.D., W.D.

12100 M., April 30, 1941.

SITUATION REPORTI. Western Theater.

Air: German. Plymouth was attacked sharply for the second successive night.

British. Normal night operations, concentrated on Mannheim.

II. Greek Theater.

Ground: German troops have reached the southern coast of the Peloponnesus. The German communique of April 30th reports the capture of one British General plus 5,000 other British prisoners. Unofficial London reports are to the effect that 46,000 British officers and men have been evacuated from Greece. It is believed that British forces are still engaged in evacuating their troops from the port of Nauplia southeast of Corinth.

Air: Strong German attacks on the British evacuation with some air fighting incident thereto.

III. Mediterranean and African Theaters.

Ground: North Africa. No special change in the situation.

East Africa. British troops have captured Socota which is about 125 miles northwest of Dessye.

Air: Axis. Tobruk and Malta were attacked. Considerable movements of troops and supplies by air.

British. Bengazi was bombed.

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CONFIDENTIAL

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Paraphrase of Code Cables
Received at the War Department
at 16:25, April 30, 1941

Bucharest, filed April 30, 1941.

The pontoon equipment of the German Army which passed through Rumania into Bulgaria was entirely normal. The passage of the Gulf of CORINTH and the crossing to the Aegean was forced by parachute troops and air infantry. These advanced detachments were soon supported by normal infantry who crossed in requisitioned native boats. There was no opposition to these crossings.

RATAY

Distribution:

Secretary of War
State Department
Secretary of Treasury
Under Secretary of War
Chief of Staff
Assistant Chief of Staff, G-2
War Plans Division
Office of Naval Intelligence
Assistant Chief of Staff, G-3
Assistant Chief of Staff, G-4
Air Corps
Engineer Corps

CONFIDENTIAL

Paraphrase of Gede Callaghan
Received at the War Department
at 11:22, April 30, 1941

London, filed 15:55, April 30, 1941.

1. London Times in the leading editorial discussing the new phase of the war on April 29 made outspoken criticism of the Royal Air Force. The article follows:

"On the tactical side also we must never relax our efforts, above all to ensure that our land forces are in the future provided with the fullest possible measure of air support, not as circumstances demand it or in a haphazard fashion, but in accordance with policy and previous training. The air arm in these days is a vital factor in all land operations, and the strategic role of the Royal Air Force does not mark the limit of its necessary functions."

2. Another editorial yesterday assailed the lack of priority fixing agencies in the following terms which are extracted:

"Production and still more production of the engines of war is the reiterated lesson of every phase of the conflict. More production requires more factories. Factories which are under construction should be finished. Which factories are to be finished and in what order are they to be taken? There are many and competitive priorities in government departments. They challenge and compete with each other and even departments of a single ministry may be found in rivalry. This will not do any longer. A final and higher authority is required, one whose decisions no member of the War

Subject and not even the Prime Minister himself would need to question or think of varying. Something is wrong when departments are continually insisting on their priority claims and confusing and baffling industry. Not one of the departments is capable of taking the comprehensive view which alone can judge the rival demands."

5. Again today the leading editorial in the London Times says:

"The machinery for the control of priorities still lags in an admittedly more complex situation, far behind that established by the Ministry of Munitions in the last war."

END

Distribution:

Secretary of War
State Department
Secretary of Treasury
Under Secretary of War
Chief of Staff
Assistant Chief of Staff, G-2
War Plans Division
Office of Naval Intelligence
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