

November 28, 1941
9:30 a.m.

GROUP MEETING

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

H.M.Jr: Herbert?

Gaston: Good morning. I guess I haven't anything to talk about except one or two political matters.

H.M.Jr: All right.

Herbert, on these people who are coming in all the time from Europe, I don't think that I think it is quite all right for a man like Harriman to have free entry, but I don't see why these other people should.

Gaston: The regulations allow free entry to all diplomatic representatives of foreign countries, including consuls and their

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staffs and their suites and they allow the same privilege to all corresponding United States officials, consuls and their families and --

H.M.Jr: Irrespective of how much they bring in?

Gaston: Yes. The only limitation is that they shall not bring in alcoholic liquors.

H.M.Jr: Well, what would happen, for instance, if we had a ruling that even though they had diplomatic courtesy, they should file a Customs return?

Gaston: I think it would be a - I talked to Johnson about that same thing. I think it would be a sound thing, only it is simply not according to the rule. Of course, we couldn't exact the forms. I think we probably could under the law make a regulation with respect to United States Government representatives that they should make a declaration.

H.M.Jr: Will you write a letter to Mr. Hull for my signature that in the future I think any United States citizen who has free entry should file a Customs return and then we will let him come in, but I will in each case furnish the State Department with a copy of this return. That gets back to that case of the Minister from Persia who brought in fifty thousand dollars' worth of rugs.

Gaston: Yes. The rule is that they are allowed free entry for anything that is their personal property and for their personal use, and that is free, even though it would be in ordinary circumstances dutiable. The only test is that it is for their own personal use, and their own property. That is under the regulations.

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H.M.Jr: It is regulations, it is no law, and those two Ambassadors came back that time, one from Germany and one from Paris, one bringing in four hundred bottles of wine, and one eight hundred bottles of wine.

Gaston: That is a violation of the regulation. That is not permitted.

H.M.Jr: Would you write a letter for my signature?

Gaston: Would you mind if I talk it over with Mr. Johnson and the lawyers first?

H.M.Jr: No, it is all right.

Gaston: Just to see what basis we can put it on.

H.M.Jr: O.K. I just don't see why they should be permitted to bring in a large quantity of dutiable savings, because I am sure some of them cheat.

Gaston: There is nothing to prevent their cheating, because they have both free entry and freedom from examination.

H.M.Jr: And then we furnish the State Department with a copy.

Anything else?

Gaston: Well, the only other thing was that political matter.

H.M.Jr: Let it wait. Just like we are checking these Ambassadors' reports and they put down twenty-five thousand dollars for entertaining, lump sum, and then we analyze it and we have thrown quite a lot of it out. There is no basis to believe that these fellows play the honor rule.

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They don't, because under some of these returns we have thrown out a large proportion of what they put under it. I mean - and I am sure they do a lot of cheating. I don't see why they should be permitted. We have examined one man, twenty-five thousand lump sum for entertainment. We examined it, and there wasn't any.

- Gaston: There isn't really any logical reason why one of these United States representatives should go abroad and buy a lot of things for his personal or family use, and bring them in without duty, but under the present system he can do it.
- H.M.Jr: Well, nobody has got the guts to go up against him, and I think it would be very wholesome.
- Gaston: Right.
- H.M.Jr: Foley?
- Foley: I want to clear up a misunderstanding in connection with that speech that Ganson Purcell made out in Detroit. Ganson attempted to clear that with us. He sent a copy to me, and I showed it to Joe and to Harry. He was a little disturbed because he said Chick had called up the press man over there and --
- H.M.Jr: At my request.
- Foley: Yes.
- H.M.Jr: Well, how should Chick or I know that he had cleared it?
- Foley: Well, if we had been having regular meetings, Mr. Secretary, or if we had had a chance to bring it to your attention, I certainly would have done it. It is my fault, anyway,

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and he is in the clear.

- H.M.Jr: Well, Chick doesn't have meetings.
- Foley: Well, it came over on Monday night before Thanksgiving.
- H.M.Jr: Chick doesn't have meetings.
- Foley: Well, I should have shown it to Chick.
- H.M.Jr: Sometimes --
- White: I feel partly responsible. I don't quite see why, unless it is going to be the understanding that any public speech made will be referred to him.
- H.M.Jr: Yes.
- White: Well, how about a statement that the Federal Reserve Board Bulletin is sending us to clear? Should that also go to Chick?
- H.M.Jr: Yes, so that he knows.
- Schwarz: I get some direct from the Board also.
- White: Well, it is a simple matter. I just didn't know that was the procedure.
- H.M.Jr: He gets the questions. How is he going to know?
- Foley: Well, it wasn't our speech, and that is why I didn't send it to Chick. If it had been a speech by somebody in the Treasury, of course we would have sent it to him.
- H.M.Jr: Well, the only way I know is if Chick does, see, so if you will do that.

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- Foley: Yes, sir, that is right, and I think if Chick would call up over there and say that --
- Schwarz: We haven't any objection --
- Foley: No, no, that we were in error in calling up and criticizing them for not having done it, because they had attempted to do it, and it was on us and not on them. I think Ganson would feel a little better about it. He felt kind of - a little put out at having attempted to do what was the right thing, and then being called down for not having done it.
- Schwarz: I didn't know about it, so I called Bill Raymond. He had to check and wait for Ganson to come back to town.
- Foley: We read it and Harry read it, and we didn't see anything objectionable in it. We made a couple of suggestions and he incorporated the changes.
- H.M.Jr: Here is a letter to go to Bell, Foley, and the Comptroller on old man Giannini. You see what happened, let me explain to you a minute --
- Foley: I understand.
- H.M.Jr: I don't think you do. Chick sends me a clipping on this thing. That is his job. I read it. Why doesn't somebody tell me about it? Chick doesn't know it, you see.
- Schwarz: In advance that way, if we have any objection then when we get the copy we can --
- H.M.Jr: Just remember, "Here a Chick, there a Chick, everywhere a Chick Chick." (Laughter).
O.K.?
- Foley: O.K.

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

Klotz: That is silly.

H.M.Jr: We get too serious sometimes.

Foley: That is all.

H.M.Jr: Would you (Sullivan) stay afterward? I have got a couple of things.

Sullivan: Yes, sir.

H.M.Jr: Don't bring in any papers. This is just one-way traffic.

Sullivan: O.K.

George Haas is taking the responsibility of this gap study, the committee on which Harry's outfit and Roy's outfit will be represented. Then they are going to try to get representatives from Federal Reserve, Budget, SEC, OPM, OPACS, Agriculture, and Commerce, and we are drafting --

H.M.Jr: I think Hansen of National Resources --

Sullivan: Yes, I think that should be added, and we are drafting also for your signature to the heads of those agencies asking them to appoint a man to --

H.M.Jr: Well, weather permitting, I will leave right after lunch for the farm, but don't send anything in for me to sign. Get it to me before lunch, if there are any letters. You are taking care of Congressman Elliott?

Sullivan: I will, yes.

H.M.Jr: Good. Do you want a memo on it?

Sullivan: No, sir, I have it right on my desk.

H.M.Jr: Wonderful.

Cochran: I have a letter here to sign renewing the Canadian agreement for another month.

H.M.Jr: All right.

Cochran: And you understand that they are selling their silver more to the market now, and not so much to us?

H.M.Jr: Pardon?

Cochran: They are selling their silver to the market, rather than to us. We only obtained two hundred thousand ounces last month.

H.M.Jr: I wish I had dropped the price of silver before we put through the tequila deal.

Cochran: That becomes operative the first of December, and Knoke is rather concerned lest the Mexicans may sell the silver to us or even withhold it from anybody for a while, and force the price up on the market. Handy and Harmon, I think, have written a letter to the Department of State today and a copy is to come to you, indicating their worry lest this may upset the silver market, and so on. Whether Knoke wanted us to approach the Mexicans to tell them that we would be glad if they would sell their silver to the market or whether we should make any such approach as that just after signing the agreement, I have my doubts.

H.M.Jr: Well, let's see what happens.

Cochran: All right, we will wait until Monday and see how it goes.

We are meeting with Mr. Bell this afternoon on China at three thirty. Whether you wanted to see me for a minute this morning on that or whether you would rather wait, I didn't know.

H.M.Jr: Anything on China I want White in on.

Bell: This meeting this afternoon is just - just to see what is in the mill and needs to be cleaned up. The Secretary doesn't have to be in on that, does he?

Cochran: Oh, no.

White: No, it can wait, but there are some things. I don't know, Merle may have some things, but we have some things too.

Cochran: Oh, there are definitely several things.

H.M.Jr: Well, get together, folks.

Well, you (Bell) are going to be on the Hill, but I did send you one note which I wish you would think about, and that is the possibility of raising the amount of F and G for the balance of this year to a hundred thousand dollars. Think about it and let me know Monday, will you?

Bell: Yes. This is for the rest of the year?

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H.M.Jr: Yes.

Bell: All right.

H.M.Jr: And the other thing, do you want to settle that note thing today?

Bell: You mean the Treasury bills?

H.M.Jr: Yes, bills.

Bell: Oh, I don't think it is so important. I thought maybe if you could announce today that there would be a reduction in the bills beginning the tenth, it might help you to get a little better price on Monday. But Monday morning, I think, might be just as well.

H.M.Jr: All right. Then the other thing, Dan, would you do this for me, you and Dave? I would like to see you - I will give you from nine to ten thirty Tuesday for me to see people, see, on Tuesday.

Bell: Anything in the afternoon?

H.M.Jr: And then in the afternoon from three to four thirty, see.

Bell: Yes.

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H.M.Jr: Now, let's go out of town again and have them come here. Anybody, say, from St. Louis or even Richmond. I mean, that is very important, you see. There is Chicago.

Bell: There may be people there that are following the market closely. I doubt it. St. Louis, probably.

H.M.Jr: Well, it is just to get the feeling and it makes them feel good.

Bell: Anybody from Atlanta?

H.M.Jr: Yes, and I want the president in Atlanta and the First National Bank in Boston.

Bell: Not Pope?

H.M.Jr: Pope is your baby.

Bell: I spent an hour with him yesterday.

H.M.Jr: What is his name?

Foley: Charley Spencer.

H.M.Jr: I would like to have him. But if you and Dave will fix up a list, including a few brokers. All right?

Bell: - Someone from Chicago?

H.M.Jr: Yes, very much so and this time from the First National Bank of Chicago.

Bell: All right.

H.M.Jr: We have always had the Continental. Mr. Brown might come in himself. He is a good man.

Bell: We might look at Minneapolis. There are two or three banks up there.

H.M.Jr: I can run over until Wednesday morning, too, I would really like to see - I would like to see more people. I will run over until Wednesday morning with them.

Bell: Fifteen or twenty minutes ought to be enough. Probably three an hour.

H.M.Jr: Three an hour is about all you can take.

Bell: All right.

H.M.Jr: And somebody from Minneapolis, St. Louis.

Bell: Richmond and Atlanta, Chicago and New York.

H.M.Jr: And Boston.

Bell: Yes.

H.M.Jr: I have never met the head of the new Federal of Philadelphia.

Bell: Let's see, he is not on the - I don't think he is on the committee.

H.M.Jr: That doesn't make any difference.

Bell: Want him to come down?

H.M.Jr: You might. He is here in Washington with the OPM, I hear, or rather with Lend-Lease.

Bell: Is he?

H.M.Jr: Yes, I hear he is first assistant to Stettinius.

Bell: He is all right. He is a very able fellow.

H.M.Jr: Reagh, or something like that.

Bell: Oh, no, Williams.

H.M.Jr: That isn't the man I mean, then.

Bell: You mean the Chairman of the Board?

H.M.Jr: Yes.

Bell: Well, he is an older man.

H.M.Jr: The man I mean is the head of the Scott Paper Company.

Bell: Well, that is the Chairman of the Board.

H.M.Jr: Then Williams is it.

Bell: Williams is a much younger man who just went in in place of John Sinclair.

H.M.Jr: George?

Buffington: I have nothing.

H.M.Jr: Have you been having supper with Richard Ince?

Buffington: No, not recently.

H.M.Jr: But you have had supper with him?

Buffington: Yes.

H.M.Jr: Just checking up on you. He was at the house last night. Neither I nor your wife could find you last night, Ferdie.

Kuhn: My wife was with me last night.

H.M.Jr: What?

Kuhn: Sure. (Laughter) We went out for dinner, and

I came home and the nurse had left a message saying, "If you get home before nine, please ring the Secretary's operator."

H.M.Jr: The operator said, "Mrs. Kuhn says that Mr. Kuhn is out. If you want to reach him, I may be able to, but I doubt it." She indicates it was Mrs. Kuhn.

Kuhn: Sorry.

H.M.Jr: You had better train her better. It sounded like Mrs. Kuhn. (Laughter)

Klotz: That is very unkind.

Kuhn: You may want to see the little fifteen minute programs that we are getting up for all the radio stations made up of the best items of the Treasury Hour, you remember.

H.M.Jr: I would like to take that Baby Snooks record to play for the family. And listen, young fellow, here is a must. I want Baby Snooks to go on again, our program, and let her repeat that thing. Let her repeat that one. She doesn't have to do another one.

Klotz: Oh, everybody listens to it, Mr. Morgenthau, really.

Kuhn: She is always good.

H.M.Jr: Well, let's get another one.

Kuhn: She can do it.

H.M.Jr: But tell them I want Baby Snooks on the air, will you?

Foley: Gaston doesn't want to listen. (Laughter)

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- Gaston: I told Ed as they used to say in the Spanish American War days, "She makes my wound quiver."
- Klotz: She is marvelous.
- H.M.Jr: Well, anyway, I want Baby Snooks.
The funniest thing, see if I can repeat this right, who brought in this radio man?
- Kuhn: I did.
- H.M.Jr: He said he used to do radio programs for Underwood Typewriter, but he said the Chairman of the Board didn't like singing, his wife didn't like - what? Something else. And he said they never could get the husband and wife, Mr. and Mrs. Wagner, to agree on anything so finally in disgust he gave up the radio program. So I said, "Have you got it easy with the Treasury?" and he says, "And How!" Nothing that they have put on could the husband and wife agree on, the president of the company.
- Klotz: That has happened before. (Laughter)
- White: What did you say, "Mrs. Morgenthau doesn't listen?"
- H.M.Jr: Oh, she is crazy about Baby Snooks.
- Klotz: Harry is being funny.
- H.M.Jr: As a matter of fact, it was terribly funny. Mrs. Morgenthau was like Herbert. She thought it was terrible, and she was home on the farm alone and she sat there gripping her chair prepared to just have a terrible five minutes while Baby Snooks came on, and she said it was the first time in her life that she sat

alone in a room and just laughed out loud. She says she has never laughed out loud over anything on the radio before. The other night when Baby Snooks was on she was furious because her sister called up from Northampton and she gave her sister hell for interrupting her. (Laughter)

- Gaston: W. J. Cameron and the girl that precedes Elmer Davis on the Palmolive, those are the only two that I dislike more than Baby Snooks.
- Sullivan: Cameron is the head of the parade.
- Klotz: I would go along with that.
- H.M.Jr: Have you something else?
- Kuhn: Our farm man at Defense Savings got several phone calls from Agriculture to say how very, very pleased they all were that you had consulted with them on your farm speech. The thing seems to be going the rounds over there, and he said they just are all "Hearts and Flowers" ever since that occasion, and I asked what particular thing, and he said--
- H.M.Jr: They feel just the same way as though if Eccles ever consulted me about a speech.
- Kuhn: Well, apparently it was your talk with Wickard that pleased them the most, beforehand, about the stock piles and so on. I don't know why.
- H.M.Jr: And I told Wickard I didn't agree with him on the stock piles.
- Kuhn: I thought I would just pass it on as a matter of interest to you.

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H.M.Jr: I want to say Wickard is a swell guy and he is making some wonderful speeches.

Incidentally, Chick, I didn't see it, but Secretary Knox's explanation of how he signed the articles without reading them.

Schwarz: That is right; would you like to see it?

H.M.Jr: Would you give it to me to take to the country with me.

Schwarz: Surely.

Kuhn: I have nothing.

H.M.Jr: Blough?

Blough: Any tax charts or memoranda today?

H.M.Jr: Pardon?

Blough: Do you wish any tax charts or memoranda today?

H.M.Jr: I will take them to the country with me, and I wish that you and your lawyers would consider this very seriously with Mr. Sullivan. When we complete the group on the steel, you see, I would like to present it in colors and with a little book to a joint committee on taxation, Ways and Means and Financing, you see, a joint meeting, and then with Mr. Sullivan you could work out a way whereby we could make this public and then I would like to do a series of those just as fast as we can turn them out.

Now, if we can't make them public, the joint committee on taxation can, I think. Would you look into the law and consult the clerk of the committee and let--

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Sullivan: I think we had better wait and see what it shows first.

H.M.Jr: Well, anyway, make sure in the Treasury - how can we go about making that public, you see.

Sullivan: Yes, sir.

H.M.Jr: O.K., Roy?

Blough: Yes, that is all.

H.M.Jr: Harold, I read your memorandum on Sulds. I haven't got time to see him this morning, but I will see him Monday or Tuesday and under the arrangement that you and I have we keep him until the first of January.

Graves: Very good.

H.M.Jr: And I will see him - I read the whole thing, but I haven't got the time this morning, but I will see him Monday.

Graves: Would you like me to send word to him?

H.M.Jr: If you please.

Graves: Yes, sir.

H.M.Jr: Why don't you give him three o'clock.

Graves: Two o'clock?

H.M.Jr: Three.

Graves: Three o'clock Monday?

H.M.Jr: Yes, and you look after Senator O'Mahoney.

Graves: Yes, sir.

I examined that record and found that while he mentioned two companies, he did not identify one, so I have been trying this morning to reach him to get the name of that company, and I have so far not been able to get to him.

H.M.Jr: What he asked me for wasn't to get him any business. What he is interested in is the small businessman, you see, and he is trying to interest me because they won't buy Defense Savings Bonds, they will use a contract, but I thought that possibly here are a couple of fellows that could make something for us over in Procurement.

Graves: One of them, the one that was identified, that is the Michigan Company, according to Mr. Mack, to whom I spoke this morning, and he has been a contractor for furniture for the Government.

Of course, they build office furniture, and I suppose it is a matter of the OPM deciding that for that purpose they are not willing to grant any priorities--

H.M.Jr: Well, O'Mahoney--

Graves: ... in these days.

H.M.Jr: ... is a very keen fellow, and I would like to go all through this thing, just to find out what are the facts and everything else so that--

Graves: Using these companies merely as an example of what he --

H.M.Jr: That is right.

Graves: Well, as soon as I can get hold of him and get the name of that other company --

H.M.Jr: But his interest isn't getting contracts; his interest --

Graves: No, he said that.

H.M.Jr: But O'Mahoney is devoting himself to this and I would like to cooperate with him if I can.

Graves: Yes, sir.

H.M.Jr: Anything else?

Graves: Mr. Bell has arranged for a rehearing on our estimate.

H.M.Jr: Who?

Graves: Mr. Bell, and I am going over to the Budget at eleven for that.

H.M.Jr: Good. Want me to lend you my rabbit's foot?

Graves: Yes, sir. I don't think we will need it.

H.M.Jr: I don't either.

Graves: I have nothing more.

H.M.Jr: There is nothing in your report about that draft business.

Graves: No, I didn't intend to make any particular point of that.

H.M.Jr: Well, I think that that is the most significant thing of all.

Graves: Would you like a memorandum about that?

H.M.Jr: Yes. George?

Kuhn: Mr. Secretary, may I mention one more thing briefly? I am ready to report to you any time on that story that you had Commissioner Helvering talking about, the dismissal of those people up in New York.

H.M.Jr: Haven't you released it?

Kuhn: No, because Herbert and Ed and Chick and I and the Commissioner all think it is dangerous business.

Sullivan: Me too.

H.M.Jr: Well, that is enough for me.

Schwarz: We have been checking through the lawyers and I was going to bring that up.

H.M.Jr: Forget it.

Kuhn: The story has been done --

Foley: We would have an action on our hands right away, Mr. Secretary.

H.M.Jr: All right, forget it.

Foley: Dave Schenker called up yesterday and told John and me about one of the boys on that list. He says that he knows him and he has known him all his life, and the fellow is unjustly accused and has been dismissed without hearing and he thinks it is terrible and all that. I called the Commissioner and the Commissioner said he didn't

want to do anything about it, and I dropped it. That is what we would be up against if we published the list. It is bad enough anyway.

H.M.Jr: The case is dismissed. (Laughter)

Sullivan: Thanks for bringing it up, Ferdie. I forgot to.

H.M.Jr: George?

Haas: Mehl, over in Agriculture, seems to be following up your idea on speculation. Here is a clipping of some of his remarks. How often do you want to see these reports on production of aircraft and tanks? It has been about a month.

H.M.Jr: I will see them again Monday.

Speaking of the case being dismissed, you have heard my story about John E. Mack being in court in the middle of a trial and it was a quarter of twelve or around five minutes of twelve and he looks up and says, "I see that Henry Morgenthau, my very good friend, has come to get John E. Mack for lunch. Court is dismissed." (Laughter) And the lawyer came up and says, "Darn you, Morgenthau, I was just about ready to get a decision, and now the thing may go over for a week."

Peter, are you going to give me a title for that, "There Shall Be No Night"? Did Mrs. Klotz put that up to you?

Klotz: Last night.

H.M.Jr: How do you like that?

Odegard: It is a beautiful card.

H.M.Jr: How do you like the title?

Odegard: I would like to think about it a little more today.

H.M.Jr: You don't like that, "There Shall Be No Night"?

Odegard: I would like something, "On Guard Against the Darkness" better. It is less hectic. And besides, it is the slogan of the Defense Savings Staff.

H.M.Jr: What is?

Odegard: "America on Guard."

White: You shouldn't be afraid of the dark.

Klotz: The old bogeyman. (Laughter)

Odegard: To be on guard is not to be afraid.

White: Yes, I know, but it implies something dangerous and we try to train our children not to be afraid of the dark. (Laughter)

H.M.Jr: Harry, you are taking on a buzz saw, be careful.

White: I will save it for him.

H.M.Jr: Chick?

Schwarz: There is a telegram from the Rotary International Magazine asking for an article from you on current economic problems. Unless you have some reason for --

H.M.Jr: Three thousand dollars and then I sign it and say I didn't read it. (Laughter)

Schwarz: Let the staff man write it.

H.M.Jr: Yes.

Schwarz: That is all.

H.M.Jr: Harry?

White: We got a good many cables from Cassidy in response to your request for information on excess profits tax. Would you like them all mimeographed and distributed?

H.M.Jr: Yes.

White: Do you want them digested?

H.M.Jr: Yes.

White: Do you want to take them up over the weekend?

H.M.Jr: No.

White: We got a report on the British film settlement that you asked for, --

H.M.Jr: Yes, I would like that.

White: ...from the British, but they didn't reply to the other question yet. They may later. Incidentally, we have got the return of the Dutchess of Windsor as to what property she has here. I will send it for your edification.

Mr. Bewley asked those two questions about gold, one of which you answered during the course of the discussion. The second one was not definitely answered. They would like an answer.

H.M.Jr: What is the second one?

White: The second question was, in view of the fact that the Russians are going to come under the Lend-Lease and therefore presumably will not have goods to buy here, or very little goods to

buy here, their sale of gold to provide dollars will be nil or small. In that event will the British be able to acquire gold outside of that arrangement which you had established first?

H.M.Jr: Well, you can tell them - our English friend, what is the financial arrangement with the Russians. Look, tell the English to quit jockeying around and come and tell me, "Mr. Morgenthau, we want to do this or this with the Russians," and tell them I am not used to doing business this way, and tell Sir Frederick Phillips to walk in here the way he always does and say, "Look, Mr. Morgenthau, we want to sell the Russians so and so much. We want to get paid in gold." O.K.

White: And you would like to know the amount and the specific transaction which is involved and which is raising the question?

H.M.Jr: Yes, and I would give him an answer like that. All of this jockeying for position, I don't like it. I haven't been on that basis with the English.

White: I will ask Sir Frederick to come in.

H.M.Jr: To walk in here and tell me what is all of this mystery about. If he has got something the Russians need, I will give him an answer so fast it will shake his false teeth.

White: Sir Frederick? (Laughter)

H.M.Jr: Yes.

White: You wanted me to call your attention to the proposal to establish that Parran committee. Do you want to take that up now or sometime in the future?

(Mr. Bell left the conference.)

H.M.Jr: Parran committee?

White: Or a committee to examine the food needs of the public.

H.M.Jr: Not today.

White: With respect --

H.M.Jr: I have got a slight indigestion. I can't talk about a minimum of nutrition.

White: Then this next thing should be passed. This is the letter you said looked so good that it must have been drawn by lawyers.

H.M.Jr: Did you get that already?

White: Well, Miss Chauncey had it, that is why you couldn't understand it. (Laughter)

H.M.Jr: I read that thing through and when I got through, I said no economist could have written that. It must have been a lawyer.

White: I see.

H.M.Jr: A page and a half of nothing.

White: Well, I will have the lawyers rewrite it and see if they can do better.

H.M.Jr: Who wrote that letter?

White: I wrote most of it. (Laughter)

H.M.Jr: It is terrible.

White: It is kind of a subtle point. (Laughter)

Sullivan: Too subtle, Harry.

White: That is what I get for trying to be a lawyer.

H.M.Jr: Anything else, Harry?

White: That is all.

Morris: Nothing.

H.M.Jr: Dave, Bell isn't here, but last night I did read the memorandum which you fellows wrote based on all of this stuff, and when I got all through reading it, the only thing that I noticed was that everything that you people were in favor of was the 25% cash.

Morris: That is practically all, and separating, which we are doing, the cash from the refunding.

H.M.Jr: But outside of that I couldn't get a thing out of it.

Morris: Well, the answer is that we don't see eye to eye with the Federal.

H.M.Jr: Yes.

White: Why don't you get an economist to write it?
(Laughter)

H.M.Jr: All right. On Friday mornings Harry always has beefsteak for breakfast.

I am willing to go along on the 25%, see, and the only other suggestion, I know that they will say that they can get the Defense Savings Bonds but I think I would go back again. I would let anybody that wants to buy ten thousand dollars worth of this next issue and hold it for six months, have a hundred percent allotment. That is a suggestion, not an order. Ten thousand dollars, hold it

six months, register it, put up 25%. Will you pass that along?

Morris:

Yes.

Thompson:

In connection with Mrs. Honeyman's nomination, I assume you wanted me to hold that until we get Ireys report.

H.M.Jr:

That is right.

Thompson:

I understand that the President asked for it immediately.

H.M.Jr:

No.

Gaston:

I inquired Ed Flynn's position on that. He is a thousand percent against it. He was talking to the President and Mrs. Roosevelt about it.

H.M.Jr:

That is all right. I just want to be in the clear about it. The President wants it and Frances Perkins wants it. As far as I am concerned, it is all right.

Gaston:

I think in view of the fact that I found out he talked to the President not once, but several times about it, we can ignore any further efforts to clear it with Flynn, as far as we are concerned.

H.M.Jr:

Yes, but I think --

Gaston:

That is a matter between him and the White House.

H.M.Jr:

That is right. Though the President followed Flynn's advice on LaGuardia, that is no reason why he should do the same on Mrs. Honeyman.

I hope everybody has a nice weekend.

11/28/41

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Photostats of the attached furnished to
Messrs. Bell, Foley and Delano on this
date.

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THE WHITE HOUSE
WASHINGTON

November 27, 1941.

MEMORANDUM FOR THE
SECRETARY OF THE TREASURY:

FOR YOUR INFORMATION.

F.D.R.

(COPY)

6156 Olympic Blvd.
Los Angeles, Calif.
November 17th, 1941.

234

President Franklin D. Roosevelt
c/o Edwin M. Watson
White House
Washington, D.C.

Re: First Trust & Savings Bank
Pasadena finally succumbs.

My dear Governor:

I do not wish to burden you at this time but knew that you would be interested to learn that A. P. Giannini of the Bank of America has finally taken over the First Trust & Savings Bank through an exchange of stock by the Bank of America's indirect holding company -- Transamerica Corp. The deal is one share of B. of A. Stock and \$15.00 cash for one share of First Trust & Savings stock. The normal market for First Trust & Savings being \$30.00 per share. In other words, a \$60.00 consideration for \$30.00 stock. In some cases they gave as high as \$75.00 to get the deal started.

Mr. McDonnell, the First Trust president will receive three-quarters of his present salary as a pension, and was practically told to leave the keys on the inside after having built up and being a credit to this bank and community for over forty years.

It seems that the Italian's blitzkrieg" was too powerful for this small independent bank to cope with. This is a blow against free enterprise. Mr. McDonnell advises me that he had sent a letter to Mr. A. P. Giannini admitting his defeat and added that they both were getting along in years, and when they had passed on he at least would get a great deal of satisfaction knowing that he had had no part in selling our present and future generation down the river. He is definitely right, as per my letter of November 11th and the enclosed.

The middle man is being squeezed between the top and the bottom by groups like Giannini and General Wood on the top, and Lewis and Bridges at the bottom -- one group is well organized politically because they have the votes; the other is financially able to control and operate a large lobby in Washington and several other states. The only way for the middle class to survive is to unite like the Unions.

Very confidentially,

(Signed) H. R. O'Keefe

P.S. I note where Mr. Nelson, formerly of Sears Roebuck & Co. will resign if Mr. Odium who handles the small independents is granted Four Hundred Million Dollars worth of defense orders to be distributed. He, Nelson, does not want to even give the independents the crumbs.

H.R.O.

IMPORTANT:

Don't you agree that the secret ballot should be definitely included in your new labor setup. IT WOULD GIVE EVERYONE THE RIGHT TO VOTE AS HIS CONSCIENCE DICTATES.

ASSISTANT SECRETARY OF THE TREASURY

November 28, 1941.

MEMORANDUM

To: Secretary Morgenthau
From: Mr. Gaston

Ed Flynn called me from New York just now (11:45 A.M.) about the proposed Honeyman appointment. He said it would be "terrible" and would "ruin us out there". He said he was going to write to Mrs. Roosevelt and asked me to ask you to hold it up while he was taking the matter up with the White House. Since we have ordered a character investigation the matter will have to wait until the President's return in any event.

W.S.G.

Mr. Graves read this conversation.

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November 28, 1941
2:08 p.m.

HMJr: Hello. Hello. Hello.

Vice Pres.
Wallace: Hello.

HMJr: Hello, Henry.

W: How are you?

HMJr: Well, I've still got a back, unfortunately,
between the third and fourth lumbar.

W: Gosh, that's tough. I was hoping you could
play.

HMJr: But it's getting better.

W: Fine. I've got an article written here for
the Atlantic Monthly, in which I'm developing
somewhat this same theme that you developed
before the Grange meeting.

HMJr: Yes.

W: And there's a reference or two to gold in it,
and before I send it I'd like to have you take
a look at it, if you can take the time.

HMJr: Well, I'm leaving at two-twenty-five, but Harry
White's available.

W: I'll just send it over to him then.

HMJr: Would you do that?

W: That'll be fine.

HMJr: If you don't mind, because I imagine you want
action.

W: Yes, I want to send it along now. It's chiefly
along this same line.....

HMJr: Good.

W:that you were bringing up there.

- 2 -

HMJr: Fine. Well, I appreciate the courtesy; and if you'll send it to Harry, he'll look at it.

W: I've got a letter here from Nelson Rockefeller.....

HMJr: Yes.

W:about a matter which is of great interest to him and to Milo Perkins and to me.....

HMJr: Right.

W:and it has to do with the effective functioning of the economic defense program.

HMJr: Yes.

W: It seems that Nelson has given a hundred and five thousand dollars; Perkins' outfit a hundred and forty thousand dollars, to the Department of Commerce for expansion of their statistical and research groups.....

HMJr: Yes.

W:for preparing the basic material on which both offices rest.

HMJr: Yes.

W: They - Jesse Jones and Harold Smith and Wayne Taylor and Milo had all gone over the proposition all in accord, and - well, I'll quote now from Rockefeller's letter. They were consolidating certain groups in Milo's outfit and Rockefeller's outfit on the South American front.....

HMJr: I see.

W:with certain of the groups in Commerce - that is, they're utilizing the groups in Commerce.

HMJr: Yes.

W: Really making a unit between three different departments, you might say.

HMJr: I see.

W: Wayne Taylor was greatly pleased with it, but this is what came up apparently - well, I'll quote:

"Wayne Taylor was delighted with the arrangements and stated that an unusual circumstance would make it possible as the Maritime Commission was leaving the Commerce Department to occupy its new building, which will be ready next week, thereby vacating a hundred and ten thousand feet in the building. Final arrangements for the completion of the whole program were being made yesterday, when it was discovered that Secretary Morgenthau had gained permission from the President for the allocation of the new Maritime Commission building for the Public Buildings Administration in order to get the latter out of the Treasury building immediately to make room for the expansion of Treasury activities."

Nelson goes on to say, "While we presume Secretary Morgenthau's needs are real, we feel that they should not be taken care of right away so as not to jeopardize this important consolidation....."

HMJr: Oh.

W:because of the far-reaching implications," and so on.

HMJr: The hundred seventy thousand feet we're getting are to be used one hundred per cent for Lend-Lease Procurement; and I think that between Rockefeller and buying for the English and the Russians and the Chinese, I think that we'd better come first - with all due respect to Nelson Rockefeller.

W: Well, it's not really Nelson. It's also the Economic Defense Board.

HMJr: Well, it's all set as of the first, and I can't - we simply, Procurement can't buy this stuff for the English and the Chinese unless we have the space. The building is ours anyway, and these

fellows are just squatters. All I'm interested in is getting Public Buildings out of the Procurement Building. That's my only interest.

W: Could I ask this - if you could see if you could possibly get them some other place.

HMJr: No, no. I'm not going to interest myself, Henry. Please don't think - I've been all through this now for months, and my only interest is to operate under Lend-Lease.

W: Well, it does throw an awful jam into our plans. I just wanted you to know that.

HMJr: Well, it's just a question of whether the buying of war materials comes first, that's all; and that's what we're charged with. And it's a hundred per cent to buy war materials for England and China. And - I mean, as to what happens to the people when they get out, I don't know; but there's a building belonging to the Treasury in which Public Buildings is occupied and.....

W: You just don't feel that there's any other place where you could get these folks placed.

HMJr: No. I have nothing to do with that. I asked for a hundred and seventy thousand additional square feet in my own building, and they gave it to me, see? And they're moving Public Buildings out. Where they go, I don't care, frankly. It was all settled. They had a big meeting at which everybody was represented in the Public Buildings Office - I think on Monday. I'm afraid, Henry, I wouldn't budge an inch, because I've got this responsibility of buying and after all, these fellows are fighting and we've got to give them the stuff.

W: Yes, I'll agree with you on that; but I was just wondering if there isn't some way to handle the thing in a way that it will take care of you and us, too.

HMJr: Well, I don't know about that; but they had this

meeting which fifteen or twenty people attended - I think it was on Monday - and it was decided there that we could have the balance of space in our own building.

W: Now, what does it get down to? It finally gets down to where this Public Administration's outfit is going, is that it?

HMJr: No. It just gets down - I say I need the balance of the building, and Public Buildings says, "All right, you can have it." Now, what maneuvering they do on the outside, is just none of my concern. I mean, I just haven't interested myself, because it doesn't - all I was - I presented our case and they said, "Well, do you need it for what you're doing?" and "you can have it."

W: Yeah.

HMJr: It's just as though you had somebody else in the Department of Agriculture and you had to buy food for the English and you say, "I need a hundred and seventy thousand square feet to buy this food for England. Will you please ask these interlopers to get out of the Department of Agriculture?"

W: Sure.

HMJr: What?

W: Sure, I'm not disputing that at all.

HMJr: And they get out. Where they go - that's somebody else's concern.

W: Yeah. Now, the interlopers in this case are whom?

HMJr: Public Buildings.

W: Public Buildings. All right, sir.

HMJr: Sorry.

W: All right.

HMJr: Okay.

W: Good-bye.

HMJr: Good-bye.

November 28, 1941
12:15 p.m.

HMJr: Hello.

Operator: Mr. Paul.

HMJr: Hello.

Randolph
Paul: Hello, Mr. Morgenthau.

HMJr: Paul, can you hear me?

P: Pardon?

HMJr: Hello.

P: Yes.

HMJr: Can you hear me?

P: Yes, I can hear you.

HMJr: Morgenthau.

P: Yeah.

HMJr: This is the proposal that I'd like to put up to you which I've been thinking about for a week. I talked with John Sullivan this morning, and what I'm saying is entirely agreeable to him; in fact, he said he suggested it ten days ago. My thought is that John Sullivan - as far as the tax bill - will be what the English call a barrister who presents the bill on the Hill.

P: Yes.

HMJr: And I'd like you to be our solicitor and have full charge in the Treasury of the preparation of the bill - take full charge of the staff and everything as far as it goes in preparing the bill.

P: I think I see what you mean, Mr. Morgenthau, and it might be possible to work out an arrangement like that; but there are certain complications about it, and I think it would be

something that I should discuss with you personally and perhaps also with John.

HMJr: Of course. Well, I wanted you to think it over. I've talked with John, I've given it very careful thought, and I think you would supplement each other wonderfully. I want you to think about it over the week-end, you see?

P: Yes.

HMJr: Now the point is that if you came down here - I mean, certainly I would - it would call for your undivided attention - oh, if we get a tax bill through by the first of July, we'll be lucky.

P: Oh, I should say it would.

HMJr: See?

P: Yes.

HMJr: And I thought you might be thinking about it, and when you come down Monday, we can have a talk.

P: Well, now I can't be down Monday. I'm trying to finish up with that dental work.

HMJr: Well.....

P: Well, no, Monday I have to give a lecture - I have to preside at a luncheon at Philadelphia, and.....

HMJr: Well, when would you think.....

P:then I have to give a lecture in Trenton Monday night, and Tuesday morning - I can't get down until Tuesday afternoon.

HMJr: That's all right. But the point would be once if you did get settled here, then a lot of these meetings that take place in my room wouldn't have to take place. You'd be free to invite

in anybody that you wanted to help you, see? It would be your job to build up a staff and get the tools to work with. In other words, I'd give you carte blanche.

P: Well, let me think about that and I'll talk with you Tuesday.

HMJr: Does it appeal to you at all?

P: Pardon?

HMJr: Does it appeal to you at all?

P: Yes, I - well, I feel more or less this way, that there are problems of responsibility and I'd like to talk with you about a couple of points of it. I feel more or less that one is duty bound to do his job these days.

HMJr: But I meant leaving out - impersonal - whatever you want - but I mean as to the broad, sensible side, as to the division of the authority.

P: I didn't quite understand that.

HMJr: Well, I mean as to the position. I mean, you're to be the complete authority for the preparation of the bill.

P: Oh, I see. Well, yeah, I suppose there are matters of title there, too.

HMJr: Well, we can fix them.

P: And I feel more or less this way, Mr. Morgenthau, that these are not times to - one just has to do his job. Everybody. I feel quite differently from the last occasion, where we discussed a somewhat similar matter before.

HMJr: Well, I appreciate that and it is; and as we go after additional money, it's more and more difficult. And without trying to flatter you, you brought in a spirit which is exactly what I wanted - it's like a breath of fresh air - so I hope you'll see your way clear.

P: Well, I'll think it over.....

HMJr: And John takes the attitude that this is his idea.

P: Okay.

HMJr: So he's all right.

P: Yes.

HMJr: See?

P: I see. Well, then.....

HMJr: We'll talk about it. I tell you what I'll do. What time will you be in Tuesday?

P: Well, I'm - I think it won't be until after lunch.

HMJr: Well.....

P: Of course, I may be able to get down there by lunch time if the weather is good.

HMJr: Well, I'll hold time for you.

P: In the afternoon.

HMJr: Yes. I'll put you down for three o'clock on Tuesday.

P: What is your telephone number.....

HMJr: Where?

P:up at Poughkeepsie, if I should want to ask you any questions over the week-end?

HMJr: Well - Poughkeepsie LD-20.

P: LD20?

HMJr: Poughkeepsie. It's a special number.

P: LD20.

HMJr: Poughkeepsie.

P: All right. I don't think I will, but I might want to ask you something.

HMJr: Well.....

P: All right. Thank you very much.

HMJr: Okay.

November 28, 1941
2:06 p.m.

John W.
Pehle:this old matter that we discussed with
Stopford.

HMJr: With who?

P: Stopford.

HMJr: Stopford?

P: Yeah. For ten million dollars.

HMJr: Oh, yes.

P: And the application has now come through.

HMJr: Yes.

P: It indicates nothing except that they want the
account put in a free account.

HMJr: I see.

P: Now, the only further information we have is
that a man by the name of Myorga came over
here on the Clipper to see about the matter,
and he talked to Stopford.

HMJr: I see.

P: And that's all.

HMJr: Okay.

P: Right. I'll put it through. Good-bye.

November 28, 1941

MEMORANDUM FOR THE SECRETARY'S DIARY

On Friday, November 28, 1941, Pehle received, through regular channels, an application of the Swiss Bank Corporation, New York agency (NY-310733), to effect the transaction referred to in the Memorandum For The Secretary's Diary, dated November 5, 1941. This transaction was the subject of a letter addressed to Secretary Morgenthau by Lord Halifax on November 1, 1941.

Pehle called Secretary Morgenthau at 2:10 P. M. on November 28 and advised him of the application and it was agreed that the application should be approved. This action was promptly taken.



November 5, 1941

MEMORANDUM FOR THE SECRETARY'S DIARY

On Monday, November 3, 1941, Pehle received, by messenger from the British Embassy, a letter addressed to Secretary Morgenthau by Lord Halifax, Ambassador of Great Britain to the United States. A copy of this letter is attached hereto. Pehle discussed the matter with Secretary Morgenthau on Tuesday, November 4, at 2:45 P. M. At 9 P. M. the same day Stopford, of the British Embassy, and Pehle came to the Secretary's home and discussed the matter with him.

Stopford stated that at the time that Italy entered the war Sir Samuel Hoare reported that certain Spanish generals might be influenced in their actions through monetary considerations. Accordingly, the British paid certain sums to such persons and an additional amount was placed in the Swiss Bank Corporation in New York in the account of the Societe de Banque Suisse, Geneva. These additional funds are subject to certain neutral controls and apparently payments are made therefrom at stated intervals provided the Spanish generals live up to their agreement. Stopford said that it was felt that if the funds were frozen here the persons concerned might feel that through our freezing the British were conniving to withhold the funds.

Secretary Morgenthau raised the question as to what position we would be in if Spain entered the war and the British asked us to re-freeze the funds. It was decided that such question would have to be decided when and if it arose.

Secretary Morgenthau indicated to Stopford that the Treasury would issue the requisite license.

MOST SECRET

BRITISH EMBASSY,
WASHINGTON, D.C.

1st November, 1941.

Dear Mr. Secretary:

I have been asked by the Secretary of State for Foreign Affairs personally to ask for your assistance in the following matter. Among the frozen funds held by the Swiss Bank Corporation in New York in the name of the Societe de Banque Suisse, Geneva, is an amount of ten million dollars which are the proceeds of a payment made from British sources to certain persons for political services rendered. The Secretary of State anticipates that a serious situation will arise for us unless means can be found to unfreeze these funds. He asks whether it would be possible for you to give directions, if an application is duly made by the Swiss Bank Corporation, for these funds to be transferred to a new free account with the Swiss Bank Corporation. It is suggested that the reason to be given by the Swiss Bank Corporation in this application should be the need to fulfil an outstanding obligation.

The Secretary of State adds that the Prime Minister wished you to know that this request is also a personal one from him. I will only add that, if you feel that you would like to have any further information in regard to this transaction, I shall be very glad to come and see you at your convenience.

Believe me, dear Mr. Secretary,

Very sincerely yours,

Halifax

The Honourable Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

CLASS OF SERVICE

This is a full-rate telegram or Cablegram unless its character is indicated above or preceding the address.

WESTERN UNION

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(14)

SYMBOLS	
DL	= Day Letter
NT	= Overnight Telegram
LC	= Deferred Cable
NLT	= Cable Night Letter
Ship Radiogram	

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

Time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of arrival is STANDARD TIME at point of destination. 16

NAB149 62 GOVT=SN WASHINGTON DC 28 444P

HON HENRY MORGENTHAU JR, SECRETARY OF THE TREASURY=
PHONE BEACON 211 FISHKILL NY=

REFERENCE IS MADE TO SPACE MATTER DISCUSSED THIS AFTERNOON. IT IS NOT DESIRED TO JEOPARDIZE LEND LEASE ACTIVITIES IN ANY WAY BUT WE MUST ALSO PROTECT OTHER IMPORTANT DEFENSE ACTIVITIES. THEREFORE, I REQUEST THAT YOU DEFER THE MOVE OF PUBLIC BUILDINGS ADMINISTRATION ABOUT A MONTH AS THAT WILL PERMIT THEM TO OBTAIN SPACE IN EMERGENCY BUILDING UNDER CONSTRUCTION. WOULD APPRECIATE EARLY REPLY=

H A WALLACE.

TELEPHONE No. _____

TELEPHONED TO 643

Handwritten signatures and initials
J. C. Willever
D. B. ...

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

November 28, 1941

Honorable John E. Mack
Poughkeepsie, New York

PLEASE TELEPHONE ME AT BEACON TWO ONE ONE BETWEEN EIGHT THIRTY
AND NINE TONIGHT

HENRY MORGENTHAU, JR.

EHF:mp 11/28/41

November 28, 1941

Honorable John E. Mack
Poughkeepsie, New York

PLEASE TELEPHONE ME AT BEACON TWO ONE ONE BETWEEN EIGHT THIRTY
AND NINE TONIGHT

HENRY MORGENTHAU, JR.

EHF:mp 11/28/41

TREASURY DEPARTMENT

WASHINGTON

November 28, 1941.

MEMORANDUM ON MEETING OF THE JOINTCOMMITTEE ON REDUCTION OF NON-DEFENSE EXPENDITURES

A meeting was called for 10 A. M., Friday, November 28, in the House Ways and Means Committee Room in the Capitol. There were present

Senators:

Byrd
George
Glass
McKellar
LaFollette

Congressmen:

Doughton
Treadway
Taber
Cullen
Woodrum
Cannon

Treasury:

Under Secretary Bell
Mr. Heffelfinger

Budget:

Budget Director Smith
Mr. Lawton
Mr. Beecher
Mr. Beecher's Assistant
General Accounting Office:
Mr. Tyler
Mr. Tyler's Assistant.

Senator Byrd opened the meeting and explained that Mr. Smith, the Budget Director, had present certain of his assistants who were familiar with the estimates of appropriations of the CCG and NYA. Senator Byrd stated that no record had been made of previous meetings and he suggested that a transcript be made of the information furnished by the Budget representatives. The committee agreed with this suggestion.

Mr. Beecher of the Bureau of the Budget explained that the current appropriation for the CCG was \$246,000,000 and that when Congress had enacted the appropriation it placed a limitation on the amount which could be spent per enrollee, which had the effect of providing for a gross enrollment of 230,000 in the Corps. He said that there has been a downward trend in the number enrolled in the Corps and because of this downward trend the effect of the Congressional limitation was to restrict CCG expenditures by some \$46,000,000 for the current fiscal year. The Budget, however, after taking into account the downward trend in the number enrolled, had placed in reserve \$95,000,000 of the funds available to the CCG. On this basis the amount available for expenditure in the current fiscal year would be \$150,000,000 instead of \$246,000,000

- 2 -

appropriated. He said the present enrollment was 148,000 as against an estimated enrollment of 232,000 at the time the appropriation estimate was originally submitted to the Congress in January, 1941.

In reply to a question Mr. Beecher stated that the officials of the Corps had attempted to overcome in some respect the downward trend of enrollments by permitting continuous enrollments instead of permitting enrollment only at one time each quarter, and that it was not necessary to be a member of a relief family to enroll in the Corps under present law.

Congressman Doughton asked who determines the need of employment of the persons applying for enrollment in the Corps and Mr. Beecher explained that the local welfare agencies certify enrollees to the Corps and determine the need of such enrollees for employment.

In reply to a question by Congressman Treadway Mr. Beecher stated that at December 1 there will be about 900 CCC camps as against some 1200 odd camps contemplated in the estimates of the appropriation.

In reply to a question by Congressman Taber as to whether there is any downward trend in overhead, Mr. Beecher explained that there was not. Congressman Cannon said he understood the smaller camps were being eliminated. Mr. Beecher explained that while what he considered as overhead was not showing any substantial reductions, nevertheless there were considerable reductions in expenditures for operation and maintenance of the Corps and pointed out that with a lesser enrollment accumulated stocks of clothing and equipment from discontinued camps were being used.

Mr. Beecher presented statistics which showed that 19.3% of enrollees in the Corps come from families receiving Federal relief; 8.7% from families receiving local relief; 14.8% from families eligible for relief; 49% from families which are considered as being below an adequate living standard, and 7.9% who had no dependents. The present enrollment period is for six months although reenrollments may lengthen the period spent in the Corps to two years. In answer to a question Mr. Beecher explained that enrollees were given training in work experience, such as working on soil conservation projects under the Department of Agriculture, in the forests constructing roads and highways and fighting fires under the Forest Service, doing work in the National and State forests, as well as participating in the educational program sponsored by the CCC.

In reply to Congressman Taber's inquiry as to what is the basis of the Budget reserve from the current year's appropriation, Mr. Beecher explained that the reserve was predicated upon the Bureau's

observation a short time ago that the enrollment then was 151,000 and a continued downward trend in the number enrolled was anticipated. Mr. Beecher said that he did not think there would be any further increases in the reserves anticipated for this fiscal year.

In reply to General inquiries Mr. Beecher stated that information available to the Bureau of the Budget indicates that the bulk of enrollees in the Corps are boys below 21 years of age and that the Corps will accept boys ranging in age from 17 to 25 years. Fifty per cent of enrollees are 17 years of age; 24 1/2 18 years of age, and more than 90% are below 21 years. At the present time about 20% of enrollees in the camps are negroes. Mr. Beecher explained in reply to a question of Congressman Doughton that the selecting agents, that is the local welfare agencies, before certifying enrollees to the Corps, clear with the local school authorities as to whether such enrollees have complied with all local school requirements.

Senator Byrd asked that the OOO be requested to furnish information showing the actual time worked by enrollees. Mr. Beecher explained that the enrollees worked on the basis of a forty-hour week but there seemed to be considerable impression prevailing in the committee that as a matter of fact the enrollees did not work the full time they were scheduled to work. Senator Byrd also asked that there be furnished information showing the cost of operation of the OOO Press Relation Section. Mr. Beecher stated that Mr. Kohnitz, the Federal Security Administrator, within the last 60 days had issued an order to the OOO and NIA directing them to discontinue any activities which might be said to represent advertising or propaganda for the encouragement of enrollments in OOO or NIA.

In reply to a question by Congressman Treadway Mr. Beecher stated that an enrollee receives wages of \$30 per month, of which \$15 must be allotted to his family (originally \$25 was required to be allotted to family); that \$7 is deposited in the account to the credit of the enrollee and paid to him when he leaves the Corps, and that the balance of \$8 is the net cash payment available to the enrollee per month.

In reply to a question by Congressman Cannon as to what amount could be cut out of the appropriation for the OOO and still enable the Corps to carry out legislation enacted by the Congress, Mr. Beecher stated that for 1942, the current fiscal year, the Corps would spend \$150,000,000. Mr. Beecher stated that the \$95,000,000 reserved by the Budget from OOO appropriations were applied against the following categories of expenditures:

Pay, subsistence, medical service, etc.	\$60,054,000
Camp maintenance	5,714,000
Salaries and expenses for care of enrollees	4,579,000
Project salaries	6,368,000
Project expenses	13,031,000
Salaries, field offices	2,519,000
Expenses of field offices	1,235,000
Departmental salaries, Washington	413,000
Departmental expenses, Washington	151,000
Miscellaneous	936,000
TOTAL	<u>\$95,000,000</u>

Congressman Doughton asked whether there is any distinction in the requirements as between the NYA and OGC with respect to the basis of eligibility and Mr. Beecher explained that so far as he knew there was no distinction, it usually being a matter of choice with the youth as to whether he would enroll in the OGC or take advantage of opportunities offered by the NYA. In connection with the OGC Mr. Beecher referred to statistics which showed that 11% of enrollees came from urban areas including cities with population of 2,500 or more, and 69% came from rural areas.

Congressman Freadway and Senator McFeller asked that there be furnished information showing the number of employees in the OGC on salaries; the number and cost of employees on the basis of the amount of the appropriation, \$246,000,000, and the number and cost on the basis of the estimated expenditures of \$150,000,000. The question was asked that if the law is amended to limit enrollees to persons on relief, how much could the present estimated expenditures be reduced.

There was no further discussion of the OGC and the committee continued its discussion of the NYA.

Mr. Beecher explained that appropriations for the current fiscal year amounted to \$51,767,000, representing \$91,800,000 appropriated for the regular program and \$60,000,000 for defense activities. Mr. Beecher stated that the Budget had impounded, or placed in reserve, \$28,400,000, of which \$7,000,000 applied against the \$60,000,000 defense appropriation, and \$21,400,000 was against the regular program. In explaining the basis for the Budget Bureau's impoundment Mr. Beecher said the Budget Bureau had asked the NYA not to make any new additions to its student aid enrollment between the time when the reserve was set and the beginning of the second school semester. Also, when the second semester starts that NYA reduce its college program by 25%.

In reply to an inquiry by Congressman Cannon as to what the prospects are for next year, inasmuch as the Budget Bureau must now be considering the 1943 program, Mr. Beecher stated that he was not in any position to make an observation for 1943 at this time.

In reply to an inquiry by Senator McKellar as to the number of persons on the NYA rolls, Mr. Beecher stated that information furnished as of October 18 showed the following enrollment:

Out-of-school program - - - - -	168,000
Student-aid program - - - - -	370,000
Defense training program - - - - -	<u>78,000</u>
 TOTAL - - - - -	 <u>616,000</u>

Senator McKellar asked that Mr. Beecher furnish a description of the education received by the students in the out-of-school program. In reply Mr. Beecher stated that the defense training program, employing some 78,000 students, consisted of work in shops approved by the OPM. These shops are set up by the NYA and are not connected with any industrial concerns. The other out-of-school program is carried on in shops for wood work, radio work, clerical work, power sewing for women, etc., and the program goes beyond shop work and certain construction work is undertaken on a small scale in rural areas, such as making small additions to schools, recreation centers, etc. Wages paid to youths in the defense shop work range from \$22 to \$25 per month and in the other shops from \$16 to \$24 per month. Training is given for about three months in defense shops and about six months in regular training shops. Mr. Beecher stated that there were about 15,000 students in resident centers under the regular program and 19,000 in resident centers under the defense program.

Senator McKellar asked that he be furnished a list of the schools which get money from the NYA. There was a general discussion of the student-aid program and some of the committee members appeared to be under the impression that NYA made commitments direct to schools and colleges. Mr. Beecher explained that the NYA does not make any payments direct to schools or other institutions; that under the law a quota is set as to the amount which may be expended in each State and the State school authorities in effect allot the amount available to each to the various schools and other institutions desiring to participate in the program. The schools and other institutions then designate those youths in their student bodies who most need assistance from the Government to enable them to continue their education and the Government makes payments direct to the students. The selections by the schools are made under general regulations and procedure

established by the NYA. In reply to a question by Congressman Treadway Mr. Beecher explained that the students work for the schools in order to earn their pay. They do minor jobs such as tending to telephone switchboards, clerical work in schools, library work, etc. Mr. Beecher also pointed out that the average payment to students in high schools is \$5.00 per month and the average payment to students in colleges is \$12.50 per month.

Senator Byrd pointed out that while the Government may not make payments direct to schools, colleges, etc., the schools do benefit by the Government payments from the standpoint of the tuition paid by the students and to the extent of such tuition paid from assistance by the Government the schools are receiving a direct benefit from this program.

Congressman Taber inquired as to the cost of operating resident centers and was informed by Mr. Beecher that the estimated cost of this activity was \$15,600,000, and Mr. Beecher explained that students in the resident centers received wages of \$30 per month, from which was deducted the cost of their subsistence, leaving about \$8 to \$10 net cash available to students in resident centers.

Senator Byrd explained the plan of the committee was to get facts from the Bureau of the Budget on the various large programs, such as the CCC and NYA, and that the next items to be taken up would be WPA and the Farm program. He stated that after factual data was obtained from the Bureau of the Budget the committee might decide to call representatives of the agencies concerned to appear before it to comment upon or justify their activities. Senator Byrd stated that he hoped the committee could meet more or less continuously and if possible to devote the entire day to their meeting. It was decided that the next meeting would be held on Monday, December 1st, at 10 A.M., and that the WPA program would be considered. Thereupon the meeting adjourned at 12:05 P.M.

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United States Senate

COMMITTEE ON RULES

November 28, 1941 s.

HARRY FLOOD BYRD, VA., CHAIRMAN
 PAT HARRISON, MISS.
 KENNETH MC KEELAR, TEXAS
 ALVA W. ADAMS, COLO.
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ARTHUR H. VANDERBERG, MISS.
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 CHARLES W. TORNEY, N. H.
 WALLACE H. WHITE, JR., MASS.

M. J. MENEFEE, CLERK

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Honorable Henry Morgenthau, Jr.,
 The Secretary of the Treasury.

My dear Mr. Secretary:

The next meeting of the Committee to Investigate Non-essential Federal Expenditures will be held Monday, December 1, at 10:00 a.m., in the House Ways and Means Committee Room in the Capitol. A full attendance is desired to hear additional information to be given by Budget Examiners.

With best wishes, I am

Faithfully yours,

Harry F. Byrd

Byrd Attended

RECEIVED
 NOV 29 1941
 U.S. SENATE

Prepared by: Messrs. Conrad,
Turnett, Sandelin, Fox, Lindow,
Tirkton, Murphy and Haas.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 29, 1941.

TO Secretary Morgenthau
FROM Mr. Haas
Subject: December Financing

SUMMARY AND CONCLUSIONS

Two major decisions with respect to the December financing have already been made. You have decided that the financing will be new money only and will amount to \$1.5 billions. Three major decisions remain to be made, however. These are: (1) Should the financing be in one issue or two? (2) Should a start be made toward obtaining longer call periods? and (3) Should the issue (or the long issue, if there are two) have the 2-1/2 percent coupon which has been used on the last three long taxable issues?

The first three sections of this memorandum discuss these three problems. It is concluded: (1) that there is a small margin in favor of the use of a single issue; (2) that a start should be made toward obtaining longer call periods; and (3) that the 2-1/2 percent coupon on the long issue should not be shaved. The final section of the memorandum gives the estimated yield bases and probable premiums of a number of possible issues in order to indicate approximately what can be done in the present market.

Secretary Morgenthau - 2

I. Should the Financing Be One Issue or Two?

Your decision in putting the entire October financing in one issue has been amply justified by the outcome. The issue has gone exceedingly well and has had a tonic effect on the market.

The October issue involved driving an entirely new guide post in new long territory. This has now been done, and the territory so opened up has proved to be good. This creates a presumption in favor of again using a single issue this time -- a presumption which can only be overthrown by a fairly strong showing of facts to the contrary. This presumption is increased by the fact that there will be a refunding issue of slightly over \$1 billion in January, all of which will probably be placed in the intermediate maturity range. Against this background, it is valuable to review what has happened in the market since the beginning of October.

The following table shows the allotment of the 2-1/2's of 1967-72 by classes of investors and their estimated ownership on October 31:

Secretary Morgenthau - 3

Estimates of Shifts in the Ownership of 2-1/2 Percent
Treasury Bonds of 1967-72 Between Their Original
Allotment and October 31, 1941

(In millions of dollars)

Class of investor	Original allotment	October 31	Net change
I. Banks and insurance companies			
a. Commercial banks			
(1) In New York City	115	56	- 59
(2) All other	<u>296</u>	<u>447</u>	<u>+151</u>
All commercial banks	411	503	+ 92
b. Mutual savings banks	90	212	+122
c. Insurance companies	<u>266</u>	<u>307</u>	<u>+ 41</u>
Total	<u>767</u>	<u>1,022</u>	<u>+255</u>
II. Other private investors			
a. Dealers	70	1/	
b. Other financial corporations	50	1/	
c. Other corporations	142	1/	
d. Trust accounts	53	1/	
e. Individuals	204	1/	
f. Other private investors	99	1/	
g. Unclassified	<u>57</u>	<u>1/</u>	
Total	<u>675</u>	<u>421</u>	<u>-254</u>
III. U. S. Government agencies and trust funds, and Federal Reserve Banks			
	<u>148</u>	<u>148</u>	-
IV. Total amount outstanding			
	<u>1,590</u>	<u>1,591</u>	<u>+ 1</u>
1/ Details not available.			

Secretary Morgenthau - 4

In order to appraise the actions of these classes of investors with respect to the 2-1/2's of 1967-72, it is necessary to know also how they changed their holdings of other marketable United States securities during the month. These figures are as follows:

Estimated Changes in Holdings of 2-1/2's of 1967-72 and of
All Other Marketable Issues of United States Securities
for the Month of October 1941

(In millions of dollars)

Class of Investor	2-1/2's of 1967-72	All Other Marketable Issues	All Market- able Issues
Commercial banks			
(1) In New York City	+ 56	- 11	+ 45
(2) All other	<u>+447</u>	<u>+108</u>	<u>+555</u>
All commercial banks	+503	+ 97	+600
Mutual savings banks	+212	- 93	+119
Insurance companies	+307	+111*	+418
All other private investors	<u>+421</u>	<u>-174</u>	<u>+247</u>
Total privately-held marketable supply	+1,443	- 59	+1,384

* Net change includes \$161 millions of Treasury bills, \$150 millions of which were purchased by Equitable Life of New York. Marketable issues other than bills decreased by \$50 millions.

Secretary Morgenthau - 5

The above data are valuable on the present occasion principally because they give some indication of the ability of various classes of investors to absorb a long issue at this time as compared with the beginning of October. The presumptive change since the beginning of October in the investment position of each of the classes of investors for which some data are available may be reviewed as follows:

(1) Commercial Banks. These institutions held on October 31 by far the largest block of the new issue -- \$503 millions, or about 35 percent of the total privately-held supply. About 90 percent of this was held by banks outside of New York City.

Banks outside of New York City are still in a comfortable reserve position. Their ability to absorb a new issue at this time, therefore, is limited only by their willingness to do so. They would probably absorb a substantially larger aggregate amount in two issues than in one, however, because two issues would not only help satisfy their intrinsic preference for a shorter maturity, but would also permit them to obtain, under existing rules, almost twice as much on original allotment.

Commercial banks in New York City are unlikely to purchase and hold any considerable amount of a new long issue. They might hold somewhat more of an intermediate issue, but not much more. The reserve position of New York City banks is still not easy, although it has improved somewhat in the last several weeks. As shown in Chart I, New York City banks have slightly reduced their total holdings of United States securities since the beginning of June, during which period other banks have continued to make substantial additions to their portfolios.

(2) Mutual Savings Banks. On June 30, the last date for which figures are available, mutual savings banks held \$968 millions of cash, or about \$329 millions more than the 6 percent of their

deposits which, we are told, they consider as "required reserves." Since June 30, they have acquired, on net balance, \$192 millions of United States securities -- \$119 millions of them in October. As it is unlikely that the deposits of mutual savings banks have increased substantially since June 30 (they have probably decreased slightly), these banks have relatively little capacity to add to their total holdings of United States securities at this time.

But mutual savings banks still hold a substantial amount of tax-exempt securities which they could swap in the market for a new issue, and they have in the past shown themselves very willing to do this. The mutuals may probably be counted upon, therefore, to take a substantial block of the new issue, but mostly on a swap basis. The outstanding securities so swapped would go principally to commercial banks.

(3) Insurance Companies. At the time of the last issue, insurance company cash was near its all-time high. During October, the cash holdings of the 36 large life insurance companies which supply us data dropped by \$324 millions to \$815 millions* -- the lowest since the end of 1939 (Chart II). The current accretion of new investible funds by all insurance companies is only about \$150 millions a month, most of which has been spent in the recent past in acquiring assets other than United States securities. Insurance companies have, in the past, been quite reluctant to dispose of substantial blocks of old securities in order to acquire new. It is clear, therefore, that insurance companies are in a much weaker position to acquire a large amount of a new long security now than in October.

(4) "All Other Private Investors." Private investors other than banks and insurance companies acquired, on net balance, \$247 millions of marketable issues of United States securities during October. These investors had acquired only

* In addition, the \$150 millions of bills purchased by Equitable Life of New York during the month may probably be considered as available for reinvestment in a long issue.

Secretary Morgenthau - 7

\$100 millions of marketable issues, on net balance, during the fiscal year 1941. During the three preceding fiscal years they had decreased their holdings of marketable issues of United States securities by a total of \$2 billions. Their net absorption in October was thus extraordinarily high. Whether the addition to their portfolio during October will prove permanent remains to be seen. The potential resources of this class of investors -- including all individuals and trusts -- are very large. The extent to which these potentialities can be realized in practice is one of the greatest unknowns surrounding the financing program.

It is a matter of judgment whether the statistical considerations just set forth outweigh the initial presumption in favor of a single long issue. They undoubtedly do establish that two issues would be more conservative. The decision either way must be close. It seems to us, however -- particularly considering the large January refunding which will probably fall in the intermediate bracket -- that there is some edge in favor of offering a single issue at the present time. Whatever the decision in this matter, however, it seems that it should be announced as soon as possible, in order that the market may be adjusted to it before the terms of the issue are finally determined.

II. Should a Start Be Made Toward Obtaining Longer Call Periods?

The next problem is, should a start be made toward obtaining longer call periods. We recommend that it should.

It is certain that the burden of interest on the public debt in the post-war period will be heavy. There is an important school of thought which believes that interest rates

Secretary Morgenthau - 8

during this period will be lower than they are today. This school of thought may, or may not, be right. If it should prove to be right, however, it would be a matter of national good fortune, as it would permit an important reduction in an interest burden in any event heavy.

The extent to which the Treasury will be able to avail itself of a reduction in interest rates occurring in the post-war period will depend, in large part, upon the optional call dates which it inserts in its bonds at the present time. It seems that everything possible should be done to make such a reduction in interest costs possible if the opportunity should occur.

The most distant call date of any issue now outstanding is that of the new 2-1/2's of 1967-72. This call is 26 years distant. This seems about as long as it is prudent to commit the Government of the United States to the payment of any given interest rate. The Government ought to have the opportunity at least once each business generation to take advantage of a trend of interest rates in its favor if such should occur.

It is suggested, therefore, that the call date on future issues should not be made more distant than 1967. The final maturity of future issues might, of course, be made as long as the occasion prescribes.

A transition to longer call periods, if it is to be made, should be gradual. It is suggested, therefore, that the new financing, if in a single issue, should have a 10-year call period. If two issues are used, it is suggested that the longer have a 10-year call period and the shorter a 5-year call period.

It is interesting to note in this connection that of the four Liberty Loan issues floated in the last war, two had 15-year call periods and one a 5-year call period. The remaining issue was a fixed maturity. The long optional call periods saved the Government a substantial amount of money during the post-war period, and more would have been saved had such periods been attached to all issues.

The refunding in 1932 of the \$2 billions British War Loan from 5 percent to 3-1/2 percent, made possible by the insertion

Secretary Morgenthau - 9

of a relatively early call date in the original issue,* was a substantial contributing factor to the British recovery from the depression.

III. Should the 2-1/2 Percent Coupon Be Shaved?

The next problem is whether the new issue (or the long issue, if there are two) should shave the 2-1/2 percent coupon which has been used on the last three long taxable issues.

The arguments in favor of shaving the coupon are (1) that it would save the Government money, and (2) that it would help lead the market toward yet lower rates.

The above arguments are perfectly sound, provided that it is believed feasible to achieve and maintain a lower long-term rate. It is sometimes argued that, for reasons lying within the realm of morals or ethics, the Government should not cut the rate below 2-1/2 percent. In our opinion, this reasoning is without merit.

It is very doubtful, however, whether it will be feasible to maintain a long rate lower than 2-1/2 percent for the duration of the war. The psychological set of the market at the present time is too strong against it. If this is so, it would seem better to keep the 2-1/2 percent rate than to cut it now and retreat later.

It is suggested, therefore, that the 2-1/2 percent rate be maintained on a long issue at this time, and that the Government take advantage of the present situation merely by lengthening the call period as previously recommended.

IV. Possible Issues

An indication of what might be obtained in terms of interest rates and maturities at the present time is given by the specific issues listed below. The pricing of these issues is preliminary.

* It was first callable in 1929.

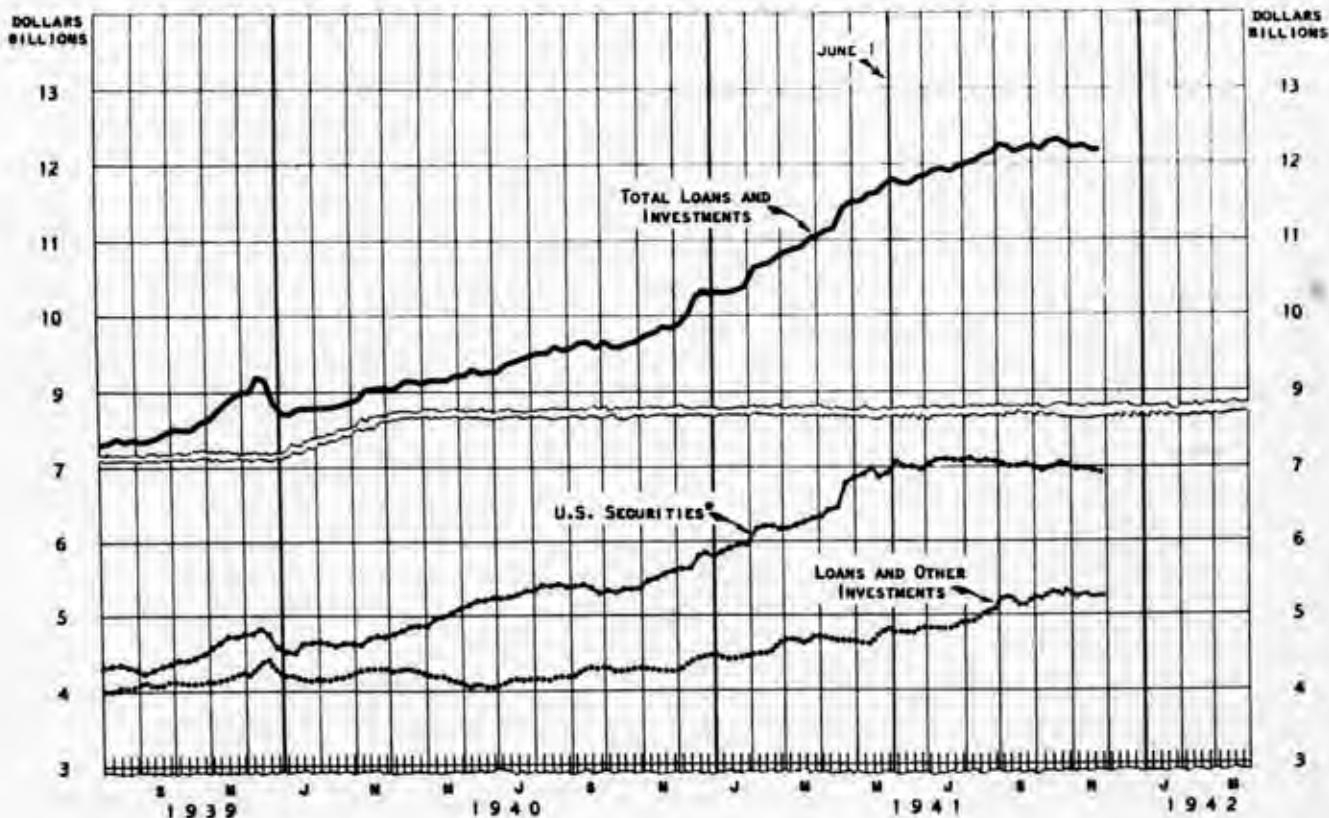
Secretary Morgenthau - 10

	Estimated Yield Basis*	Probable Price
	(Percent)	
2 percent bond due December 15, 1951-56 (10 years - 15 years)	1.83	101-17/32
2-1/4 percent bond due June 15, 1956-61 (14 years, 6 months - 19 years, 6 months)	2.13	101-16/32
2-3/8 percent bond due June 15, 1960-65 (18 years, 6 months - 23 years, 6 months)	2.26	101-23/32
2-1/2 percent bond due December 15, 1965-75 (24 years - 34 years)	2.38	102- 6/32

* Based on closing bid prices, November 28, 1941.

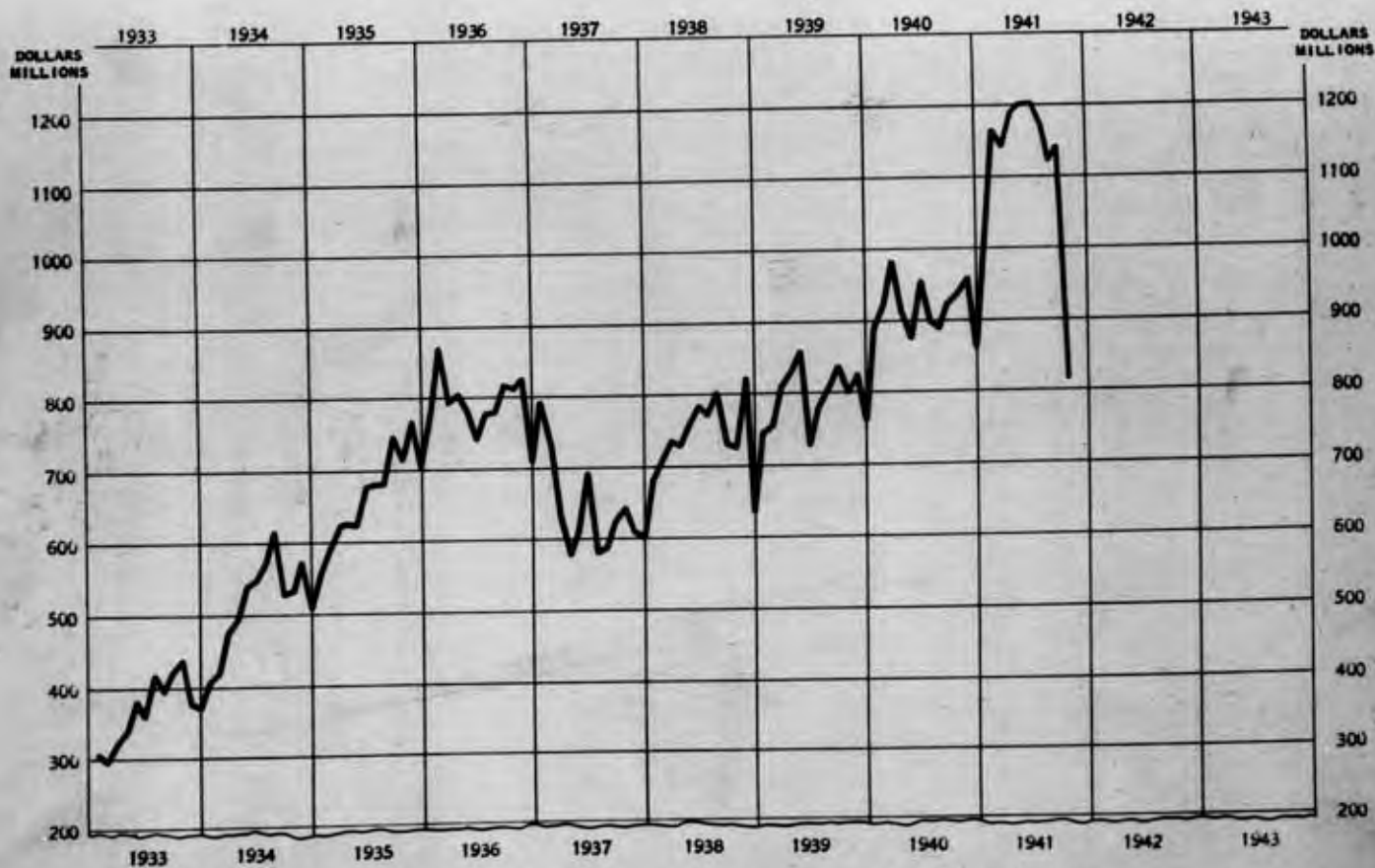
Attachments

LOANS AND INVESTMENTS OF WEEKLY REPORTING MEMBER BANKS
IN NEW YORK CITY



* INCLUDING GUARANTEED SECURITIES

LIFE INSURANCE COMPANY CASH HOLDINGS*



*36 LEGAL RESERVE COMPANIES HAVING 82 PERCENT OF TOTAL ADMITTED ASSETS OF ALL UNITED STATES LEGAL RESERVE LIFE INSURANCE COMPANIES.

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TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Dave H. Morris, Jr.

Subject: Summary of Treasury letter re proposed "Farm Credit Act of 1941"
(S. 1797 and H.R. 5336).

The proposed Treasury letter was first sent to the Budget Bureau on November 6th. Recently, representatives of the Farm Credit Administration requested changes in the letter and most, though not all, of their requests were acceded to. The following summary is that of the final letter.

Five major changes in the Federal Land Bank system are provided in the bill, as follows:

1. Conversion of land banks and national farm loan associations into membership cooperatives.
2. Sharing of losses and earnings between the land banks and the associations.
3. Setting of interest rates on farm loans.
4. Federal guarantee of the presently outstanding Federal farm loan bonds and, in effect, an indirect guarantee of future borrowing.
5. Readjustment of excessive debt of farmers. (In effect through the Government absorbing the losses.)

Additional changes are noted as follows:

1. Authorization of land bank borrowing from Federal Reserve Banks.
2. Shifting of Puerto Rican business from the Baltimore Land Bank to the Federal Farm Mortgage Corporation.
3. Authorization to desist from enforcing deficiency judgments when such would prevent farmers from making a living.
4. Empowering the land bank system to buy land, make various adjustments on indebtedness, etc., where necessary to help the farmer operate a profitable unit.

It is noted that the general provisions of this bill are of primary interest to the Department of Agriculture, but the Treasury Department is concerned with the fiscal aspects of certain provisions and comments upon them as follows:

- 2 -

1. The provision for Federal land bank borrowing through the Federal Farm Mortgage Corporation under certain circumstances is, in effect, an indirect guarantee of Federal farm loan bonds. The Treasury Department favors a guarantee of future issues. In this connection, they feel that the bill should contain a provision that the issuance of all securities, whether or not with a Federal guarantee, should be made subject to approval by the Secretary of the Treasury.
2. Attention is called to the possibility that this bill may make financing through the system sufficiently attractive so that a large proportion of the outstanding farm indebtedness now held by other lenders may be transferred to the land banks over a period of years. A limit will be placed to such a transfer by the eligibility requirements of the system. While no estimates are available as to how much of the outstanding farm debt is eligible and how much is ineligible, it is pointed out that, as of December 31, 1940, outstanding farm debt was divided as follows:

Held within Farm Credit system	\$2,600,000,000
Held by others	<u>4,200,000,000</u>
Total	\$6,800,000,000

3. The provisions regarding interest rates are very complicated. Rates on loans now outstanding and on loans made prior to July 1, 1946, are to be $3\frac{1}{2}$ percent until July 1, 1946. After July 1, 1946, rates are to be fixed at the cost of money to the banks plus $1\frac{1}{2}$ percent, but not above or below specified limits. These limits vary, principally with the time when the loan was made. The obvious intent of the bill is to have a $3\frac{1}{2}$ percent rate after July 1, 1946, also. To accomplish this it will be necessary for the system to borrow on a 2-percent basis by July 1, 1946. It is pointed out that the attainment of this objective may not be possible and, therefore, it is suggested that, as a precaution, a provision be inserted by which the maturity of new issues and loans would be coordinated.
4. The provision for Federal Reserve short-term loans to land banks would, in the end, permit multiple expansion of member bank deposits. This seems unwise under present conditions and the Treasury Department favors the elimination of this provision from the bill. It is suggested that the views of the Board of Governors of the Federal Reserve System with respect to this provision be secured, if this has not already been done.

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THE LIBRARIAN OF CONGRESS
WASHINGTON, D. C.

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November 29, 1941

Dear Henry:

What a charming note of yours
about the broadcast of "Freedom's Land".
I am delighted that you liked it and
grateful to you for putting it on.

Faithfully yours,

Archibald MacLeish
Archibald MacLeish

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

November 28, 1941

TO: HAROLD N. GRAVES
SUBJECT: PROGRESS REPORT FROM DEFENSE SAVINGS STAFF

SALE OF BONDS

Actual cash receipts from the sale of E, F and G Bonds for the first twenty working days of November were \$203,589,000, which is an increase of 1.1 per cent over the same period in October. Sales for the first twenty working days in October were \$201,388,000. Sales during the corresponding period in September were \$182,658,000.

PRESS

Three of the four Washington newspapers are now publishing the "Minute Man Number of Shopping Days to Christmas" feature.

Roger W. Babson's Column "Facts About Defense Bonds", appeared in the Washington Post on Monday, November 24, and was syndicated to 274 other daily newspapers. (See column clipping attached.) (No. 1).

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12/2 &

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PRESS (continued)

Photographs of all CIO vice-presidents shown buying bonds, with captions explaining action taken by CIO Convention on Pay Roll Allotment Plans, were sent to union publications. A photograph of Philip Murray, CIO president, was sent to the labor press in mat form, with caption citing CIO endorsement of the Defense Savings Program. (Copies of cartoons serviced to labor press are attached.) (Nos. 2 and ~~3~~). (Copy of cartoon captioned "Speaking of Bonds" from Sheboygan Press is attached.) (No. 4).

The Chicago Tribune requested information on total administrative costs of the Defense Savings Staff. The following information was supplied to John Fisher of the Chicago Tribune Washington staff on Thursday, November 27:

"Total Expenditures and obligations, in connection with the promotion and sale of Defense Savings Bonds and Stamps, from May 1 through October 31, 1941 -- \$1,626,564. Total Sales -- \$1,775,124,000. The percentage of expenses to the total sales is approximately 9/100 of 1 per cent."

NEWSPAPER CARRIER PLAN

Five hundred and fifty-six newspapers have notified the Defense Savings Staff that they are adopting the plan inaugurated by the Philadelphia Bulletin to have newsboys sell Defense Savings Stamps. Among the newspapers already enrolled are the Chicago Tribune, The Chicago Times, Chicago News, all Washington, D. C. newspapers, the Los Angeles Times, San Francisco Chronicle, San Francisco News, San Diego Tribune, New Haven (Conn.) Register, New Haven Journal Courier, Atlanta (Ga.) Journal, Louisville (Ky.) Courier, New Orleans Times-Picayune, New Orleans Item, Bangor (Me.) News, Baltimore Sun, New York Journal of Commerce, Brooklyn Eagle, Bronx Home News, Cincinnati Enquirer, Pittsburgh Press, Pittsburgh Sun-Telegraph, Providence Journal-Bulletin, Kansas City Star, Dallas (Texas) News, Dallas Journal, and Dallas Times-Herald. (A complete list of the newspapers cooperating in the Defense Stamp Carrier plan is attached.) (No. 5). Replies are still being received at the rate of about fifty a day.

A full page advertisement from today's (Friday, November 28) edition of the New York Times, "They're making Liberty Bells out of Door Bells", explaining the birth of the Newspaper Carrier Defense Stamp Plan, is also attached. (No. 6).

RADIO

A series of fifteen-minute transcriptions, featuring the nation's leading talent in outstanding bits from the "Treasury Hour" programs and leading network shows, has been prepared for release to all radio stations. The recordings are miniature patterns of the "Treasury Hour" programs, both in entertainment and in commercials. The talent was "dubbed" from the original transcriptions. The first four programs follow:

1. "The Man From Cemetery Ridge" - A story of Abraham Lincoln writing the Gettysburg Address, starring Henry Fonda.
2. Fanny Brice as "Baby Snooks", buying Defense Savings Stamps. Also, Igor Gorin describing how he got his American citizenship papers, and singing the impressive "I Pledge Allegiance to the Flag".
3. Walter Pidgeon in the Ben Hecht-Charles MacArthur Play: "What Is America?". Barry Wood singing "One For All, All For One"; "Back the Red, White and Blue with Gold"; and the new song, "Abe Lincoln Had Just One Country".

RADIO (Continued)

4. Fay Wray and John Beale in the highly patriotic drama, "The Last Boat". Barry Wood singing "I'm A Military Man Now", the new tune dedicated to General Pershing.

Bing Crosby and Donald Crisp devoted six minutes of dialogue to the promotion of Defense Bonds and Stamps on the "Kraft Music Hall Program", Thursday, November 27, ending with Crosby singing "Any Bonds Today". Because this program is heard in Canada, an appeal was also made for Canada's War Savings Certificates.

Radio announcements for Defense Savings have been set for the Army and Navy game in Philadelphia. Two announcements are scheduled through the postmasters of Philadelphia, to be broadcast by NBC, Mutual and Columbia; four additional announcements are set for reading over the Public Address System.

ANY BONDS TODAY

The J. P. Seeburg Corporation has produced fifty special Minute Man automatic phonograph boxes, and in cooperation with State Administrators is placing them in such spots as Grand Central Station, New York, and in

ANY BONDS TODAY (Continued)

various banks and department stores nationally. A box attendant presents a 25-cent Defense Savings Stamp to each person paying a quarter to hear "Any Bonds Today". A machine in the LaSalle Street Station, Chicago, sold \$360 worth of Stamps on Sunday, November 23.

Eighty-five per cent of all Rudolph Wurlitzer Company employees have signed to participate in buying \$331,500 in Defense Savings on an annual basis.

MOTION PICTURES

Prints of "America Preferred" have been supplied to fifty Ford Motor Company film loan libraries. Film from these libraries is shown to approximately 1,500,000 persons monthly.

CONVENTIONS

Special Defense Savings display booths will be set up at the national convention of the Association of Amusement Parks, Pools and Beaches to be held at the Hotel Sherman, Chicago, November 30 to December 5; also, at the U. S. Savings and Loan League Convention at the Miami-Biltmore, Coral Gables, Florida, December 1 to December 5.

BUSINESS PUBLICATIONS

The first in a series of advertisements on pay roll allotment was released this week to 1350 business publications, with a basic, unduplicated circulation estimated at more than 4,000,000. These publications are read by administrative officers of industrial organizations, department heads, purchasing agents, salesmen, plant superintendents, foremen, and owners and managers of wholesale and retail business. (Proof of the advertisement is attached.) (No. 7). Electros of it have been mailed to 400 publications with an audited circulation and offered to 950 other nonaudited publications.

The Associated Business Papers, an organization of the most important "paid subscription" publications (total circulation approximately 2,000,000) and the National Business Papers Association, representing the "free-controlled circulation" publications, have written to their members urging cooperation "advancing the cause of Defense Bonds and Stamps".

HOUSE ORGANS

First of a series of column features describing the connection between Defense Bonds and military equipment, was released to 3300 house organs with an estimated total circulation of 15,000,000. (Copy of the first release is attached.) (No. 8).

FIELD OFFICE

Nineteen state chairmen, administrators, and deputies participated in a conference here.

Status of the field organization throughout the country follows:

	<u>States</u>	<u>Changes Since Nov. 21</u>
State and Local Committees	28	0
State Committees Organized	14	† 3
Administrators and/or Chairmen appointed	8	- 4
Not started	<u>2</u>	† 1
TOTAL	<u>52</u>	(including D. C., Alaska, Hawaii and two field divisions in California)

(See map attached.) (No. 9).

Eight field representatives are at work in the field assisting state administrators in various phases of organizational work.

BANKS

The American Institute of Banking, the educational section of the American Bankers Association, announces a nation-wide mobilization of more than 250,000 bank employees to aid the Treasury Department in the sale of Defense Savings Bonds and Stamps. Four hundred and twenty-one local chapters

BANKS (Continued)

and study groups of the American Institute of Banking throughout the nation will hold forums and panel discussions to acquaint bank employees with all phases of the Defense Savings Program as a means of enhancing cooperation with the public.

WAR DEPARTMENT ALLOTMENT PLAN (CONFIDENTIAL)

The Finance Department of the War Department has machinery set up for a pay roll allotment plan to sell Defense Savings Bonds to 1,500,000 soldiers and about 400,000 civilian personnel. Official announcement is expected about January 15, 1942, the effective date of the plan depending in large measure on how soon the Government Printing Office can supply essential material. Finance Department officials expect the plan to sell a minimum of \$50,000,000 in Bonds annually.

The plan calls for appointment of a Senior Defense Bond Officer in every army camp in the nation. An appropriation of \$300,000 has been made for civilian help to handle bookkeeping, accounting, etc., and assist the Senior Defense Bond Officers, whose sole duties will be to promote the sale of Bonds and Stamps to enlisted personnel.

WAR DEPARTMENT ALLOTMENT PLAN (Continued)

Pamphlets containing information based on the Defense Bond Quizzes, prepared by the Press Section of the Defense Savings Staff, and including a message from the Secretary of War, will be issued to all War Department personnel, civilian and military.

DIRECT MAIL

Direct mail order sales for the week ending November 28 were \$772,351, bringing the total mail order sales to date to \$7,339,004. Preliminary testing of advertising in small quantities occupied the Mail Order Division through September 4 when the first mailing of size (397,000 names on First Industrial Mailing) was dispatched. With the exception of \$329,368 produced in the preliminary testing period, the total sales to date represent an effort covering less than three months. The first prospect mailing to a list of 2,000,000 names is now in progress. Orders received from the first quantities mailed to this list in five days of pulling have produced Bond sales of \$22,158.

ATTACHMENT
- No. 1

Too Much Loose Talk

By Roger W. Babson

Facts About Defense Bonds

While listening to many recent conversations, I have come to believe that too many individuals are today decidedly talking out of order. There is a good deal of "gossip" going the rounds about unemployment, defense bonds, inflation, further devaluation of the dollar, the plight of the small businessman, the size and servicing of the national debt, etc., which has no factual basis.

Unconsciously, a good deal of harm may be done if such talk continues and particularly so if it is further falsely embellished in the retelling. I, therefore, should like to stir up a few misapprehensions about at least one of these matters.

I have heard the fear expressed that Washington might in some way freeze the resale of these bonds or freeze their ultimate payment in advance of their respective due dates. This argument is totally refuted by the statement that the very fact of these bonds being now nonnegotiable because our Government wanted U. S. investors to own at least got exactly which they could not back. It is essential that in order to forestall the evil effects of inflation that these bonds not be used as "currency." I may add that it is a very sound way. Otherwise, the printing of bonds may be like printing paper money.

The Liberty Bonds which financed our preparation and conduct of World War I differed from the current Defense Bonds in one major respect, namely, they were negotiable. Furthermore, people were urged to borrow to buy Liberty Bonds. This was a mistake which the present Administration does not want to see made again. It also wants the buyers to be sure to have some cash which may greatly be needed after the war is over.

The only proper way to pay for my investment is by cash. I have always emphasized the evils of buying upon margin or with borrowed money. If individuals borrow to buy Defense Bonds, or if they could borrow on them, just as much more money on credit would be available for luxury and other consumer goods. The demand for such goods has already been speeded up by larger payrolls and higher wages. In view of rising living costs, it would be far better to now allocate a portion of these wages and salaries in Defense Bonds.

I should hate to have Secretary Morgenthau's job. His is the difficult task of continually raising new money for defense needs and of taking care of maturing issues of bonds and notes. He has no control over the vast sums yielded for defense and ordinary fiscal purposes. Furthermore, he has no voice as to how this money shall be spent. The Congress and the President simply dump into his lap the problem of raising the cash.

How to raise this money is Mr. Morgenthau's nightmare. Necessarily he must experiment to gauge the public responsiveness to his ideas. Hence, we had the first drastic proposal for excess profits taxes, later adopted in a modified way. Then came the idea to limit corporation profits to 8 per cent. This fell by the wayside. Following was the plan for tax anticipatory notes, which was nixed. Then came a proposition to pay two years' taxes in advance. The wisest scheme is a check-off system on salaries and wages. This would be O. K. if like the excess tax on profits—of applying to wage increases since January 1, 1943. To tax, by the same rate, those who have had no pay increases would be very unjust.



ROGER W. BABSON

The finest means of financing defense expenditures, next to an equitable system of taxing, is through the sale, by the Treasury Department, of Defense Bonds. Here is a medium through which everyone, in comfortable or modest circumstances, can directly contribute their services in their critical times. In buying these bonds we are preferring all that our American way of living stands for. So far, Mr. Morgenthau has been able to dispose of the Defense Bonds without resorting to the high-pressure sales methods used at the time of World War I.

It is hoped to raise \$1,000,000,000 annually through the sale of Defense Bonds and Stamps, compared with about \$1,000,000,000 from the Tax money when paid in cash however. Money paid for Defense Savings Bonds and Stamps will certainly be returned with accumulated interest.

Sales have not done all they should be in recent months. I certainly hope they may increase. Bonds are sold in three series and are subject to Federal taxation. Series K replace the old "baby bonds" & \$100 face value Series K bond costs \$75 and matures in 10 years, yielding 200 per cent in maturity. These are designed for the small investor. A \$100 face value Series F bond costs \$74 and matures in 15 years, yielding 233 per cent in maturity. These are for large investors, trustees, associations and pension funds. Series G bonds are sold at par, mature in 15 years, with interest of 2 1/2 per cent paid by Treasury check. Redemption values increase gradually during the first 4-8 years held and then gradually rise to par except in case of death, when they can be collected in full.

Postal Savings Stamps may be bought by anyone for 10, 25 and 50 cents or for \$1 and \$5 and later exchanged for bonds. They are fine for children. After reaching age fifteen for over 40 years. I have finally found an item I can wholeheartedly recommend. By buying these bonds you safeguard principal and get a better-than-savings-bank interest return. In addition, you emphasize your faith in our American way of life.

Regraded Unclassified



Hyatt

"Brother I'm in—every pay day!"

From: Press Section, Defense Savings Staff,
Treasury Department, Washington, D. C.

Ref # Attachment No. 3

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"Hitler smash my union? We'll smash Hitler!"

TO ALL EDITORS:

This cartoon was especially drawn by Rollin Kirby for the exclusive use of the American labor press. It is supplied to you in the enclosed mat form for your use in cooperating with the Defense Savings Program. Publication in your paper will be a valuable contribution toward awakening the rank-and-file of your union to the necessity of increasing their savings through Defense Savings Bonds and Stamps, and will be appreciated.

The Sheboygan Press



THE
APPENDED
COMMENT
IS FROM THE
ISSUE OF..

Nov 25, 1917

BY

C. S. Bruchman, Editor

Speaking Of Bonds



Editor's Note—This cartoon is a picture story of two kinds of bonds—the kind they have in Europe and bonds of freedom here in the United States. There is no such a thing as dictatorship with Uncle Sam at the helm. Liberty and Freedom go hand in hand with U. S. Defense Bonds and Savings Stamps. In order that our way of

life may be preserved you Sheboygan Press readers are asked to Buy A Share in America. Liberty which we hold sacred and priceless was acquired over a 150 years ago through innumerable sacrifices. That liberty we can only enjoy as long as our democratic form of government endures on this hemisphere. Buy bonds today.

NEWSPAPERS COOPERATING IN THE
CARRIER FINANCING THE SALE OF DEFENSE SAVINGS BONDS

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ALABAMA

November 28, 1942

Birmingham News, Birmingham, Alabama.
Birmingham Age-Herald, Birmingham, Alabama.
Monteville Times, Monteville, Alabama.

ARIZONA

ARKANSAS

Ellytheville Courier-News, Ellytheville, Arkansas.
El Dorado News, El Dorado, Arkansas.
El Dorado Times, El Dorado, Arkansas.
Fayetteville N.W. Arkansas Times, Fayetteville, Arkansas.
Little Rock Arkansas Democrat, Little Rock, Arkansas.
Little Rock Gazette, Little Rock, Arkansas.

CALIFORNIA

Chico Enterprise, Chico, California.
Calver City Star-News, Calver City, California.
Fresno Bee, Fresno, California.
Fullerton News-Tribune, Fullerton, California.
Lodi News-Sentinel, Lodi, California.
Los Angeles News, Los Angeles, California.
Los Angeles Times, Los Angeles, California.
Modesto Bee, Modesto, California.
Oxnard Press-Courier, Oxnard, California.
Pasadena Star-News, Pasadena, California.
Pasadena Post, Pasadena, California.
Redding Record, Redding, California.
Redding Courier Free Press, Redding, California.
Redding Searchlight, Redding, California.
Sacramento Bee, Sacramento, California.
San Diego Tribune-Sun, San Diego, California.
San Diego Union, San Diego, California.
San Francisco Chronicle, San Francisco, California.
San Francisco News, San Francisco, California.
San Jose News, San Jose, California.
Vallejo Chronicle, Vallejo, California.
Vallejo Times-Herald, Vallejo, California.
Hollywood Citizen-News, Hollywood, California.

COLORADO

Boulder Camera, Boulder, Colorado.
 Colorado Springs Gazette, Colorado Springs, Colorado.
 Colorado Springs Telegraph, Colorado Springs, Colorado.
 Fort Collins Express-Courier, Fort Collins, Colorado.
 Greeley Tribune, Greeley, Colorado.
 Pueblo Star-Journal, Pueblo, Colorado.
 Pueblo Chieftain, Pueblo, Colorado.
 Sterling Advocate, Sterling, Colorado.

CONNECTICUT

Bridgeport Post, Bridgeport, Connecticut.
 Bridgeport Telegram, Bridgeport, Connecticut.
 Greenwich Press, Greenwich, Connecticut.
 Greenwich Time, Greenwich, Connecticut.
 Hartford Courant, Hartford, Connecticut.
 Hartford Times, Hartford, Connecticut.
 Middletown Press, Middletown, Connecticut.
 New Haven Journal-Courier, New Haven, Connecticut.
 New Haven Register, New Haven, Connecticut.
 Waterbury American, Waterbury, Connecticut.
 Waterbury Republican, Waterbury, Connecticut.
 Waterbury Democrat, Waterbury, Connecticut.

DELAWAREDISTRICT OF COLUMBIA

Washington News, Washington, District of Columbia.
 Washington Post, Washington, District of Columbia.
 Washington Star, Washington, District of Columbia.
 Washington Times-Herald, Washington, District of Columbia.

FLORIDA

Clearwater Sun, Clearwater, Florida.
 Fort Lauderdale News, Fort Lauderdale, Florida.
 Fort Pierce News-Tribune, Fort Pierce, Florida.
 Jacksonville Florida Times-Union, Jacksonville, Florida.
 Palm Beach Sunday Post-Times, West Palm Beach, Florida.
 St. Augustine Record, St. Augustine, Florida.
 St. Petersburg Independent, St. Petersburg, Florida.
 St. Petersburg Times, St. Petersburg, Florida.

Tallahassee Florida State News, Tallahassee, Florida.
 Tallahassee Daily Democrat, Tallahassee, Florida.
 Tampa Times, Tampa, Florida.
 Tampa Tribune, Tampa, Florida.
 Sanford Herald, Sanford, Florida.

GEORGIA

Atlanta Journal, Atlanta, Georgia.
 Augusta Chronicle, Augusta, Georgia.
 Columbus Ledger-Enquirer, Columbus, Georgia.
 Macon News, Macon, Georgia.
 Macon Telegraph, Macon, Georgia.
 Waycross Journal-Herald, Waycross, Georgia.

IDAHO

Idaho Falls Post-Register, Idaho Falls, Idaho.
 Moscow Daily Idahoan, Moscow, Idaho.

ILLINOIS

Aurora Beacon-News, Aurora, Illinois.
 Bloomington Panagraph, Bloomington, Illinois.
 Cairo Citizen, Cairo, Illinois.
 Champaign-Urbana News-Gazette, Champaign-Urbana, Illinois.
 Chicago News, Chicago, Illinois.
 Chicago Sun, Chicago, Illinois.
 Chicago Times, Chicago, Illinois.
 Chicago Tribune, Chicago, Illinois.
 Danville Commercial-News, Danville, Illinois.
 DeKalb Chronicle, DeKalb, Illinois.
 Jacksonville Courier, Jacksonville, Illinois.
 Jacksonville Journal, Jacksonville, Illinois.
 Keokuk Star-Courier, Keokuk, Illinois.
 Moline Daily Dispatch, Moline, Illinois.
 Peoria Journal-Transcript, Peoria, Illinois.
 Rock Island Argus, Rock Island, Illinois.
 Rockford Star, Rockford, Illinois.
 Rockford Register Republic, Rockford, Illinois.
 Shelbyville Union, Shelbyville, Illinois.
 Springfield Illinois State Journal, Springfield, Illinois.
 Springfield Illinois State Register, Springfield, Illinois.
 Vanhook News-Sun, Vanhook, Illinois.

INDIANA

Alexander's Times-Tribune, Alexandria, Indiana.
 American News-Sunday, Ellettsburg, Indiana.
 Brazil Times, Brazil, Indiana.
 Elkhart Truth, Elkhart, Indiana.
 Fort Wayne Journal-Gazette, Fort Wayne, Indiana.
 Frankfort Times, Frankfort, Indiana.
 Gary Post Tribune, Gary, Indiana.
 Graham News-Democrat, Graham, Indiana.
 Hammond Times, Hammond, Indiana.
 Marion Chronicle, Marion, Indiana.
 Marion Leader-Tribune, Marion, Indiana.
 Klodigm City News-Dispatch, Klodigm City, Indiana.
 New Albany Tribune, New Albany, Indiana.
 Peru Tribune, Peru, Indiana.
 Richmond Palladium-Times, Richmond, Indiana.
 South Bend Tribune, South Bend, Indiana.
 Spencer World, Spencer, Indiana.
 Terre Haute, Tribune Star, Terre Haute, Indiana.
 Vincennes Sun Commercial, Vincennes, Indiana.
 Wabash Plain Dealer, Wabash, Indiana.
 Westfield Press, Westfield, Indiana.

IOWA

Ames Tribune, Ames, Iowa.
 Cedar Rapids Gazette, Cedar Rapids, Iowa.
 Clinton Herald, Clinton, Iowa.
 Creston News Advertiser, Creston, Iowa.
 Davenport Times, Davenport, Iowa.
 Davenport Democrat, Davenport, Iowa.
 Des Moines Register, Des Moines, Iowa.
 Des Moines Tribune, Des Moines, Iowa.
 Mason City Globe-Gazette, Mason City, Iowa.
 Nevada Journal, Nevada, Iowa.
 Okaloosa Herald, Okaloosa, Iowa.
 Sioux City Journal, Sioux City, Iowa.
 Sioux City Tribune, Sioux City, Iowa.

KANSAS

Independence Reporter, Independence, Kansas.
 Lawrenceville Times, Lawrenceville, Kansas.
 Liberal Southwest Times, Liberal, Kansas.
 Republican Republican, Republican, Kansas.
 Salina Journal, Salina, Kansas.
 Topeka Capital, Topeka, Kansas.
 Topeka State Journal, Topeka, Kansas.
 Wichita Beacon, Wichita, Kansas.
 Wichita Eagle, Wichita, Kansas.

KENTUCKY

Howling Green Park City News, Howling Green, Kentucky.
 Lexington Herald-Leader, Lexington, Kentucky.
 Louisville Courier-Journal, Louisville, Kentucky.
 Louisville Times, Louisville, Kentucky.
 Owensboro Inquirer, Owensboro, Kentucky.
 Owensboro Messenger, Owensboro, Kentucky.
 Paducah Sun-Democrat, Paducah, Kentucky.
 (See Ss for additions to Kentucky.)

LOUISIANA

New Orleans Item, New Orleans, Louisiana.
 New Orleans Times-Picayune, New Orleans, Louisiana.
 New Orleans States, New Orleans, Louisiana.
 Monroe News-Star, Monroe, Louisiana.
 Monroe World, Monroe, Louisiana.
 Opelousas World, Opelousas, Louisiana.
 Shreveport Journal, Shreveport, Louisiana.
 Shreveport Times, Shreveport, Louisiana.

MAINE

Bangor News, Bangor, Maine.

MARYLAND

Annapolis Capital, Annapolis, Maryland.
 Baltimore News-Post, Baltimore, Maryland.
 Baltimore Sunday American, Baltimore, Maryland.
 Baltimore Sun, Baltimore, Maryland.
 Hagerstown Herald, Hagerstown, Maryland.
 Hagerstown Mail, Hagerstown, Maryland.
 Salisbury Times, Salisbury, Maryland.

MASSACHUSETTS

Attleboro Sun, Attleboro, Massachusetts.
 Fall River Herald News, Fall River, Massachusetts.
 Greenfield Recorder-Cassette, Greenfield, Massachusetts.
 Haverhill Gazette, Haverhill, Massachusetts.
 Cape Cod Standard Times, Hyannis, Massachusetts.
 Holyoke Transcript-Telegram, Holyoke, Massachusetts.
 Lawrence Eagle, Lawrence, Massachusetts.
 Lawrence Tribune, Lawrence, Massachusetts.
 Pittsfield Berkshire Eagle, Pittsfield, Massachusetts.
 New Bedford Times-Mercury, New Bedford, Massachusetts.

~~KENTUCKY~~
~~KENTUCKY~~

KENTUCKY

Ashland Independent, Ashland, Ky.
Corbin Tribune, Corbin, Ky.
Corbin Times, Corbin, Ky.
Danville Advocate-Messenger, Danville, Ky.
Frankfort State Journal, Frankfort, Ky.
Glasgow News, Glasgow, Ky.
Harlan Enterprise, Harlan, Ky.
Hazard Herald, Hazard, Ky.
Madisonville Messenger, Madisonville, Ky.
Maysville Public-Ledger, Maysville, Ky.
Middleboro News, Middleboro, Ky.
Richmond Register, Richmond, Ky.
Winchester Sun, Winchester, Ky.

MICHIGAN

Adrian Telegram, Adrian, Michigan.
 Alpena News, Alpena, Michigan.
 Ann Arbor News, Ann Arbor, Michigan.
 Battle Creek Enquirer-News, Battle Creek, Michigan.
 Bay City Times, Bay City, Michigan.
 Benton Harbor News-Palladium, Benton Harbor, Michigan.
 Detroit News, Detroit, Michigan.
 Detroit Times, Detroit, Michigan.
 Flint Journal, Flint, Michigan.
 Grand Rapids Press, Grand Rapids, Michigan.
 Ironwood Globe, Ironwood, Michigan.
 Jackson Citizen-Patriot, Jackson, Michigan.
 Kalamazoo Gazette, Kalamazoo, Michigan.
 Lansing State Journal, Lansing, Michigan.
 Monroe News, Monroe, Michigan.
 Muskegon Chronicle, Muskegon, Michigan.
 Oshtemo Argus-Press, Oshtemo, Michigan.
 Saginaw News, Saginaw, Michigan.
 Traverse City Record-Eagle, Traverse City, Michigan.
 Port Huron, Michigan (Port Huron Times-Herald)

MINNESOTA

Albert Lea Tribune, Albert Lea, Minnesota.

MISSISSIPPI

Biloxi Gulfport Herald, Biloxi, Mississippi.
 Jackson Clarion Leader, Jackson, Mississippi.
 Jackson News, Jackson, Mississippi.
 Meridian Star, Meridian, Mississippi.

MISSOURI

Cape Girardeau Southeast Missourian, Cape Girardeau, Missouri.
 Joplin Globe, Joplin, Missouri.
 Joplin News-Herald, Joplin, Missouri.
 Kansas City Star, Kansas City, Missouri.
 Mexico Ledger, Mexico, Missouri.
 Sedalia Capital, Sedalia, Missouri.
 Sedalia Democrat, Sedalia, Missouri.

MISSOURI

NEBRASKA

Grand Island Independent, Grand Island, Nebraska.
Hastings Tribune, Hastings, Nebraska.
The Lincoln Star, Lincoln, Nebraska.
McCook Gazette, McCook, Nebraska.
Nebraska State Journal, Lincoln, Nebraska.

NEVADA

Reno Gazette, Reno, Nevada.
Reno Nevada State Journal, Reno, Nevada.

NEW HAMPSHIRE

Manchester Union, Manchester, New Hampshire.
Manchester Leader, Manchester, New Hampshire.
Nashua Telegraph, Nashua, New Hampshire.

NEW JERSEY

Asbury Park Evening Press, Asbury Park, New Jersey.
Atlantic City Press, Atlantic City, New Jersey.
Atlantic City Union, Atlantic City, New Jersey.
Bayonne Times, Bayonne, New Jersey.
Camden Courier, Camden, New Jersey.
Camden Post, Camden, New Jersey.
Elizabeth Daily Journal, Elizabeth, New Jersey.
Evening Journal, Vineland, New Jersey.
Evening Times, Vineland, New Jersey.
Jersey City Jersey Journal, Jersey City, New Jersey.
Long Branch Record, Long Branch, New Jersey.
Millville Republican, Millville, New Jersey.
New Brunswick Home News, New Brunswick, New Jersey.
New Brunswick Sunday Times, New Brunswick, New Jersey.
Newark News, Newark, New Jersey.
Passaic Herald News, Passaic, New Jersey.
Paterson Morning Call, Paterson, New Jersey.
Paterson News, Paterson, New Jersey.
Forth Abbey News, Forth Abbey, New Jersey.
Plainfield Courier-News, Plainfield, New Jersey.
Trenton State Gazette, Trenton, New Jersey.
Trenton Times, Trenton, New Jersey.
Trenton Times Advertiser, Trenton, New Jersey.
Union City Hudson Dispatch, Union City, New Jersey.
Bridgeton News, Bridgeton, New Jersey.
Hoboken Jersey Observer, Hoboken, New Jersey.
Morristown Record, Morristown, New Jersey.

NEW MEXICO

Albuquerque Journal, Albuquerque, New Mexico.
Albuquerque Tribune, Albuquerque, New Mexico.

NEW YORK

Albany Enquirer, Albany, New York.
Albany Times-Union, Albany, New York.
Amsterdam Recorder & Democrat, Amsterdam, New York.
Batavia News, Batavia, New York.
Binghamton Press, Binghamton, New York.
Binghamton Sun, Binghamton, New York.
Buffalo Courier-Express, Buffalo, New York.
Bacon News, Bacon, New York.
Buffalo News, Buffalo, New York.
Cannondagus Messenger, Cannondagus, New York.
Catskill Mail, Catskill, New York.
Corning Leader, Corning, New York.
Cortland Standard, Cortland, New York.
Danville News, Danville, New York.
Dunkirk Observer, Dunkirk, New York.
Elmira Star-Gazette, Elmira, New York.
Endicott Bulletin, Endicott, New York.
Genoa Times, Genoa, New York.
Glens Falls Post-Star, Glens Falls, New York.
Glens Falls Times, Glens Falls, New York.
Gloversville & Johnston Leader-Republican, Gloversville & Johnston, New York.
Gloversville & Johnston Herald, Gloversville & Johnston, New York.
Hornell Tribune, Hornell, New York.
Hudson Star, Hudson, New York.
Hudson Evening Register, Hudson, New York.
Ithaca Journal, Ithaca, New York.
Jonestown Post, Jonestown, New York.
Jonestown Journal, Jonestown, New York.
Kingston Freeman, Kingston, New York.
Kingston Leader, Kingston, New York.
Little Falls Times, Little Falls, New York.
Lackport Union-Job & Journal, Lackport, New York.
Malone Telegraph, Malone, New York.
Marquette Times, Marquette, New York.
Massena Observer, Massena, New York.
Medina Journal-Register, Medina, New York.
Middleton Times-Herald, Middleton, New York.
Mount Vernon Argus, Mount Vernon, New York.
Newburgh News, Newburgh, New York.
New Archville Standard Star, New Archville, New York.
Oneida Dispatch, Oneida, New York.
Brooklyn Eagle, New York, New York.
Bronx News, New York, New York.
Journal of Commerce, New York, New York.
Freeport Nassau County Star, Freeport, New York.
Jamaica Long Island Press, Jamaica, New York.
Long Island City Star-Journal, Long Island City, New York.
Niagara Falls Gazette, Niagara Falls, New York.

North Tonawanda News, North Tonawanda, New York.
Norwich Sun, Norwich, New York.
Ogdensburg Journal, Ogdensburg, New York.
Ogdensburg Advance News, Ogdensburg, New York.
Olean Times-Herald, Olean, New York.
Oncota Star, Oncota, New York.
Oswego Citizen-Register, Oswego, New York.
Oswego Palladium-Times, Oswego, New York.
The Evening Star, Peekskill, New York.
Plattsburg Press, Plattsburg, New York.
Port Chester Item, Port Chester, New York.
Poughkeepsie New Yorker and Eagle-News, Poughkeepsie, New York.
Rochester Democrat & Chronicle, Rochester, New York.
Rochester Times Union, Rochester, New York.
Rome Sentinel, Rome, New York.
Salamanca Republican-Press, Salamanca, New York.
Saratoga Springs Saratogian, Saratoga Springs, New York.
Schenectady Gazette, Schenectady, New York.
Schenectady Union-Star, Schenectady, New York.
Syracuse Herald-Journal, Syracuse, New York.
Syracuse Herald American, Syracuse, New York.
Syracuse Post-Standard, Syracuse, New York.
Tarrytown News, Tarrytown, New York.
Tonawanda Daily Press, Tonawanda, New York.
Troy Record, Troy, New York.
Troy Times-Record, Troy, New York.
Utica Observer-Dispatch, Utica, New York.
Utica Press, Utica, New York.
Watertown Times, Watertown, New York.
White Plains Reporter, White Plains, New York.
White Plains Dispatch, White Plains, New York.
Yonkers Herald-Statenman, Yonkers, New York.
Hempstead Newday, Hempstead, New York.

NORTH CAROLINA

Charlotte News, Charlotte, North Carolina.
Charlotte Observer, Charlotte, North Carolina.
Concord Tribune, Concord, North Carolina.
Fayetteville Observer, Fayetteville, North Carolina.
Greensboro News, Greensboro, North Carolina.
Greensboro Record, Greensboro, North Carolina.
New Bern Sun-Journal, New Bern, North Carolina.
RaleighTimes, Raleigh, North Carolina.
Raleigh News & Observer, Raleigh, North Carolina.
Rocky Mount Telegram, Rocky Mount, North Carolina.
Salisbury Post, Salisbury, North Carolina.
Wilmington Star-News, Wilmington, North Carolina.
Winston-Salem Journal, Winston-Salem, North Carolina.
Winston-Salem Twin City Sentinel, Winston-Salem, North Carolina.

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NORTH DAKOTA

Grand Forks, Herald, Grand Forks, North Dakota.

OHIO

Akron Beacon-Journal, Akron, Ohio.
 Alliance Review, Alliance, Ohio.
 Athens, Messenger, Athens, Ohio.
 Cambridge Jeffersonian, Cambridge, Ohio.
 Canton Repository, Canton, Ohio.
 Cincinnati, Enquirer, Cincinnati, Ohio.
 Columbus Dispatch, Columbus, Ohio.
 Columbus Ohio State-Journal, Columbus, Ohio.
 Conneaut News-Herald, Conneaut, Ohio.
 Dayton Journal Herald, Dayton, Ohio.
 Dayton News, Dayton, Ohio.
 Delaware Gazette, Delaware, Ohio.
 Dover Reporter, Dover, Ohio.
 East Liverpool Review, East Liverpool, Ohio.
 Elyria Chronicle-Telegram, Elyria, Ohio.
 Hamilton Journal-News, Hamilton, Ohio.
 Ironton Tribune, Ironton, Ohio.
 Lima News, Lima, Ohio.
 Marietta Times, Marietta, Ohio.
 Newark Advocate and American Tribune, Newark, Ohio.
 Painesville Telegraph, Painesville, Ohio.
 Piqua Call, Piqua, Ohio.
 Springfield News-Sun, Springfield, Ohio.
 Warren Tribune-Chronicle, Warren, Ohio.
 Youngstown Vindicator, Youngstown, Ohio.
 Zanesville Times Recorder, Zanesville, Ohio.
 Zanesville Signal, Zanesville, Ohio.

OKLAHOMA

Bartlesville Examiner-Enterprise, Bartlesville, Oklahoma.
 Blackwell Journal-Tribune, Blackwell, Oklahoma.
 Enid Eagle, Enid, Oklahoma.
 Enid News, Enid, Oklahoma.
 Muskogee Phoenix, Muskogee, Oklahoma.
 Muskogee Times Democrat, Muskogee, Oklahoma.
 Shawnee News, Shawnee, Oklahoma.
 Shawnee Star, Shawnee, Oklahoma.

OREGON

Astoria Astorian-Budget, Astoria, Oregon.
 Bend Bulletin, Bend, Oregon.
 Marshfield & North Bend Coast Bay Times, Marshfield & North Bend, Oregon.
 Medford Mail Tribune, Medford, Oregon.
 Portland Oregon Journal, Portland, Oregon.

PENNSYLVANIA

Allentown Call-Chronicle, Allentown, Pa.
Aliquippa Gazette, Aliquippa, Pa.
Altoona Tribune, Altoona, Pa.
Ambridge Citizen, Ambridge, Pa.
Bangor News, Bangor, Pa.
Beaver Falls News Tribune, Beaver Falls, Pa.
Bradford Era Star & Record, Bradford, Pa.
Bradford Era Sunday Herald, Bradford, Pa.
Bristol Courier, Bristol, Pa.
Brownsville Telegraph, Brownsville, Pa.
Butler Eagle, Butler, Pa.
Carlisle Sentinel, Carlisle, Pa.
Chester Times, Chester, Pa.
Clearfield Progress, Clearfield, Pa.
Columbia News, Columbia, Pa.
Connellsville Courier, Connellsville, Pa.
Corry Journal, Corry, Pa.
Doylestown Intelligencer, Doylestown, Pa.
Easton Express, Easton, Pa.
The Morning Free Press, Easton, Pa.
Elwood City Ledger, Elwood City, Pa.
Erie Dispatch-Herald, Frankling, Pa.
Harrisburg News, Harrisburg, Pa.
Harrisburg Patriot, Harrisburg, Pa.
Harrisburg Sunday Courier, Harrisburg, Pa.
Haselton Plain Speaker, Haselton, Pa.
Haselton Standard Sentinel, Haselton, Pa.
Jeannette News-Dispatch, Jeannette, Pa.
Jersey Shore Herald, Jersey Shore, Pa.
Johnstown Tribune, Johnstown, Pa.
Johnstown Democrat, Johnstown, Pa.
Lancaster New Era Intelligencer-Journal, Lancaster, Pa.
Lancaster New Era Sunday News, Lancaster, Pa.
Du Bois Courier, Du Bois, Pa.
Du Bois Express, Du Bois, Pa.
Gettysburg Times, Gettysburg, Pa.
Latrobe Bulletin, Latrobe, Pa.
Lebanon News-Times, Lebanon, Pa.
Lehighon Leader, Lehighon, Pa.
Lewistown Sentinel, Lewistown, Pa.
Lock Haven Express, Lock Haven, Pa.
Mahanoy City Record-American, Mahanoy City, Pa.
Monongahela Republican, Monongahela, Pa.
Harrisburg Telegraph, Harrisburg, Pa.
McKeesport News, McKeesport, Pa.
Mauch Chunk Times-News, Mauch Chunk, Pa.
Meadville Tribune-Republican, Meadville, Pa.
Monessen Independent, Monessen, Pa.
New Castle News, New Castle, Pa.
New Kensington Dispatch, New Kensington, Pa.
Oil City Derrick, Oil City, Pa.
Philadelphia Record, Philadelphia, Pa.
Phoenixville Republican, Phoenixville, Pa.
Pittsburg Post Gazette, Pittsburg, Pa.
Pittsburgh Press, Pittsburgh, Pa.
Pittsburgh Sun Telegraph, Pittsburg, Pa.

Pottstown Mercury, Pottstown, Pa.
 Pottsville Journal, Pottsville, Pa.
 Pottsville Republican, Pottsville, Pa.
 Punxsutawney Spirit, Punxsutawney, Pa.
 Reading Eagle, Reading, Pa.
 Reading Times, Reading, Pa.
 Renovo Record, Pa. Renovo.
 Ridgway Record, Ridgway, Pa.
 St. Marys Press, St. Marys, Pa.
 Sayre Times, Sayre, Pa.
 Scranton Times, Scranton, Pa.
 Scrantonian, Scranton, Pa.
 Scranton Tribune, Scranton, Pa.
 Shamokin News-Dispatch, Shamokin, Pa.
 Sharon Herald, Sharon, Pa.
 Shenandoah Herald, Shenandoah, Pa.
 State College Centre Times, State College, Pa.
 Sunbury Daily Item, Sunbury, Pa.
 Tamaqua Courier, Tamaqua, Pa.
 Tarentum Valley News, Tarentum, Pa.
 Towanda Review, Towanda, Pa.
 Tyrone Herald, Tyrone, Pa.
 Uniontown Herald, Uniontown, Pa.
 Uniontown Standard, Uniontown, Pa.
 Vandergrift News, Vandergrift, Pa.
 Washington Observer, Washington, Pa.
 Washington Reporter, Washington, Pa.
 Waynesboro Record-Herald, Waynesboro, Pa.
 Waynesburg Democrat Messenger, Waynesburg, Pa.
 Wilkes-Barre Record, Wilkes-Barre, Pa.
 Wilkes-Barre Times-Leader-News, Wilkes-Barre, Pa.
 Williamsport Gazette-Bulletin, Williamsport, Pa.
 Williamsport Sun, Williamsport, Pa.
 Williamsport Grit, Williamsport, Pa.
 York Gazette Daily, York, Pa.
 York Dispatch, York, Pa.
 Carbondale Leader, Carbondale, Pa.
 Hanover Sun, Hanover, Pa.
 Herristown Times-Herald, Herristown, Pa.
 Stroudsburg Record, Stroudsburg, Pa.
 West Chester Local News, West Chester, Pa.

RHODE ISLAND

Providence Journal, Providence, Rhode Island
 Providence Evening Bulletin, Rhode Island.
 Providence Sunday Journal, Rhode Island.
 Woonsocket Call, Woonsocket, Rhode Island.

SOUTH CAROLINA

Charleston Post, Charleston, South Carolina.
 Charleston News & Courier, S. C.
 Columbia State, Columbia, S. C.
 Greenville News, Greenville, S. C.
 Greenville Piedmont, Greenville, S.C.

SOUTH DAKOTA

Aberdeen American-News, Aberdeen, S.D.

TENNESSEE

Chattanooga Times, Chattanooga, Tenn.
Johnson City Chronicle, Johnson City, Tenn.
Johnson City Press, Johnson City, Tenn.
Nashville Banner, Nashville, Tenn.
Nashville Tennessean, Nashville, Tenn.
Knoxville News-Sentinel, Knoxville, Tennessee.

TEXAS

Amarillo Globe, Amarillo, Texas.
Amarillo News, Amarillo, Texas.
Big Spring Herald, Big Spring, Texas.
Borger Herald, Borger, Texas.
Brownsville Herald, Brownsville, Texas.
The Dallas Journal, Dallas, Texas.
Dallas Times-Herald, Dallas, Texas.
Dallas News, Dallas, Texas.
El Paso Herald Post, El Paso, Texas.
El Paso Times, El Paso, Texas.
Fort Worth Press, Fort Worth, Texas.
Fort Worth Star-Telegram, Fort Worth, Texas.
Galveston News, Galveston, Texas.
Galveston Tribune, Galveston, Texas.
Henderson News, Henderson, Texas.
Houston Chronicle, Houston, Texas.
Houston Post, Houston, Texas.
Kilgore News Herald, Kilgore, Texas.
Marshall News-Messenger, Marshall, Texas.
McAllen Monitor, McAllen, Texas.
Port Arthur News, Port Arthur, Texas.
San Angelo Standard-Times, San Angelo, Texas.

VYB

VERMONT

Barre Times, Barre, Vermont,
Burlington Free Press, Burlington, Vt.
Burlington News, Burlington, Vt.
St. Albans Messenger, St. Albans, Vt.

VIRGINIA

Lynchburg Advance, Lynchburg, Va.
Lynchburg News, Lynchburg, Va.
Norfolk Ledger-Dispatch, Norfolk, Va.
Norfolk Virginian Pilot, Norfolk, Va.
Petersburg Progress-Index, Petersburg, Va.
Richmond News Leader, Richmond, Va.
Richmond Times-Dispatch, Richmond, Va.

WASHINGTON

Bremerton Sun, Bremerton, Washington.
Seattle Star, Seattle, Wash.
Tacoma News-Tribune, Tacoma, Wash.
Tacoma Times, Tacoma, Wash.
Vancouver Columbian, Vancouver, Wash.

WEST VIRGINIA

Beckley Post-Herald, Beckley, West Va.
Bluefield Telegraph, Bluefield, West Va.
Bluefield Sunset News, Bluefield, West Va.
Beckley Raleigh Register, Beckley, West Va.
Wheeling Intelligencer, Wheeling, West Va.
Wheeling News-Register, Wheeling, West Va.

WISCONSIN

Fond Du Lac Commonwealth Reporter, Fond Du Lac, Wis.
La Crosse Tribune & Leader, La Crosse, Wis.
Marinette Eagle-Star, Marinette, Wis.
Marshfield News-Herald, Marshfield, Wis.
Milwaukee Journal, Milwaukee, Wis.
Milwaukee Sentinel & News Sentinel, Wis.
Oshkosh Northwestern, Oshkosh, Wis.
Racine Journal-Times, Racine, Wis.
Racine Sunday Bulletin, Racine, Wis.
Sheboygan Press, Sheboygan, Wis.
Stevens Point Journal, Stevens Point, Wis.

WYOMING

Laramie Bulletin, Laramie, Wyoming.
Laramie Republican-Boomerang, Laramie, Wyoming.
Rock Springs Rocket, Rock Springs, Wyoming.



They're making Liberty Bells out of door-bells!



Right across the nation, another idea—born in Philadelphia—is fostering liberty

IT'S NO WONDER we're proud of the Newspaper Boys who serve The Bulletin to thousands of Philadelphia homes.

Not so many weeks ago, it was these boys who carried a new kind of newspaper service in this country. They were the first volunteers to bridge the gap between those who sell and those who buy Defense Stamps.

They were not content merely to talk about Stamp sales. They volunteered to sell Defense Stamps and deliver them—in addition to their regular job.

Newspaper boys all over the country stand ready to take up this plan* which is spreading the nation's investment in Defense. There are a half-million of them—just as eager as The Bulletin Boys to volunteer for a patriotic service.

In Philadelphia, The Evening Bulletin packed out the original plan with the Limited

States Treasury Department. Excuses, except in Newspaper Boys' old tin roof.

They are making door-bells into veritable Liberty Bells.

Already they are selling and delivering over a quarter-million Defense Stamps every week... well on their way to the second million!

They have increased Philadelphia sales by over one-third.

They have made Philadelphia a leader in Defense Stamp sales among the large cities of the country.

The sale record these boys set is the satisfaction of doing a nation's job for Defense. They have been complimented by President Roosevelt and Secretary of the Treasury Morgenthau. They should be proud, as The Bulletin is, that they are setting a magnificent example for other youth of the nation.

*THIS SAME PLAN HAS BEEN MADE AVAILABLE TO OTHER NEWSPAPERS ALL OVER THE COUNTRY, THROUGH THE NATIONAL ASSOCIATION

IN PHILADELPHIA—HEARST ENTERTAINMENT BEARS THE BULLETIN

Defense Savings Pay-Roll Allotment Plan

Now company heads can help their country, their employees, and themselves

voluntary pay-roll allotment plan helps workers provide for the future helps build future buying power helps defend America today

This is no charity plea. It is a sound business proposition that really concerns the present and future welfare of your company, your employees, and yourself.

During the post-war period of readjustment, you may be faced with the unpleasant necessity of turning employees out into a confused and cheerless world. But you, as an employer, can do something now to help shape the destinies of your people. Scores of business heads have adopted the Voluntary Pay-roll Allotment Plan as a simple and easy way for every worker in the land to start a systematic and continuous Defense Bond savings program.

Many benefits . . . present and future. It is more than a sensible step toward reducing the ranks of the post-war needy. It will help spread financial participation in National Defense among all of America's wage earners.

The wide-spread use of this plan will materially retard inflation. It will "sure" part of our pyramiding national income that would otherwise be spent as fast as it's earned, increasing the demand for our diminishing supply of consumer goods.

And don't overlook the immediate benefit . . . money for defense materials, quickly, continuously, willingly.

Let's do it the American way! America's talent for working out emergency problems, democratically, is being tested today. As always, we will work it out, without pressure or coercion . . . in that old American way; each businessman strengthening his own house; not waiting for his neighbor to do it. That custom has, throughout history, enabled America to get things done *of its own free will*.

In emergencies, America doesn't do things "hit-or-miss." We would get there eventually if we only left it in everybody's whim to buy Defense Bonds when they thought of it. But we're a nation of businessmen who understand that the way to get a thing done is to *systematize* the operation. That is why so many employers are getting back of this Voluntary Savings Plan.

Like most efficient systems, it is amazingly simple. All you have to do is offer your employees the convenience of having a fixed sum allotted, from each pay envelope, to the purchase of Defense Bonds. The employer holds these funds in a separate bank account, and delivers a Bond to the employee each time the allotments accumulate to a sufficient amount.

Each employee who chooses to start this savings plan decides for himself the denomination of the Bonds to be purchased and the amount to be allotted from his wages each pay day.

How big does a company have to be? From three employees on up. Size has nothing to do with it. It works equally well in stores, schools, publishing houses, factories, or banks. This whole idea of pay-roll allotment has been evolved by businessmen in cooperation with the Treasury Department. Each organization adopts its own simple, efficient application of the idea in accordance with the needs of its own set-up.

No chore at all. The system is so simple that A. T. & T. uses exactly the same easy card system that is being used by hundreds of companies having fewer than 25 employees! It is simple enough to be handled by a checkmark on a card each pay day.

Plenty of help available. Although this is *your* plan when you put it into effect, the Treasury Department is ready and willing to give you all kinds of help. Local civilian committees in 48 States are set up to have experienced men work with you just as much as you want them to, and no more.

Truly, about all you have to do is to indicate your willingness to get your organization started. We will supply most of the necessary material, and no end of help.

The first step is to take a closer look. Sending in the coupon in no way obligates you to install the Plan. It will simply give you a chance to scrutinize the available material and see what other companies are already doing. It will bring you samples of literature explaining the benefits to employees and describing the various denominations of Defense Savings Bonds that can be purchased through the Plan.

Sending the coupon does nothing more than signify that you are anxious to do something to help keep your people off relief when defense production slumps off; something to enable all wage earners to participate in financing Defense; something to provide tomorrow's buying power for your products; something to get money right now for guns and tanks and planes and ships.

France left it to "hit-or-miss" . . . and missed. Now is the time for you to act! Mail the coupon or write Treasury Department, Section A, 709 Twelfth St. NW., Washington, D. C.



FREE - NO OBLIGATION

Treasury Department, Section A,
709 Twelfth St. NW., Washington, D. C.

Please send me the free kit of material being used by companies that have installed the Voluntary Defense Savings Pay-Roll Allotment Plan.

Name _____
Position _____
Company _____
Address _____

1 att. No. 8

DEFENSE BONDS BUY TANKS



THE TANK is to the army what the tackle is to the forward line of a football team. It is the "break-through." Head-on, it crashes timber, crushes, enemy fortifications. Once it has opened the way, the attacking force follows for the "mopping up."

The Nazis, using these great steel pachyderms which they produce in vast quantities, have been able to break through every fortified line in 14 conquered countries.

In America, the medium-sized tank is the popular size. A medium-sized tank weighs 30 tons. To make it takes as much steel as would be used in 500 refrigerators, as much labor as goes into 87 average automobile tires.

The planning of a tank takes as great skill as a large-scale construction job. One recently converted automobile plant, equipped with retooling for tank production, had to put 200 engineers to work in day and night shifts for one month, mapping out machinery requirements and plant layout.

To match the mechanical might of aggressor nations today, America needs thousands of these tanks. They're rolling off the assembly lines now. They cost real money. Every time you buy an \$18.75 Defense Savings Bond or a 10¢ Defense Savings Stamp you give your country money enough to buy a vital part for another new tank.



Buy DEFENSE SAVINGS BONDS and STAMPS

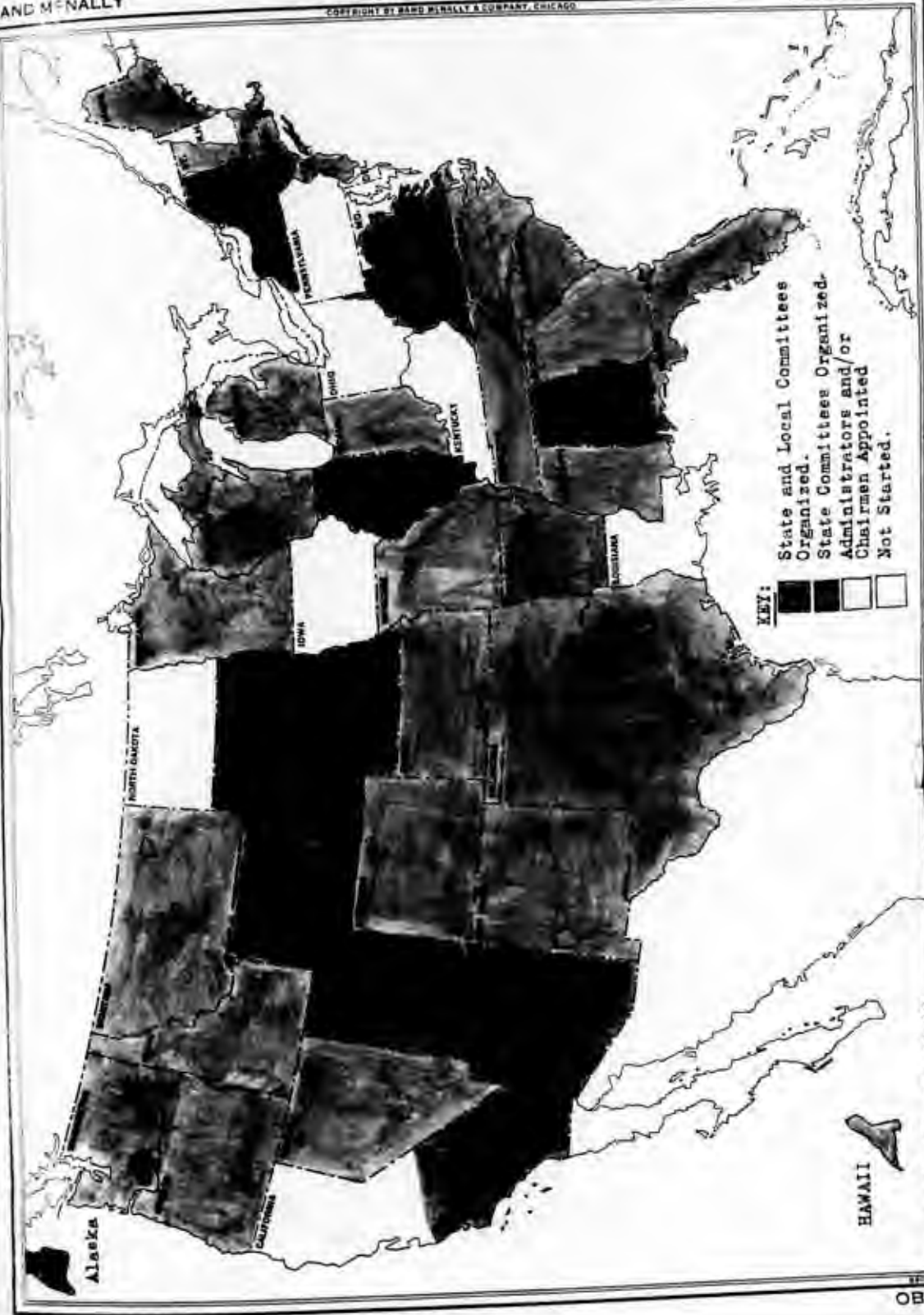
AT ALL BANKS, POST OFFICES, AND SAVINGS AND
LOAN ASSOCIATIONS

LOOSE LEAF OUTLINE MAP

RAND McNALLY

COPYRIGHT BY RAND McNALLY & COMPANY, CHICAGO

As of November 1, 1941



OB 10

MADE IN U.S.A.



308

FIELD ORGANIZATION *News Letter*

DEFENSE SAVINGS STAFF

TREASURY DEPARTMENT, WASHINGTON, D. C.



NOVEMBER 29, 1941

NUMBER 28

TO THE FIELD STAFF:

There are three important activities of the moment, which are being pushed by many of our committees and which should have the prominent attention of all. They are:

1. The formation of Buy-a-Bond-a-Month Clubs. Reports from many sections indicate the growth of plans which promote the purchase of a bond every month. Association memberships and other groups are making pledges to this end. In Pay Roll Allotment Plans, executives and other higher paid employees are subscribing to allotments calling for the purchase of a bond each pay day. Banks, Savings and Loan Associations, and Credit Unions are sponsoring such clubs. It is important to the success of our work that every effort be used to increase the number of individuals buying bonds with regularity. Every sales method we are using has as its purpose, - regular, systematic, convenient saving.
2. The use of Defense Bonds and Stamps as Christmas Gifts. Our securities should have a prominent place on the many gift lists. This will be done, particularly if attention is focused on it. A real service can be performed by our committees if this idea is given prominence in all our activities. Also, Christmas cards containing Stamp Albums, now available, may well serve to start many individuals on the road to bond ownership.
3. The teaching of thrift on the eve of holiday spending. Every indication points to extensive holiday and Christmas spending this year. It may reach staggering proportions. Now, as never before - for every fundamental reason behind Defense Savings - our committees should teach the value of thrift and saving. A half million retail merchants - taking a long range point of view - are doing their part. We should join them with all the strength at our command.



Sincerely yours,

GALE F. JOHNSTON,

Field Director, Defense Savings Staff.



THAT'S MY HOME—THE BIRTH OF THE DOLLAR

— From New York Evening Post

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BUFFALO SAVES TO BUY FIGHTER PLANES

FIRST CITY IN THE NATION to stage a campaign to sell a definite amount of Defense Savings Stamps within a given period of time is Buffalo, New York. In the nine days between November 24 and December 2, citizens of Buffalo will invest a minimum of \$175,000 in Defense Savings Stamps, according to the sponsors of this campaign.



Airline hostesses guard the \$250,000 worth of Defense Savings Stamps enroute to Buffalo for the fighter plane campaign.

THIS DEFINITE OBJECTIVE is the amount required to purchase two Buffalo-built war planes—a Curtiss P-40 and a Bell Airacobra. Hence, the slogan of the campaign: "Invest in Defense Stamps - To Buy Buffalo-built Airplanes."

A SPECIAL FUND of \$4,000 for special posters and other promotional materials was raised for this campaign by the committee of merchants sponsoring the event. This committee is headed by Albin O. Holder. Other members are Henry W. Comstock, Kenneth V. Mallen, Joseph H. Schinstock, Kenneth E. Smalley, Herbert M. Ulins, A. B. Wright, and John F. Eielow, Jr. Howard L. Volgenau, executive secretary of the Buffalo Chamber of Commerce, and Lara S. Potter, Deputy Administrator for the Western Division of the New York Defense Savings Staff, are also taking active parts in this big event.

MANY ORGANIZATIONS are cooperating to make it a success:—

Retail stores to all kinds have stamps on sale at convenient places, many of them having set up specially decorated stamp booths. Throughout the downtown area, special window displays have been arranged.

A special mailing to practically every household in town (the 225,000 accounts of the Buffalo Niagara Electric Company) brought a direct appeal to every citizen, as the drive opened.

ARMY, NAVY, Marine Corps and Coast Guard provided equipment and details of men for a big parade.

DAY TO DAY PROGRESS of the campaign is being charted on a billboard in Buffalo's Lafayette Square. The billboard carries large pictures of the two airplanes which symbolize the campaign's goal. Attainment of this goal will be recognized in **special plaques** on two U. S. Army planes, commemorating this specific contribution of Buffalo residents to National Defense.

"MILLIONS FOR DEFENSE," the Treasury Hour program for December 2, (Tuesday evening from 8:00 to 9:00 P. M., over stations of the Columbia Network) will include a **Salute to Buffalo**. Be sure to tune in!

CIO FORMALLY ENDORSES PROGRAM

DELEGATES TO THE FOURTH ANNUAL CONVENTION of the Congress of Industrial Organizations, meeting recently in Detroit, endorsed the Defense Savings Program by adopting the following resolution:

*WHEREAS, the United States Treasury Department has established the Defense Savings Program as a democratic means of financing the Nation's tremendous expenditure for defense, and

*WHEREAS, the purchase of these bonds is a patriotic duty in this period of national emergency, and

*WHEREAS, the liberal purchase of these bonds by workers constitutes a safeguard against inflation and at the same time provides a splendid financial backlog for themselves and their families against any post-emergency readjustment in a safe and secure investment;

*NOW, THEREFORE, BE IT RESOLVED, That this Convention hereby endorses the Defense Savings Program and urges its affiliated bodies, locals and members, to purchase Defense Savings Bonds."

UPON BEING INFORMED of this action, Secretary Morgenthau wired a message of appreciation to CIO President Philip Murray.

OTHER LARGE NEWS:-

ACTIVE ASSISTANCE of the New Jersey State Federation of Labor in the installation of pay roll allotment plans has been assured as a result of the adoption by that organization's annual convention of two resolutions. One endorsed the program in general terms; the other provided for the appointment by the Federation's president of a "Post Defense Security Commission," which has the duty of:

"Visiting all local unions, to point out the patriotic duty of the unions and their members, on a voluntary salary allotment plan, to use part of their weekly surplus earnings for the purchase of United States Defense Bonds."

AN IMPORTANT ACTION was taken recently by the Building Trades Council of San Francisco when it adopted a resolution placing itself on record as in favor of systematic savings through pay roll allotment and appointed a committee to cooperate with San Francisco representatives of the Defense Savings Staff in promoting widespread participation in allotment plans.

INVESTMENT of \$50,000 in Defense Bonds by the International Union, United Automobile Workers was reported recently by George F. Addes, Secretary-treasurer of the Union.

STAMP SALES INCREASE 19.2% IN OCTOBER

SALES OF DEFENSE SAVINGS STAMPS for October reached a total of \$8,935,934, establishing the highest monthly total since the Stamps were placed on sale last May 1, the Treasury Department announced on November 14. This figure, compared with the \$4,978,000 worth of Defense Stamps sold in September, shows an increase of 19.2 percent. It marks the fourth straight month that the sale of Stamps has risen.

MONTHLY SALES of Defense Savings Stamps since May 1, when they were first made available, have been as follows (figures rounded to the nearest thousands):

May	\$5,478,000
June	2,802,000
July	3,288,000
August	4,454,000
September	4,978,000
October	8,936,000
Total	\$24,933,000

A breakdown of sales by denominations indicates that approximately 21,385,000 separate stamps were sold during October, with the 25¢ denomination leading all others and accounting for 14,405,000 sales. Approximately 4,625,650 ten-cent stamps were sold during this month.

OKLAHOMA TOWN REPORTS EVERY CITIZEN SAVING SYSTEMATICALLY FOR DEFENSE BONDS

GENE AUTRY, OKLAHOMA claims the distinction and honor of being the first incorporated town in the United States to have every citizen pledged to buy Defense Stamps or Bonds regularly for the duration of the present emergency.

THIS CARTER COUNTY TOWN of 259 inhabitants, formerly the town of Berwyn, was officially named "Gene Autry" in honor of its most prominent citizen, who has a ranch nearby, at ceremonies on November 16. Governor Leon D. Phillips was the principal speaker. State Administrator H. C. Jones was present and received from Mr. Gene Autry the scroll prepared by Louis Fischl, Carter County Defense Savings Administrator, bearing the names of all citizens of the town and their Defense Savings pledges.

THE DEFENSE SAVINGS CLUB of the Life Underwriters Association of Pensacola, Florida has 62 members according to its president, E. E. Bellah. Every member is pledged to make regular weekly or monthly payments towards the purchase of Defense Bonds for the duration of the present emergency.

PRIZES, PREMIUMS AND COMMISSIONS
IN DEFENSE SAVINGS BONDS AND STAMPS.

Business concerns throughout the nation have keyed their sales and other contests to the subject which dominates all our thoughts these days by using Defense Bonds and Stamps instead of cash or merchandise in the contests which they conduct among their salesmen, other employees, and customers.

Through these contests, the Defense Savings Program and the essential facts about the Bonds and Stamps are brought to the attention of many persons -- the participants in the contests, and a great many others to whom they explain the contests and the awards.

State and local committee members have done much to promote the use of Bonds and Stamps as prizes and premiums. However, the idea is still a good one and has countless adaptations and applications. Here are a few examples:-



With a direct appeal to its underwriters to support the National Defense Program, the General American Life Insurance Company of St. Louis, Missouri, conducted in October, a nation-wide sales contest in honor of its President. All prizes were in Defense Bonds and Stamps.

Defense Bonds and Stamps are the special awards sought by the agents of the American Casualty Company of Reading, Pennsylvania, in its nation-wide sales campaign which closes January 17, 1942. The campaign is "dedicated to the National Defense Program of the United States of America and our belief that every citizen and business firm should contribute

their utmost, both financially and morally to the maintenance of our Democratic Way of Life."

The special awards in the "President's Month" sales contest of the Beneficial Life Insurance Company of Salt Lake City, Utah, were in Defense Bonds and Stamps. \$100 Bonds were given to every salesman who wrote \$85,000 worth of insurance during the contest period.

Defense Bonds were awarded top-notch underwriters -- members of the President's Club -- of the Great Southern Life Insurance Company at its annual sessions in Houston. . . The American Fire and Casualty Company, Orlando, Florida, gave \$90 worth of Defense Stamps as extra prizes in one of its salesmen's contests this fall. . . A plan to award Defense Bonds and Stamps in recognition of field organization work has been adopted by the Pacific Mutual Life Insurance Company. . . Defense Bonds were announced as prizes in the fall "Victory Drive" of the Mutual Life Insurance Company of Columbus, Ohio.

PRIZES, PREMIUMS AND COMMISSIONS
IN DEFENSE SAVINGS BONDS AND STAMPS.
(Continued)



Stiffen on the line -
won't win you a
Defense Bond

Defense Bonds were the awards sought by Underwood-Elliott-Fisher Company branch office employees in the company's "Minute Man" sales promotion contest. (At the left, one of the pieces used in this sales competition.) The Stonhard Company of Philadelphia, manufacturer of building maintenance materials, has been awarding Defense Bonds in various sales contests. Assistant Sales Manager J. H. Dooler reports: "Our salesmen value the bonds more highly than cash or merchandise prizes". . . Route salesmen of the Carolina Baking Company of Columbia, South Carolina are awarded Defense Stamps for effecting economies, safety records, and increased sales. . . Special merit awards for good sales records are now made in Defense Stamps instead of cash by the Auto-Soler Company of Atlanta. . . The Piers-Tucker Bag Company of Washington, D. C., offers commissions to its agents, either in Defense Bonds or cash, a \$25 Bond being earned by selling \$100 worth of merchandise. . . William B. Kelly and Company of New Orleans gives a ten-cent Defense Stamp with every purchase of three pounds of its Lusianna Coffee and 25-cent Defense Stamps to salesmen for selling 100 pounds of this product.

Defense Bonds and Stamps, were among the awards for which Spang, Rowback & Company employees competed in a company-sponsored "Supply Savings Contest." Contestants turned in suggestions on how to save paper, metal, and fabrics. . . The Arkansas and Missouri Power Corporation is paying all prizes and commissions earned by its employees in Defense Bonds and Stamps. . . In the current "Beat the Promise" campaign of the R. C. A. Manufacturing Company, in which all departments of this large organization are striving to exceed their production quotas and produce equipment ordered by the Army and Navy ahead of schedule, Defense Bonds and Stamps are awarded as prizes. . . The Fries Tanning Company of Berwick, Maine gave each of its 175 employees \$25 Defense Bonds instead of turkeys, traditional Thanksgiving Day gifts. . . Ten \$25 Defense Bonds were awarded by the Downtown Merchants of Jersey City during the five shopping days just prior to Thanksgiving, instead of the customary turkeys.



The Quality Service Food Stores of Atlanta offer their customers a 10-cent Defense Stamp for every 10 wrappers from ABC bread. . . Coupons packaged with Greasant Coffee are redeemed by the Greasant Manufacturing Company of Seattle, Washington, in Defense Stamps - ten coupons being exchangeable for two 25-cent stamps.

IN THE SCHOOLS

Public-spirited Clubwoman Launches Successful School Program in Akron

One way to get a Defense Savings Program started in a city school system has been recently demonstrated in Akron, Ohio. In September, not a stamp was being sold in the public schools. Early last month, the city's 40,000 school children were buying \$3,500 worth of stamps each week, and school officials expected the total to reach \$4,000 before long—an average of one 10-cent stamp for each child.



AT WAGON SCHOOL in Akron, three pupils buy themselves a share in America from Mrs. E. M. Mink, who is in charge of the school's Stamp Sales booth. The children are Shirley Helm, Jaqueline Peck and Wayne Jones.

* * *

The Bank would buy the 10, 25 and 50-cent stamps in quantity from the Postoffice, and distribute them to schools in amounts determined by each principal. The schools would not have to put up money in advance, but would return proceeds of the sale to the bank. Stamps would be sold in the schools each Tuesday by special committees from the various Home and School Leagues.

Mrs. Fair started the program with a week of public education. The first Defense Stamp Tuesday brought in \$1,100, the second netted \$2,500, the third \$3,000 and the fourth \$3,500. Hats off to Mrs. Fair and the mothers of Akron who are cooperating with her on this program!

Teachers' Magazines Spread the Message of Defense Savings

During the past three months, state teachers' magazines throughout the country have been publishing articles on Defense Savings prepared by the Defense Savings Staff or written by local educators. Most of the magazines, which are official publications of state teachers' associations, have given

How it happened is a one-woman story. The woman is Mrs. Ray Fair, an Akron clubwoman and enthusiastic Home and School League member. When school started this Fall, Mrs. Fair noticed with some dismay that while Defense Savings Stamps were being sold in banks, postoffices and many stores, they were not on sale in the schools—the most convenient places for children to buy.

So Mrs. Fair got busy. In a short time, she had worked out a plan, and had gotten it approved by city school executives, Postmaster Pat Webb and President O. W. Emyart, of the First Central Trust Company. The plan was this:

The Bank would buy the 10,

SCHOOLS

Teachers' Magazines (Continued)

full page displays to these articles.

Best display was that of the Oklahoma Teacher, which devoted its November cover to Defense Savings (see cut). The lead story in the magazine urged schools to get busy with their programs. It is the second article on this subject that the Oklahoma Teacher has published this year. The author was Paul R. Taylor, Superintendent of El Reno City Schools and Chairman of the Education Division of the Oklahoma Defense Savings Committee.



Some of the other teachers' magazines that have recently published articles on Defense Savings include: The Sierra Educational News (California), The Journal of the Florida Education Association, Georgia Education Journal, Idaho Journal of Education, Midland Schools (Iowa), Kansas Teacher, Maine Teachers' Digest, Massachusetts Teacher, New Mexico School Review, Oregon Education Journal, Pennsylvania School Journal, Utah Educational Review and the Wisconsin Journal of Education.

A new article for teachers' magazines describing the SHARING AMERICA program outlined briefly in last week's NEWS LETTER is now being prepared by the Defense Savings Staff.

* * *

Here and There

Junior high schools are among the most active participants in the Defense Savings Program. For example: At Joe Brown Junior High in Atlanta, Georgia, 30 ninth-grade boys and girls go into classrooms every morning collecting orders for Stamps, which they later deliver. . . At Chesterman District School No. 3, near Buffalo, New York, a committee of three eighth-graders handle all Stamp sales. . . At Caroline High School in Denton,

Maryland, the ninth grade mathematics class introduced Defense Savings to each class, then took charge of selling the Stamps.



Grade school children are enthusiastic stamp purchasers. The picture at the left shows a delegation from a Safety Harbor Florida school marching to the aid of a Boy Scout Band on the way to the postoffice to buy their stamps.

District of Columbia Women's Division Active

COOPERATION with the U. S. Office of Civilian Defense during Civilian Defense Week, promotion of the idea of giving Defense Bonds and Stamps as Christmas gifts, and assistance to a wide variety of women's clubs in staging special programs on the subject of Defense Savings are some of the activities being developed under the auspices of the Women's Division Committee of the Defense Savings Committee for the District of Columbia.

DURING CIVILIAN DEFENSE WEEK, Defense Savings Stamp booths were set up at two Washington high schools - Dunbar and Woodrow Wilson - and at both of these schools the Defense Savings film "America Preferred" was shown. In a letter from the Office of Civilian Defense, the thanks of Mrs. Franklin D. Roosevelt were extended to the D. C. Defense Savings Committee for co-operating in this way.

"We have received many comments from both students and members of the community on their interest in the Defense Savings Program," the letter continued, "and we hope that your excellent exhibit will stimulate more buying and more awareness of the vital part which your program is playing in National Defense."

THE MEETING OF THE HEADS of the leading women's organizations in the District of Columbia called by the Women's Division Committee (reported in the NEWS LETTER, November 22) continues to bear fruit. In addition to the results previously reported, two additional organizations have been stimulated by this meeting into effective activity on behalf of Defense Savings objectives.

The Washington Club, a 50-year-old women's organization, devoted its Annual Fall Meeting in November to an unusually dramatic Defense

* * *

MEMBERS OF THE D. C. WOMEN'S DIVISION COMMITTEE meet to discuss plans. From



left to right: Mrs. Wilson Compton, Mrs. Henry A. Wallace, Mrs. Daniel W. Bell, Mrs. Raymond Clapper, Mrs. Curtis Shears, Mrs. John Jay O'Connor, and Mrs. Harry S. Bernson. The eighth member of this committee is Mrs. Harlan Fiske Stone.

The Washington Club (Continued)

Savings program, arranged by Mrs. Frank Parker, a member of the club's governing board. Ten board members each gave a 2-minute talk on some phase of Defense Savings. Two members read parts of "We Gals Have To Stick Together," entitling their presentations, "Liberty and Women's Job in Preserving It." Next, three members stood together and each read a part of Eva Curie's pamphlet, "It Is Not Too Late." After they had finished this reading, one said, "It is too late for France"; the next "for Poland"; the third "for Belgium"; and so on in rotation, naming all of the subjugated countries. Then, as a climax, they all three repeated in unison: "But if we save a dime a day, it is not too late for the U. S. A."

In other talks, based on the Secretary's speech "The Fight Against Inflation," and other official publications, the objectives and methods of the Defense Savings Program were outlined. The program was interspersed by the singing of patriotic songs. At its conclusion, the club members voted enthusiastically to endorse the government's Defense Savings Program, to invest club funds in Defense Bonds, and to have Defense Stamps on sale at every meeting and program of the Club. As the members left the meeting, each one was given a kit containing the five pamphlets issued by the Defense Savings Staff which had provided the basis for the program.

The League of Women Voters in the District will include Defense Savings in its study program. At its most recent meeting, copies of "We Gals" were distributed to its members.

COLLEGE ALIENAE CLUBS AND SOCIETY ALIENAE GROUPS in the District have shown genuine interest in Defense Savings. Letters from the Women's Division Committee to the presidents of these numerous organizations have brought a gratifying response and already many of them have made arrangements to devote attention to Defense Savings at their meetings.

Food for Thought

To call attention to the Defense Savings Program, the Minneapolis Star Journal is running a series of statements on Defense Savings by prominent local women. In a recent issue, Mrs. L. E. Upham, President of the Minnesota Federation of Women's Clubs, said:

"My husband and I see Defense Savings Bonds as a way of providing ourselves with an annuity. Every month we buy a bond for \$37.50 from our bank; 10 years from now we shall receive \$50 a month as each bond falls due. We can support National Defense and at the same time make our own future more secure."

FIELD ORGANIZATION NEWS

Leaders Appointed In Six States; Reports And Highlights From Many States

APPOINTMENT of an Honorary Chairman, a Chairman and four State Administrators during the past ten days nearly completes the rosters of these leaders for the 52 divisions of our Field Staff.

THE NEWLY APPOINTED Honorary Chairman is Governor George A. Wilson of Iowa. The newly appointed State Chairman is Ernest Clayton, president of the Industrial Trust Company of Providence, Rhode Island.

FOUR ADDITIONAL STATE ADMINISTRATORS can be introduced to "veteran" members of the Field Staff at this time: Walter E. Ruth, who will serve in this capacity for the State of Maryland; William J. Starr, Jr., a Manchester attorney, who has been appointed State Administrator for New Hampshire; H. E. Wolfer, chairman of the board of the National Bank of Jamestown, who has been appointed State Administrator for North Dakota; and Charles A. Christenberson, president of the Union Savings Bank of Sioux Falls, a dollar-a-year man who will serve as State Administrator for South Dakota.

WITH THESE APPOINTMENTS, there are 39 Honorary Chairmen; 43 Chairmen; and 49 State Administrators, one for each of the field divisions, with the exception of Delaware, Kentucky and Nebraska.

Reports and Highlights of Recent Developments:

ARKANSAS. In a recent statement, Governor Homer M. Adkins urged the purchase of Defense Savings Bonds and Stamps.

"Since Arkansas is industrially benefitting very materially by the Defense Program," the Governor said, "let us all respond to the government's call by buying Defense Savings Bonds and Stamps in a generous manner."

State Administrator Roy C. Paschal, Deputy Administrator C. E. Wilkerson, and J. C. Burlingame, prominent business man and civic worker, discussed Arkansas' part in the Defense Savings Program in a 15-minute round table radio broadcast recently. The program was transcribed and the transcription is being sent to every radio station in Arkansas.

The "group agent" bond and stamp purchase plan is being placed in operation for the benefit of State Government employees. Deputy Administrator C. E. Wilkerson outlined the plan recently to heads of all State Departments, at a meeting in the House Chamber at the Capitol.

Ballies to stimulate interest in the sale of Defense Bonds and Stamps have been held in Paris and Stuttgart (Arkansas).

FIELD ORGANIZATION NEWS

Reports and Highlights of Recent Developments (Continued)

The Arkansas State Teachers Association has pledged the cooperation of its members in promoting Defense Savings in the schools. Virtually every school in the state is understood to have Defense Stamps on sale. . . The Laura Kayne Gamm sorority at the University of Arkansas staged a "dinner-dance-for-defense." Defense Stamp albums containing the first stamps toward Defense Bonds were favors. . . First owner of a Defense Bond in Eison was a 10-year-old girl, little Miss Peggy Thomason.

CALIFORNIA. "Parading Square" in the heart of downtown Los Angeles will be the site of the "Defense House" which opens there for a six-weeks "run" on December 1.

GEORGIA. Chairmen and committee members from counties in the sixth and eighth Congressional Districts met in meetings held recently in Macon and Waycross. U. S. Senator Richard B. Russell, Jr., addressed the meeting in Macon. State Chairman Arthur Lucas, State Administrator Marion E. Allen and Deputy Administrator Arthur Cheatham attended and spoke at both meetings. . . Margaret Mitchell, author of "Gone With The Wind," and resident of Atlanta, was photographed recently with State Administrator Allen at the released a statement reading:

"Whether we go into war or not, we must be prepared for war. . . If I can help by buying Defense Bonds, I am glad to do so."

It is estimated that more than 50,000 Georgians are now saving for Defense Bonds through the pay roll allotment plan. . . Defense Stamps were prizes in the Atlanta Bureau of Fire Prevention's poster contest.

IDARH. First of the "America Speaks" programs arranged by Deputy Administrator John Churchill was held in Moscow on the evening of November 11. Theme of Mr. Churchill's dramatically effective address—which is to be presented during the next few weeks in every city in the state—is a graphic description of the blessings and privileges of the American way of life. At the conclusion of his talk, he introduces the members of the local Defense Savings Committee with the aid of a specially constructed lighted display piece, which shows the role or function of each member and emphasizes the committee's representative character. . . It is reported that no known meeting of any kind of importance within the state has failed to have some representative of the Defense Savings Program as a speaker. . . Local chairmen have been asked by Administrator John E. Wiley to reply to a brief seven-point questionnaire on the activities of their committee.



FIELD ORGANIZATION NEWS

Reports and Highlights of Recent Developments (Continued)

ILLINOIS. Six specially decorated Seeburg Automatic Phonographs have been placed at the disposal of the Illinois State Headquarters for use in plugging the song "Any Bonds Today?". In the picture at the left, one of these phonographs is "on duty" at the LaSalle Street Station in Chicago. The attendants are three girls from the office of State Administrator Norman E. Collins, who of their own volition and without the knowledge of the Administrator or his deputies, devoted one entire week-end--Saturday afternoon and evening and all day Sunday to attending the stamp booth located just beside the patriotically decorated phonograph which plays "Any Bonds Today," for all those who purchase stamps. Their efforts netted Uncle Sam about \$350.



KANSAS. Investment of \$60,000 in Defense Bonds by the Kansas School Fund Commission was the action taken by this group of school officials to signify endorsement of the Defense Savings Program and to encourage school children to participate by saving for Defense Stamps and Bonds. . . One of the first industries in the State to report one hundred per cent employee participation in a pay roll allotment plan was the Korabius Packing Company of Kansas City, Kansas. . . Buck Jones, movie star, autographed Defense Savings Stamp Albums for his fans when he made a personal appearance recently in Atchinson, Kansas, at the suggestion of Carl G. Klotzmeier, Chairman of the Defense Bond Committee of the Atchinson Junior Chamber of Commerce.

Artistic Day ceremonies in Leavenworth were in charge of William B. Hilly, the active chairman of the Leavenworth Defense Savings Committee. Many marchers in the parade carried Minute Man Posters.

KENTUCKY. A special effort to sell Defense Stamps was made in Louisville on November 7 and 8, under the auspices of the Market Street Retailers Association. Army equipment from Fort Knox, gaily decorated booths, window displays, and a parade with several bands helped make the event a success. Volunteers from the city's leading women's organizations staffed the stamp booths.

MASSACHUSETTS. Steady progress in presenting the essential facts about the pay roll allotment plan to employers and employees in the larger factories and businesses in the state is reported by State Administrator Daniel J. Doherty. . . In Melrose, the Rotary and Lions Clubs donated \$100 each to establish revolving funds to place Defense Stamps on sale in city schools.

FIELD ORGANIZATION NEWS

Massachusetts (Continued)

Defense Stamps are prizes at the card parties of the Chatham Women's Club. . . Miss Emerson College Freshman for 1943 received as a prize a \$25 Defense Bond.

MINNESOTA. Every one of the 50 members of the Defense Savings Committee for Rice County, Minnesota, has invested in at least one Defense Bond and has pledged himself or herself to buy additional bonds at regular intervals. W. B. Cheswold of Fairbault, is the chairman. He and his colleagues believe in practicing what they preach!

We would be glad to have similar reports from other committees.

MISSOURI. The Committee for Metropolitan St. Louis has arranged for every filling station in the city and county to display appropriate Defense Savings posters and to place Defense Savings Stamps on sale.

NEW JERSEY. Local outdoor advertisers are making an important contribution to the Program, particularly in northern counties. Pictured below are a few of the outdoor displays which have been donated by their owners to the promotion of the sale of Defense Bonds and Stamps.



Newark



West Orange



Spokane

NORTH CAROLINA. Secretaries of central labor unions in North Carolina have been appointed to membership on the local Defense Savings Committees in their communities. . . The City of Greensboro, N. C., has followed the lead of the City of Winston-Salem and installed a salary allotment plan, thus becoming the second city in the state to make this convenient method of participation available. State Administrator Eberhardson reports that many other cities in the state have installation of the plan actively under consideration.

SYRACUSE BANK LAUNCHES A DEFENSE BOND CLUB

THE NEW "DEFENSE BOND CLUB," established by the Onondaga County Savings Bank of Syracuse, New York to help Syracuseans participate in the Defense Savings Program, officially got under way November 3 with Mayor Holland B. Marvyn becoming the No. 1 member. The picture below shows Mayor Marvyn making his first payment at the bank's attractively decorated Defense Bond window.

ENDORSEMENTS OF THIS SYSTEMATIC SAVINGS PLAN have come to Bank President Harold Stone from many prominent Syracuseans. Mayor-elect Thomas E. Kennedy wrote:

"With millions of Americans already making great sacrifices for America's preparedness, it seems a little thing to ask that everyone take the trouble to make a personal investment which will provide money for the defense effort. But no matter how good our intentions, most of us are procrastinators by nature. The Defense Bond Club of the Onondaga County Savings Bank seems to me to offer an excellent solution. The important thing for many people is to get started. Once started, I am sure they will continue their weekly deposits."



OF THE BANK'S OWN STAFF, 68 strong, practically all have joined the Club; and letters describing the club plan have been sent by the bank to all manufacturers, retailers, and other employers of 50 or more persons in the city, urging their co-operation. The bank has indicated that it is prepared to open and maintain club accounts by mail in order to make this savings plan as convenient as possible.

"We share the government's belief that these bonds are best purchased out of income," President Stone is quoted as saying. "If this method is followed, the government will not only receive the necessary funds for building tanks, guns, planes, and all other weapons we stand in need of, but each bondholder will be building up for himself a reserve fund which will stand him and the country in good stead when the United States returns again to a peacetime economy."

* * *

BONDS FOR THE VERY, VERY YOUNG

New arrivals in the homes of employees of Salkin and Linoff, Inc. of Minneapolis, Minnesota now receive birthday greetings in the form of \$25 Defense Bonds. Thirty-seven Bonds have so far thus been issued, according to Samuel Salkin, head of the firm. The company operates a chain of stores in the Northwest and is co-operating in other ways with the Defense Savings Program.

CHICAGO'S BIGGEST BANK PUSHES SALE OF DEFENSE BONDS

THE AGGRESSIVE SALES PROMOTION PROGRAM adopted by the Continental Illinois National Bank & Trust Company to step up sales of Defense Savings Bonds was outlined in detail in the October 18th issue of the magazine, "The Commercial West." Here are the fifteen steps which this bank has taken in connection with the Defense Savings Program:

1. A colorful electric flasher sign, folders, and blotters have been placed on the information desk in the entrance lobby;
2. Eight large signs in red, white, and blue have been placed in conspicuous floor locations within the bank;
3. About 50 signs have been placed on counters throughout the bank and its affiliated safe deposit company;
4. A separate sales window and information facilities have been provided in the government securities division in the commercial department;
5. Five specially illuminated sales windows have been provided, an information booth, suitably decorated, has been erected, and six application desks have been placed adjacent to the booth—all in the savings department;
6. Defense bond and tax note folders are kept available on counters and customers' desks throughout the bank and its affiliated safe deposit company;
7. A defense bond blotter has been given to each savings department customer making a deposit or withdrawal since July 1;
8. A defense bond blotter one month, and a tax note folder another month have been enclosed with statements to commercial customers;
9. Informative mimeographed bulletins and defense bond and tax note folders have been distributed to all officers and employees;
10. More than 40 men have been instructed and trained in selling defense bonds, tax notes, and stamps;
11. A list of questions and answers (10 sheets) about defense bonds and tax notes has been mimeographed and supplied to all personnel engaged in giving information about and selling bonds, notes, and stamps;
12. The bank has made available to its personnel a plan whereby regular deductions from salaries are made to apply on the purchase of bonds and tax notes;
13. The bank's statement of condition booklets carry the American Bankers Association's defense bond cut on the back cover;
14. The bank has joined with other Chicago banks in publishing a series of four cooperative advertisements in five Chicago newspapers over a period of 30 weeks;
15. Photographs have been made of the bank's defense savings bond booth for release to various bank journals.

"MAKE THIS A MERRY AMERICAN CHRISTMAS"

Illustrated at the right is the specially designed "gift wrapper" for Defense Bonds which has been made available to bankers by the American Bankers Association. The association has also prepared a new folder describing Defense Bonds, with the same cut of "Santa" on the cover.

Thus the splendid cooperation being extended to our program by bankers in all parts of the country continues, such to the satisfaction of the Defense Savings Staff.



ODDS AND ENDS

Local Bond Buyers Interviewed

Well-known buyers of Defense Bonds are being photographed by the Greenwich Times, Greenwich, Connecticut. Recent issues have contained pictures and brief statements on Defense Bonds of a policeman, several local bankers, a hotel desk clerk, a pharmacist, a butcher, and housewife who had recently purchased bonds.

Here is a simple plan for publicizing Defense Savings which other papers might like to use.

College Alumni Association Helps

Villanova College in Pennsylvania joins the growing number of colleges and universities which are finding effective ways to boost the Defense Savings Program. The cover of the October issue of the Alumni Magazine featured the Minute Man and carried a two page article on the purposes and aims of the Defense Savings Program.

The Alumni Association is also suggesting that gifts to the college be made in the form of Defense Bonds (Series F or G) registered in the name of the Alumni Fund.

A New Use For Defense Stamps

"There's a friend of mine who has been drinking quite a lot," wrote a friend of the Defense Savings Program. "The other day when he bought me a drink, he took from his pocket a \$50 Defense Bond Album and carefully checked off two blanks.

"I asked him what that was for.

"Oh," said he, "every time I take a drink, I penalize myself fifty cents. The next time I'm near a post office, I'm honor bound to fill out the marked squares. I've already put one bond away, and this one is well on its way. My kids get the bonds.

"When you know that even a free drink is going to cost 50¢, you think twice."

"It's not a bad idea. I've started it myself."



— Off The Record, by Ed Deak

ON THE AIR

Leading Programs for the Coming Week:

Monday, December 1 "FOR AMERICA WE SING" 9:30-10:00 PM (EST)
NBC Blue Network

Dr. Frank Hank's Orchestra and Chorus
GUEST STARS: Robert Weede and Elizabeth Lennox, noted radio and concert artists.

Tuesday, December 2 "MILLIONS FOR DEFENSE" 8:00-9:00 PM (EST)
NBC Blue Network

THE TREASURY HOUR: Variety program with leading entertainers of stage, screen and radio.

Thursday, December 4 "AMERICA PREPARED" 9:00-10:00 PM (EST)
Mutual Network

Alfred Wallenstein's Orchestra; Deems Taylor Commentator
GUEST STAR: Lauritz Melchior, Wagnerian tenor of the Metropolitan Opera Company.

Saturday, December 6 "THE TREASURY CONCERT" 9:30-10:30 PM (EST)
NBC Blue Network

The first of two special Saturday night concerts by the NBC Symphony Orchestra conducted by Arturo Toscanini.

On this program, radio listeners will be thrilled to hear the most popular waltz ever written, Johann Straus' "The Beautiful Blue Danube." Not only has Maestro Toscanini never before played this number over the radio, but this is the first time in his long career that he has ever included it on one of his programs.

Other selections on this program are Beethoven's Septet in E Flat Major and the Good Friday Spell from Wagner's "Parsifal."

Secretary Morgenthau will inaugurate the series with a brief introductory talk from the concert platform.

* * *

Moratorium on Autographs

Red Abbott and Lou Costello, movie and radio comedians, have suggested that stars of the entertainment world declare a moratorium on autographs and henceforth give their signatures only if the autograph hunters purchase Defense Stamps.

Many stars on personal appearance tours have already adopted this practice. Chairmen of Publicity Divisions of local committees may want to take this up with managers of their local theatres.

INDIANS INVEST COMPENSATION IN DEFENSE BONDS



Above are the Caconcito Navajos who invested \$6500 in Defense Bonds out of the \$17,000 awarded to them as the result of a train-school bus crash. The Indians live near Albuquerque, New Mexico.

"TALLEST SIGN" HAS DEFENSE BOND AD



Spectacular display on the tower of the Savage Exposition Building, which marks the site of the new home of the Minneapolis Coca Cola Bottling Company.

KEEP 'EM PATROLLING



This billboard on U. S. Route 1 features the destroyer Drayton, which was built at the Iron Works in Bath, Maine. It is one of three billboards donated to Defense Savings by Columbia Markets of Portland, Maine.

STAMPS ON LUNCHEON CLUB'S MENU!



Scene at one of the regular weekly meetings of the Leesburg Lions' Club where Defense Stamps are regularly on sale. The club was the first in Florida to report all of its members buying Stamps each week.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 28, 1941.

TO SECRETARY MORGENTHAU
FROM E. H. Foley, Jr.

Here are the facts in the Guex tax matter:

1. The McKesson and Robbins Trustee in Bankruptcy has impounded through court order proceeds of the insurance policies payable to Marie Girard of Fairfield, Connecticut (sister of F. D. Coster) on the ground that the premiums were paid by Coster with stolen funds. I should think if the total premiums were turned over to the Trustee by Mrs. Girard the Trustee would be willing to release the policies. This is a matter over which we have no control. It is true that we have a jeopardy assessment against the proceeds of the policies in connection with our tax claim but even if we released this it would not result in payment of the proceeds to Mrs. Girard.

2. There is an action pending before the Board of Tax Appeals arising out of failure to disclose certain capital gains in connection with stock transactions carried on by Coster in the name of Mrs. Girard. We are claiming a tax (including fraud penalty) of \$108,000. The transactions occurred in 1928, 1929, and 1932. The Statute of Limitations has barred the action unless we are able to impute fraud to Mrs. Girard. Clearly, there is fraud on the part of Coster. Whether or not we will be able to attribute this to Mrs. Girard is another matter. Mrs. Girard is represented by Mr. Koerner, formerly Chairman of the Board of Tax Appeals, and Mr. Blair, formerly Commissioner of Internal Revenue. Counsel for Mrs. Girard have not been near Treasury representatives in the New York office for over a year. Any disposition on the part of counsel to negotiate a settlement might result in a mutually satisfactory compromise arrangement.

E. H. F.



TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON November 29, 1941

OFFICE OF THE DIRECTOR

MEMORANDUM TO THE SECRETARY:

With reference to your memorandum of November 27, 1941, you are advised that a study has been initiated relative to costs and prices in the steel industry and you will be currently informed as to its progress.

With regard to the general problem of purchasing the present situation may be covered under two categories, namely, those commodities subject to allocation by the Office of Production Management and those not subject to allocation.

Those items subject to allocation are, as you know, certain raw materials, and of these our substantial purchases have been primarily in the field of ferrous and non-ferrous metals. In the case of these critical materials, where allocation is made by the Office of Production Management to specific suppliers our procedure is to negotiate with the suppliers for the best price commensurate with the overall market situation. It is true that the allocation to a particular supplier by the Office of Production Management to furnish a critical material precludes competition, however, in general, prices paid by the Procurement Division for semi-finished steel products are \$3.59 per ton less than the price limitations established by the Office of Price Administration. Copper is being purchased for \$4.10 a ton and tinplate for \$1.80 per ton less, respectively, than established ceiling prices. Zinc is being purchased at prices as established by the Office of Price Administration and not in excess of published trade prices.

With respect to commodities not subject to allocation, competition is obtained through established statutory procedure or negotiation depending upon the facts in each case. In no case have prices paid been in excess of established ceiling, while in many cases they are below the ceilings, and almost invariably below published trade prices.

Constant effort is being devoted to the problem of anticipating requirements, consolidating purchases, broadening sources of supply, simplifying specifications by eliminating non-essential items, all of which, of course, have a definite bearing on the price situation.

Clifton E. Mack
Clifton E. Mack,
Director of Procurement

CMH

MEMORANDUM FOR THE SECRETARY

November 28, 1941.

Mail Report

The subject of taxation still leads all others in the comment mail received. Specific mention of Social Security taxes has practically ceased, and mention of the 15% payroll idea has substantially fallen off. General tax comment continues to be very heavy, and we have just one letter supporting the idea of heavy new taxes to ninety protests. In all, the tax mail has totalled around 500 letters during the week.

Anti-labor letters and those urging the restriction of strikes have also somewhat fallen off, only 11 having come in during the week. There are 5 anti-British to 2 anti-Russian letters.

Endorsements of the Secretary's statement for Government economy have come in every day, and include a number of resolutions by business associations, etc.

The abusive mail has been directed largely against the Administration in general, and has numbered 6 anonymous to 1 signed. There have been only 3 such letters abusive of the Secretary, and 1 of the President during the week.

16 more letters commenting on the Grange speech have been received, and in the main, are favorable, although the phrase, "Charity begins at home," occurs in a number of them which then relate the difficulty the writer has in feeding a family on the present income.

When it comes to ideas in regard to taxation, the usual suggestions are still to the fore. Those include sales tax, lotteries, inheritance taxes, tax on all sorts of amusements, and slot machines, etc.

There is also a small but steady demand for the exemption of doctors' and hospital bills, and there have been more

- 2 -

Memorandum for the Secretary.

November 28, 1941.

letters asking for old age assistance than we have seen for some time. In many cases, these writers have small pensions or very limited incomes which, if taxed, would work a great hardship on the individual.

The new automobile tax has elicited quite a few letters. There were 4 criticizing the Polk contract, and others speaking of the difficulty of collecting the tax, asking jobs, and making suggestions as to methods of getting in the money.

J. G. Forbush

GENERAL COMMENTS

Frank R. Pentlarge, (Lawyer), N. Y. C. The efforts of the very small corporation involved to free itself from an absolutely unjust blocking of its accounts is almost pathetic. Its very existence has been jeopardized through a delay since August last of any action being taken by your Department. * * * Every effort has been made since August 1st to have this matter given consideration. The writer has even taken a trip to Washington to see what could be done, even though as was heretofore explained, trips to Washington by attorneys are beyond the financial resources of the concern involved. It is handicapped in that it is unable to incur large expense in obtaining its rights, and must rely on the integrity and fairness of the Treasury Department in receiving proper consideration. If there is any reason why this corporation should have its finances blocked, then in all fairness to it, such reason as you think you have should be fully and fairly stated with an opportunity for a hearing. American citizens have a right, it is believed, to the open, American way of dealing to which we have been accustomed in the past. We ask on behalf of our client prompt consideration with an opportunity of knowing the full details, if any, why the request should not be granted, if you take such an attitude, with a further opportunity of presenting the corporation's side of the case. (Letter referred to Foreign Funds Control.)

Warren A. Seavey, Cambridge, Mass. (Harvard Law School)
In the Pacific there are now immobilized large English and Russian forces. There lies also a large part of our American naval strength. If the Japanese menace can be removed, these forces will be available for vital use elsewhere. The Japanese evidently cannot be removed until Japan's military strength is broken. This can be done by China if given intensive aid, or through more direct methods. The destruction of Japanese power can be undertaken with a minimum of risk and without use of the draft Army. It is the most effective blow against the Axis which the United States can now deliver without a declaration of war. Further, many Americans who are opposed to action in the Atlantic would welcome activity against Japan. * * * I urge your earnest consideration of this suggestion.

Hobart Huson, Refugio, Tex. (Telegram) Re defense industry strikes, why not freeze assets and bank deposits of offending Unions same as done in cases other enemies of the U. S.? Also suggest an organization of volunteers to be known as Loyal Labor Battalion composed of platoons of skilled workers of same craft or skill, to be a civilian organization, but entitled to same rights after completion of service as military veterans. The various platoons to be sent wherever needed to take place of strikers or speed up defense work - under protection of the Army.

Congressman James A. Shanley forwards a letter from G. F. Stoehel, New Haven, Conn., which says in part - The following plan is to raise money for the defense of the U. S. of America. I think a law should be passed compelling the people of the country to save a certain percentage of their weekly wages, or personal incomes. It could be 15, 20 or 25 per cent - whatever the Government thinks best. These savings accounts could be called Defense Savings Accounts and would be available to the U. S. Government alone. They should be made in any bank in which savings accounts are insured, and in order to keep a check to see if everyone is depositing the proper amount, the deductions could be made and deposited by the employer.

Frederick L. Kahn, Chicago, Ill. To simplify income tax payments and collections from millions of small taxpayers of \$25 or less, why not permit the use of Defense Savings Stamps, and accept books with such stamps in lieu of cash payments? Also, in order to encourage full payments of taxes on March 15, and to save the tremendous clerical expense of sending statements on the small balances otherwise due, allow a discount for those amounts that would otherwise be due in June, Sept. and Dec., if paid on March 15. This should be on the same basis as the rate of interest on the small tax savings notes so that very small taxpayers will get the same benefits as those buying such notes now.

FAVORABLE Comments on Taxes

K. B. Walton, President, Kents Restaurant & Baking Co., Atlantic City, N. J. It is a welcome relief to see in this morning's paper the report that you in the Treasury have now turned to a more common sense path of wartime taxation. I refer to the report that you are now proposing higher excise levies on consumers' durable goods, competing with defense articles for critical matters. Surely, this is the soundest and wisest plan for any additional taxation which may be needed. It taxes those who can afford to spend for items which most people can do without. * * * This proposal from your Department really meets the needs of the day and is infinitely to be preferred to the alarming proposals for 5% to 15% payroll taxes on ALL individuals' earnings. This latter would attack many who are earning little if any more as a result of the defense program. These newer proposals are also far more worthy of wise statesmanship than the talk we heard some weeks ago about drastic increases in the Social Security taxes. We are already having enough difficulty in carrying that load.

UNFAVORABLE Comments on Taxes

Walter E. Olson, Secretary, Minneapolis Committee for Defense Savings. The press has been carrying reports of proposed legislation for the deduction at the source of a payroll tax. We find that these reports have been embarrassing to us in our efforts to make a success of selling Defense Bonds and Stamps. Three months ago, with the cooperation of the Federal Reserve Bank of the Ninth District, we inaugurated a comprehensive plan for voluntary payroll deductions for the purchase of United States Defense Savings Bonds. * * * Employers and employees alike have readily assented to the plan. Organized labor without a dissenting voice endorsed it and is actively supporting it. * * * At this date, 240 firms with 72,386 employees have pledged in writing their support to the plan. Many concerns report 100% participation. * * * The proposed legislation interferes with our campaign. "Why buy bonds if we are going to be taxed?" we are asked. ONE OF OUR CHIEF ARGUMENTS FOR VOLUNTARY PAYROLL DEDUCTIONS IS TO ESCAPE A COMPULSORY SAVINGS PLAN. The latter may be the alternative for the voluntary plan, but in our opinion, such alternative should not be resorted to unless the voluntary plan fails.

Frank E. Wetzel, N. Y. C. Your typically New Deal folder, "Know Your Taxes", has been received. I am struck by your introductory phrase, "Through our Representatives in Congress we have decided upon an 'all out' Defense Program", and I wish you would tell me whether you really believe that "our" representatives have done this or whether it was done, as you must know, through every sort of pressure from the White House. (Asks a number of questions on economy, etc.) * * * This letter is written in the hope that you will be willing to provide a fairly accurate answer to these questions, for I am still laboring under the delusion that we are a sovereign people and not slaves of a foreign power, or a political gang. I recognize that there is some danger in writing you thus candidly, but I feel that you ought to know how some of us have reacted to a continuous program of fraud and deception.

Ensworth Reisner, Pastor, Strathmoor Methodist Church, Detroit, Mich. A great furor has been aroused in Detroit over the recent tax on admissions and I believe the matter is no longer something for only the Bureau of Internal Revenue, but something which should be brought to your personal attention, for rightly or wrongly, many churches feel that a total defense program of the Government is bringing totalitarianism into America, and if this feeling spreads, I believe that there is no greater danger that can come to our Government. A great deal depends upon the interpretation placed upon the recent ten per cent tax law on admissions, dues, fees, etc. Many ministers feel that there is involved the principle of freedom of religion. * * * The main means of destruction of religious freedom in Russia was the taxation of the essential functions of the church. Certainly the Government should and has the right to tax commercial enterprises conducted by the church, but as long as there is freedom of religion, backed by the theory of the separation of church and state, many of us believe that the state should not tax the essential functions of the church. An additional difficulty is placed in the way of Methodists. Our Discipline (official rules) specifically forbids us to use the agencies of the church in any way to assist in or promote the preparation for war. This includes financial involvement specifically. Shall our people obey the Government and be their agents for collecting a tax for war preparation, or shall they obey the rules of the church and the rule of their own conscience? This is a question which, though quiescent at the present moment, has serious dangers inherent in it.

William D. Kizziah, Salisbury, N. C. The man on a small salary now is barely able to live and there are millions of them and they have millions of votes that are ready to break party lines if pushed too hard. They are patriotic and 100 per cent Americans, and they want to remain that way. Do not break their backs with income taxes. This war cannot be paid for overnight. We of the South, are still paying pensions for Yankee soldiers 76 years after the war. This present affair cannot be paid for in this generation without ruin to the American people.

Joseph C. Haus, N. Y. C. The basic idea of increasing the income tax on those persons whose income has been doubled or trebled due to national defense spending is sound, and none can quarrel seriously with it. * * * I realize that with the tremendous influx of people to Washington, and with the billions of dollars being appropriated daily, it may be difficult for you to realize that these are really depression years for millions upon millions of workers. Those of us engaged in businesses not necessary to national defense are being discharged or receiving salary cuts because priorities have made it impossible for us to obtain the materials essential to our business.

FAVORABLE Comments on Bonds

Edward Lindsay, Editor, Decatur Newspapers, Inc., Decatur, Ill. A Decatur church has accumulated some \$19,000 in a building fund. It has postponed remodeling and additions it had in mind because of shortage of materials. One member of the committee suggested that the \$19,000 be put in Defense Bonds. The four other members of the committee were opposed to such action. In voting no, all four recalled that Liberty Bonds bought at \$100 during the last war eventually sold at \$82. It seems to me that all of this adds up to the importance of redirecting the publicity on Defense Bonds to emphasize the point that funds put into Defense Bonds cannot shrink, that the U. S. Government guarantees a return of every cent invested, plus interest whether the funds are withdrawn at maturity or earlier. I am sure it would be useful if the President would be willing to make this guarantee in a radio address, if you would make it, and if local banks could be persuaded to make this statement prominently. I am convinced that \$5,000,000 could be transferred from Decatur savings accounts to Defense Bonds if our people could be convinced on this point. There probably is at least another \$1,000,000 in open accounts (like the church fund) also available.

FAVORABLE Comments on Speeches

E. V. Krick, San Francisco, Calif. I am associated with a bank here in San Francisco, and it was my privilege to listen to your address at the American Bankers Association convention. I was particularly struck with the comprehensiveness of your presentation, and wished at that time that it were possible for some of us in person to give you our ideas. That, of course, was out of the question. I am therefore taking this means of sending you an idea that I have had regarding the subject of taxation. * * * From comments I hear from those with whom I associate, the average American is perfectly willing to stand his full share of taxation, provided the application of the tax is equitable, but I find a good deal of fear among groups of people who cannot look for any particular increased income. There also appears to be considerable resentment over the fact that those who are profiting by the defense program are not, in the opinion of the first group, carrying their proportionate share of increased taxation.

Dr. J. W. Hickson, Montreal, has read with much interest and approval the enlightening address of the Secretary of the Treasury, Washington, on the Fight Against Inflation, and thanks him for having sent a copy.

E. Hood Wilkerson, Attorney at Law, Eustis, Florida. The (inflation) speech is replete with sincerity, honesty, sound advice to the public, and sincere, honest, wise and efficient statesmanship and leadership. It should remove all doubts from one's mind as to the sincerity, efficiency, intelligence, understanding and high purpose of this Administration to apply lofty principles of statesmanship and leadership in the administration of public affairs for the benefit, welfare, advancement and well-being of every man, woman and child within the borders of our country. I think that it is one of the most statesmanlike, far-sighted, understanding and sound speeches any statesman has ever made in our country. It certainly set me straight and solid against inflation.

Miss Anna Sinclair, Los Angeles, Calif. I am writing this on our National Day of Thanksgiving because I am thankful and also delighted to know that there is a man in one of the highest offices of the United States who comes out with a statement, all may read, "That every one 'man, woman child', the whole world over, should have enough food to maintain health and morale, also that it is their right so to have." I think this is the best statement I have heard for a long time.

Dr. Nathaniel A. Davis, Los Angeles, Calif. This morning I read in a local newspaper, with deep emotions of satisfaction and joy, that such a statement should have been made by a Secretary of the Treasury, who is one of my brethren in faith and race, your outline presented before the Grange, of essentials in a program for national care of our citizens and eventually of mankind everywhere. * * * Your plan is not a mere theory. It is in no sense hypothetical. It is SOUND. That which you urge **MUST BE DONE** and sooner or later will. May you be able to make it **AMERICAN PRACTICE** in your day.

UNFAVORABLE Comments on Speeches

Ira Jewell Williams (Lawyer), Philadelphia, Pa. I have had various communications from you urging support of the Defense Savings program. We favor all out effort in support of the Allied cause, which is ours, but we are suffering deathly discouragement by the pro labor closed shop policy of the Government, and the antics of the Frankenstein monster created by the present Administration and encouraged by it. * * * The best way to fight inflation is to eliminate so far as possible the causes of inflation. These include the purchase of gold and silver at fantastic prices, and to the detriment of the Treasury; the reserved right further to devalue the gold content of the dollar; the reserved power to issue \$3,000,000,000 of greenbacks, and the continuance of non-defense spending including the W.P.A. and the C.C.C. and the like.

W. E. Jeffers, Square Deal Stock & Fruit Farm, Albany, Ohio. I do not understand how you can expect we people to take your last statement seriously -- 'That this Administration will do everything humanly possible to prevent inflation' -- when this Administration has continually allowed labor to compel inflation by unreasonable increase in wages and organization dues. * * * If labor is allowed to exercise the desires of human greed (there is no limit to such desires) and refuses to allow the producers to receive a corresponding increase in price for his products, then the difference between the high cost for labor and high taxes, and the low price for products will soon bleed the producer white.

TREASURY DEPARTMENT

323

INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Ferdinand Kuhn, Jr.

FROM Herbert Merillat

**PRESS COMMENT
ON PRICE CONTROL:
SPOTLIGHT ON LABOR**

The labor problem still holds the attention of editorial writers. If the settlement of the captive coal-mine strike brought a sense of relief to all but bitter enemies of labor, it did not diminish the demand for laws to prevent strikes in defense industry. The press can spare only a passing glance at price-control legislation and other domestic issues. Its eyes are fixed firmly on the coming fortnight, when anti-strike bills will have their day in Congress.

Some few commentators have come to appreciate the relationship among strikes, farm demands, tax worries, defense profits, and the rising cost of living, and have called for an over-all program to dispel domestic confusion. The vast majority of the press, however, continues to ride its hobbies one by one. It can demand restrictive legislation on labor one day -- anti-strike laws, wage freezing, heavy taxation of low incomes -- and deplore labor unrest and low national morale the next. It has long assailed the Administration

for failing to take decisive action to check inflation, but there is seldom a hint in editorial columns that any groups in Congress other than the farm bloc or friends of labor are blocking efforts to halt price advances.

The Price-Control Bill

The chaotic situation during the House debate concerning price-control legislation is reflected in the press. Neither the Congressional Record nor editorial discussions offer much assistance to the hypothetical average man who seeks a guide through the maze. The press continues to chastise labor and the farm bloc as the bad boys who are punching holes in the price-control bill. Clamoring for a crack-down on these two groups, it virtually ignores the vital problem of enforcement provisions.

The press discussion all along has been cast in generalities -- "over-all price control is the only effective control", "lower ceilings on farm prices and 'stabilization' of wages are necessary." The Gore bill has been widely praised as a measure embodying the Baruch plan, with very little critical analysis of its provisions.

The press is more concerned with the size of the chunk that should be bitten off than with the strength of the teeth wherewith to chew it. "Effective" price control to most editorial writers means "over-all" price control, not price control that can be

adequately enforced. Should the bill authorize the Price Administrator to buy and sell commodities as a means of stabilizing prices? Should the bill include a provision for licensing dealers in commodities, in order to police its price ceilings? These questions get little attention. News stories note the opposition of Republicans and some Southern Democrats to these provisions, but that opposition does not move many editorial writers to comment.

Some few papers -- the Baltimore Sun, the Christian Science Monitor, the Richmond Times Dispatch, the Washington Post, the Wall Street Journal -- have discussed the enforcement problems and have reached varied conclusions. The Wall Street Journal and Baltimore Sun oppose the licensing provisions, echoing Republican alarm that they constitute a threat of intolerable regimentation. "If we cannot have price control without the terrorism of a licensing system", says the Journal, "we had better get along without it." To this the Washington Post replies, "It would be absurdly illogical for Congress to vote billions in support of the President's defense policies and then refuse to set up an effective system of price control on the ground that the agents of the President would thereby acquire too great powers of control."

The Christian Science Monitor, noting the unseemly squabble among labor, agriculture, and industry, sees in the fight against

the licensing provisions an attempt by industry to hamstring price control. "The groups in Congress will better serve the general welfare if they will strive to make price control work on everybody instead of trying to keep it from working on themselves.

The liberal press is strangely apathetic on the whole question of price control. The New York Post and PM support the Administration proposals, but elsewhere there is little comment. Even the publications of organized labor have let up in their demands for "effective" price control -- which to them means low ceilings on food prices with no control of wages. "Labor", the weekly of the railroad brotherhoods, did, however, applaud the rejection of the Gore bill as a defeat for those who seek to freeze wages.

It is generally felt that the fight on the House floor will lead to enactment, for sake of form, of an ineffectual price-control bill, something that can be passed on to the Senate for shaping up. Therefore, while deploring the spectacle of a four-month "study" of price control coming to naught in the House, the press sees some hope that an effective measure may yet be enacted.

Taxes and Non-defense Spending

Editorial comment on taxes and non-defense spending has dwindled to almost nothing while the press has concentrated on the labor problem. Incessant rumors of Treasury tax plans continue

to appear in the news columns, but there is little editorial discussion. In the field of government economies, there have been some protests against the Rivers and Harbors appropriation bill (particularly the St. Lawrence waterway project) and the proposed veterans' pension bill. There also continues to be a trickle of praise for Secretary Morgenthau's economy program, but nothing indicating real or widespread interest in the subject.

TREASURY DEPARTMENT

328

INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Ferdinand Kuhn, Jr.

FROM Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
EYES ON THE ORIENTReadiness

The prevailing editorial attitude toward Japan is one of extreme exasperation. The press is prepared, and is striving to prepare the public, for American shooting in the Far East.

Only a vigorously interventionist minority of American newspapers actually desires a war with Japan. But a heavy majority of newspapers prefers war to any American "appeasement" of the Japanese. There are few signs of dismay over the intimation that talks with Japan's envoys have broken down; on the contrary, the feeling commonly expressed is one of great relief that the United States maintained a position of unqualified firmness.

For some time the press has been uneasy about the negotiations with Mr. Kurusu. It saw no basis for a settlement between the two countries, save through retreat by one or the other. Many commentators were apprehensive that the United States might do the re-treating -- at the expense of China. The State Department's

declaration of American principles quieted most of these fears. Every sign that there will be no yielding on this side is warmly welcomed.

In the judgment of virtually all American editorial writers, this country has exhibited a high degree of tolerance and patience in dealing with Japan. The truculent tone taken lately by the Japanese Foreign Office has, therefore, inflamed a long-smouldering hostility. Behind this anger is a candid contempt for the Japanese, a conviction that they could readily be defeated by the combined American, British, Chinese, Dutch and Russian forces.

The Atlanta Constitution declares that there is practically no public or congressional opposition in this country to a declaration of war against Japan. "From time immemorial", it states editorially, "Americans are not the people to calmly and abjectly accept a 'dare' from any nation. Japan should learn that fact and trim its so-called diplomacy accordingly Americans, rightfully, feel that if ultimatums are to be sent, they should be directed against Japan, and originate in Washington, not Tokyo."

This attitude, if somewhat extreme, nevertheless seems representative of a widespread desire to compensate for the patience which the United States has displayed in accepting a "dare" from Germany. Japan is currently a target for the aggressive impulses

which caution has hitherto prevailed upon the American people to repress. Even the Scripps-Howard papers, which consistently counseled restraint in dealing with the Japanese, have markedly sharpened their tone. "A truce now," they reason, "would be better than nothing. But at best it would be an uneasy affair, masking preparations for a bigger war. Tokyo can get a fair deal if she will settle now. If she misses this opportunity, she may not get another one. She cannot continue as Hitler's partner without risking the consequences."

While warning that war in the Pacific is a lively possibility, much of the press inclines to the view that Japan will retreat before the heavy odds against her. But nothing less than a full retreat -- embracing withdrawal from the Axis, an end to aggression in China, together with reduction of Japanese forces along the Thailand and Siberian frontiers -- would be looked upon by the American press as a satisfactory basis for the settlement of far eastern problems.

Discontent

Despite awareness of crucial situations in the Pacific, in Russia and in Africa, editorial attention continues to be focussed in large measure upon the domestic aspects of defense. Settlement of the captive mine strike by arbitration does not satisfy the

editorial writers. Some of them -- Frank Kent, for example -- feel that, "Actually, it is rather a pity this coal strike did not go to a final showdown;" they seek the smashing of John L. Lewis as a symbol of organized labor and are ready to charge, should his demands be granted by the arbitration board, that the President employed this solution merely as a devious means for capitulation to Lewis. Some, like the Birmingham Age-Herald on the other hand, rejoice that the strike was "settled without extreme departure from democratic methods Settlement of the strike not only was immensely gratifying from the standpoint of national defense, but it was deeply reassuring as to the democratic processes of this country." The pressure for anti-strike legislation by Congress is unabated. In general, the press insists upon a drastic solution of domestic problems affecting labor, production and prices as indispensable to the national unity needed to face enemies abroad.

Uneasiness

Newspapers have been jolted into a sudden realization that the British are not going to have clear sailing in North Africa. The optimism with which Prime Minister Churchill announced the commencement of the drive into Libya gave rise to premature rejoicing over here. Nazi resistance, coupled with fresh news that Moscow is

seriously endangered, served to disrupt the complacency with which the press had begun to regard the progress of the war.

Response

Two measures undertaken by the President during the past week evoked the prompt editorial endorsement which seems invariably to follow concrete executive action. The extension of Lend-Lease assistance to the De Gaulle forces was warmly applauded. And the occupation of Dutch Guiana was approved as a wise precaution against possible Axis activities in this hemisphere. Both steps were viewed as useful warnings to the Vichy Government. A number of commentators have renewed their demands for a full severance of relations with Vichy.

Unity

In the stress of excitement over more spectacular events, the press gave curiously scant attention to the statements issued recently by Senators Gillette and Taft, pledging their support to any action taken by the President with the consent of Congress. Since these two Senators have opposed the whole of Administration foreign policy with considerable vigor, though with relative temperance, the present modification of their attitude seems highly significant. It constitutes a further winnowing of the isolationist forces and may presage a drift of all moderate and rational elements in the country toward national unity.



Carbon copy to
for White 12/11 ✓

THE ASSISTANT SECRETARY OF WAR
WASHINGTON

333

November 28, 1941

My dear Mr. Secretary:

Today I had Morris Wilson, Sir Frederick Phillips, Oscar Cox, Ed. Greenbaum and Ed. Stettinius in on the British take-outs. After some discussion it became quite clear that the only way to resolve the matter was to have Sir Frederick Phillips and Morris Wilson sit down together and determine whether moneys could and should be made available from the second lend-lease appropriations to relieve the strain on the British dollar position.

They told me that they would get at it immediately and let me know promptly what their decision would be.

Sincerely,

The Honorable
Henry Morgenthau, Jr.
Secretary of the Treasury

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission,
who enclose Statement No. 8, covering aircraft
shipped, for week ended November 25, 1941

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

November 28, 1941

STATEMENT NO. 8.AIRCRAFT DESPATCHED FROM THE UNITED STATES
WEEK ENDED NOVEMBER 25, 1941.

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CANADA.
<u>CESSNA</u> T-50	Canada	—	—	—	14
<u>CONSOLIDATED</u> Liberator II	U. K. Middle East	U. K. —	— —	3 2	— —
<u>CURTISS</u> Kittyhawk	Middle East Canada	Port Sudan —	14 —	— —	— 1
<u>GLENN MARTIN</u> Baltimore	Middle East	Port Sudan	6	—	—
<u>NORTH AMERICAN</u> Harvard II Mustangs	Canada U. K.	— U. K.	— 8	— —	14 —
<u>PITCAIRN</u> Autogyro	U. K.	U. K.	3	—	—
TOTAL			31	5	29

British Air Commission,
November 27, 1941.

For Mr. Morgenthau

TREASURY DEPARTMENT

336

INTER-OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 19, 1940:

	\$ Proceeds of Shares Sold	\$ Proceeds of Bonds Sold	Total	
Nov. 17	32,249	13,577	45,826	
18	28,350	31,435	59,785	
19	14,694	6,879	21,573	
20				H o l i d a y
21	27,147	Nil	27,147	
22	Nil	Nil	Nil	
	<u>102,440</u>	<u>51,891</u>	<u>154,331</u>	
Sales from Feb. 27, 1940 to Nov. 15, 1941	<u>281,095,374</u>	<u>37,329,464</u>	<u>318,424,838</u>	
Total Feb. 22, 1940 to Nov. 22, 1941	<u>281,197,614</u>	<u>37,381,355</u>	<u>318,579,169</u>	318,579,169
\$ proceeds of non-vested securities sold Nov. 10, 1941 to Nov. 15, 1941			900,000	
\$ proceeds of non-vested securities sold Sept. 1, 1939 to Nov. 8, 1941			<u>237,500,000</u>	
\$ proceeds of non-vested securities sold Sept. 1, 1939 to Nov. 15, 1941			<u>238,400,000</u>	<u>238,400,000</u>
			GRAND TOTAL	<u>556,979,169</u>

9 Units sold from Aug. 18, 1941 to Nov. 22, 1941 for \$42
 11 Shares Stock Dividend sold Aug. 18, 1941 to Nov. 22, 1941 for \$123
 55,772 Rights sold from July 24, 1941 to Nov. 22, 1941 for \$102,853

JMP

TREASURY DEPARTMENT

337

INTER-OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 19, 1940:

	<u>No. of Shares Sold</u>	<u>\$ Proceeds of Shares Sold</u>	<u>Nominal Value of Bonds Sold</u>	<u>\$ Proceeds of Bonds Sold</u>
Nov. 17	1,299	32,249	45,000	13,577
18	950	28,350	39,000	31,435
19	300	14,694	10,000	6,879
20	H O L I D A Y			
21	500	27,147	Nil	Nil
22	Nil	Nil	Nil	Nil
	<u>3,049</u>	<u>102,440</u>	<u>94,000</u>	<u>51,891</u>
Sales from				
Feb. 22, 1940 to				
Nov. 15, 1941	<u>9,829,476-1/2</u>	<u>281,095,374</u>	<u>45,448,016</u>	<u>37,329,464</u>
Total				
Feb. 22, 1940 to				
Nov. 22, 1941	<u>9,832,525-1/2</u>	<u>281,197,814</u>	<u>45,542,016</u>	<u>37,381,355</u>


November 28, 1941

CONFIDENTIAL

Dear Mr. Knocks:

Permit me to acknowledge for the Secretary the receipt of your letter of November 27, 1941, enclosing your compilation for the week ended November 19, 1941, showing dollar disbursements out of the British Empire accounts and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

Faithfully yours,



H. Merle Cochran,
Technical Assistant to the Secretary.

L. W. Knocks, Esquire,
Vice President,
Federal Reserve Bank of New York,
New York, New York.

HMC:bj:11.28.41

NOV 28 1941

Dear Mr. Ambassador:

The Mission has just forwarded to the State Department, for transmission to the Cuban Government, its first report dealing with the matters of immediate concern which were discussed with Cuban officials during my brief visit to Habana at the end of last month.

In this report there is no consideration of any possible shortage of fractional coins either now or in the future in Cuba. Should you be informed by the Finance Minister that this problem is causing him concern or that he is having any particular difficulty in finding ways of meeting it, the Mission will be glad to inquire into the matter.

I hope that we can make good progress in the preparation of our report relating to Cuba's long-run monetary and banking problems.

With all good wishes, I am

Sincerely yours,

(Signed) H. D. White

H. D. White, Chief,
American Technical Mission to Cuba.

The Honorable
George A. Messersmith
American Ambassador
Habana, Cuba

11/28/41 - Forwarded to address via AIR MAIL
1941 Treasury Dept.

FAS:esh
11/28/41

HANDY & HARMAN SILVER PRICE RAISED

HANDY & HARMAN HAS ISSUED FOLLOWING
STATEMENT-

NOV 28 1941

1240

-ON NOVEMBER 19 1941 AN AGREEMENT WAS
SIGNED BETWEEN MEXICO AND THE UNITED STATES
BY WHICH THE UNITED STATES TREASURY DEPARTMENT
INDICATED ITS WILLINGNESS TO PURCHASE NEWLY
MINED MEXICAN SILVER DIRECT FROM THE MEXICAN
GOVERNMENT AT THE DAILY PRICE QUOTED BY THE
TREASURY ON THE DAY OF PURCHASE - THIS TREASURY
BUYING RATE HAS BEEN 35 CENTS AN OUNCE SINCE
JULY 10 1939 - AS A RESULT OF THIS AGREEMENT
MEXICAN SILVER IN THE AMOUNT NEEDED FOR AMERICAN
INDUSTRY HAS BECOME UNAVAILABLE IN THE OPEN
MARKET AT THE TREASURY PRICE OF 35 CENTS -
ACCORDINGLY THE NEW YORK MARKET ADVANCED TODAY
TO A PRICE SUFFICIENT TO OBTAIN THE NECESSARY
MEXICAN SILVER - ON THE BASIS OF THIS PRICE
WE HAVE RAISED OUR OFFICIAL QUOTATION TO 35
1-8 CENTS-

HANDY & HARMAN QUOTE SILVER- N Y FOREIGN
35 1-8C UP 3-8C - DOMESTIC 70 5-8C UNCH -
LONDON 23 1-20 UNCH

-2-

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. White

Subject: Exports to Russia, China, Burma, Hong Kong, Japan, France and other blocked countries, as reported to the Treasury Department during week ending November 22, 1941.

1. Exports to Russia

Exports to Russia as reported to the Treasury during the week ending November 22, 1941 amounted to approximately \$3,600,000 for a total of \$52,409,000 since July 28, 1941. Motor trucks and chassis constituted more than one-third of the total exports during the week under review. (See Appendix C.)

2. Exports to China, Burma and Hong Kong

Exports to Free China were valued at about \$1,200,000 of which aircraft parts and motor trucks and chassis were the principal items. (See Appendix D.) Exports to Occupied China were higher than for any single week since October 11, 1941, amounting to over \$470,000. (See Appendix E.)

Exports to Burma totalled over \$1,000,000 and motor trucks and chassis and metallic cartridges accounted for about 85% of the total. A large percentage of these exports are probably destined for Free China. (See Appendix F.)

Exports to Hong Kong amounted to \$600,000. (See Appendix G.)

3. Exports to Japan

Exports to Japan were negligible during the week under review. Japan, however, might be the ultimate destination of some of the exports to Occupied China and Hong Kong (via Occupied China).

4. Exports to France

No exports to France were reported during the week ending November 22, 1941.

5. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A.

SUMMARY OF UNITED STATES
DOMESTIC EXPORTS TO SELECTED COUNTRIES
AS REPORTED TO THE TREASURY DEPARTMENT
FROM EXPORT DECLARATIONS RECEIVED
DURING THE PERIOD INDICATED ^{1/}

July 28 to November 22, 1941

(In thousands of dollars)

	July 28 to Nov. 8	Week ended November 15	Week ended November 22	Total Domestic Exports
U. S. S. R.	\$45,803	\$ 2,677	\$ 3,581	\$ 52,061
Occupied China	9,784	155	464	10,403
Free China	17,883	2,851	1,228	21,962
Japan	1,870 ^{2/}	-	5/	1,870
Burma ^{3/}	4,245	88	1,021	5,354
France ^{4/}	6	-	-	6
Occupied France	2	-	-	2
Free France	.4	-	-	.4
Spain	1,733	482	1	2,226
Switzerland	3,565	910	133	4,608
Sweden	6,892	2,478	132	9,502
French Indochina	303	2	-	305

Treasury Department, Division of Monetary Research

November 26, 1941

- ^{1/} Many of the export declarations are received with a lag of several days or more. Therefore this compilation does not accurately represent the actual shipment of a particular week. The longer the period covered, the closer will these figures come to Department of Commerce revised figures.
- ^{2/} Of this total \$1,864 thousand was reported from July 28 to August 23, inclusive, and shipped prior to freezing orders. Domestic exports from August 23 through week ending November 8, amounted to \$5,905.
- ^{3/} From September 11, 1941 to date - It is presumed that a large percentage of material listed here, consigned to Burma, is destined for Free China.
- ^{4/} Includes both occupied and Free France through week ending October 4, 1941. Occupied and Free France separated thereafter.
- ^{5/} Less than \$500

APPENDIX B

Exports from the U.S. to China, Burma, Hong Kong, Japan, and U.S.S.R.
as reported to the Treasury Department, July 28, 1941 - November 22, 1941

(Thousands of Dollars) 1/

	Total	Exports to China		Exports to Burma 3/	Exports to Hong Kong	Exports to Japan	Exports to U.S.S.R.
		To Japanese controlled ports	To Chinese controlled ports				
July 28 - Aug. 2	937	542	395		654	1,657	4,523
Aug. 4 - Aug. 9	2,794	2,794	-		983	159	551
Aug. 11 - Aug. 16	1,278	969	309		235	42	986
Aug. 18 - Aug. 23	1,352	1,352	2		234	6	2,735
Aug. 25 - Aug. 30	736	735	1		742	-	1,023
Sept. 2 - Sept. 6	897	693	204		634	-	4,280
Sept. 8 - Sept. 13	3,038	757	2,281		456	-	5,217
Sept. 15 - Sept. 20	3,978	156	3,822		389	-	752
Sept. 22 - Sept. 27	462	352	110	449	810	-	2,333
Sept. 29 - Oct. 4	1,305	80	1,225	684	297	-	323
Oct. 6 - Oct. 11	5,864	552	5,312	1,157	1,233	-	6,845
Oct. 13 - Oct. 18	272	267	5	35	584	-	1,924
Oct. 20 - Oct. 25	668	399	269	403	1,243	-	5,623
Oct. 27 - Nov. 1	5,210	438	4,772	58	624	-	4,484
Nov. 3 - Nov. 8	1,836	164	1,672	342	283	5	4,552
Nov. 10 - Nov. 15	3,009	158	2,851	88	303	-	2,677
Nov. 17 - Nov. 22	1,701	473	1,228	1,021	600	-	3,581
Total	35,337	10,879	24,458	4,237	10,304	1,869	52,409

1/ These figures are in part taken from copies of shipping manifests.

2/ Figures for exports to Free China during these weeks include exports to Rangoon which are presumed to be destined for Free China.

3/ It is presumed that a large percentage of exports to Burma are destined for Free China.

APPENDIX C

Principal Exports from U.S. to U.S.S.R.
as reported to the Treasury Department
during the week ending November 22, 1941

(Thousands of Dollars)

TOTAL EXPORTS \$ 3,581

Principal Items:

Motor trucks and chassis	1,382
Military tanks and parts	432
Landplanes, powered	299
Refined copper	274
Gasoline	154
Brass and bronze plates and sheets	171
Non-rotating welding sets	121
Lathes	109
Auto replacement parts	108
Men's boots and shoes	72

Treasury Department, Division of Monetary Research November 29, 1941

APPENDIX D

Principal Exports from U.S. to Free China,
as reported to the Treasury Department
during the week ending November 22, 1941

(Thousands of Dollars)

TOTAL EXPORTS TO FREE CHINA

\$ 1,228

Principal Items:

Aircraft parts, n.e.s.	576
Motor trucks and chassis	145
Diesel engines	98
Steel bars	59
Road machinery and parts	53
Insulated copper wire	40
Tin plate and taggers tin	40
Tires and tubes	27
Aircraft engines	25
Well and refining machinery	22

Treasury Department, Division of Monetary Research November 29, 1941

APPENDIX E

Principal Exports from U.S. to Occupied
China as reported to the Treasury Department
during the week ending November 22, 1941

(Thousands of Dollars)

TOTAL EXPORTS TO OCCUPIED CHINA \$ 473

Principal Items:

Wheat flour	44
Hops	35
Medicinal preparations	28
Printing paper	28
Leather	26
Milk	26
Other paper and paper products	25
Auto replacement parts	23

Treasury Department, Division of Monetary Research November 29, 1941

APPENDIX F

Principal Exports from U.S. to Burma
as reported to the Treasury Department
during the week ending November 22, 1941

(Thousands of Dollars)

TOTAL EXPORTS	\$ 1,021
Principal Items:	
Motor trucks and chassis	655
Metallic cartridges	202
Steel sheets	38
Lubricating oils	28
Well and refining machinery	14
Tin plate and taggers tin	14
Metallic containers	11
Tires and tubes	10

APPENDIX G

Principal Exports from U.S. to Hong Kong
as reported to the Treasury Department
during the week ending November 22, 1941

(Thousands of Dollars)

TOTAL EXPORTS \$ 600

Principal Items:

Artificial leather, braces, garters, belts and suspenders	212
Tires and inner tubes	38
Medicinal and pharmaceutical preparations	32
Motor trucks	22
Printing paper	19
Miscellaneous office supplies	18
Ginseng	17
Copper manufactures	13
Chemical specialties	13
Automobile parts for replacements	11
Commodities exported for relief or charity	11
Milk and cream	11
Fruits and preparations	10

W.T. 112/66/41

BRITISH EMBASSY

WASHINGTON, D. C.,

28th November, 1941.

SAFE HAND

Dear Mr. Cochran,

I enclose a copy of a letter which Mr. Thorold at this Embassy has written to Mr. Reinstein at the State Department.

A copy of Mr. Stopford's letter to Mr. Acheson of 30th August was sent to you at the time. It referred to our Export Licensing policy towards China and particularly towards Shanghai.

My impression is that at present so far as your Department is concerned the Indo-Chinese position is covered by the General Licenses in connection with special accounts A and B, and that you have already taken all possible steps to prevent the financing of exports to Indo-China otherwise than in exchange for strategic materials.

If you think it would be useful to discuss this matter at any time, I shall be pleased to come and see you for this purpose.

Yours sincerely,

(Sgd) W. Ritchie.

Mr. Merle Cochran,
Room 279, U.S. Treasury Department,
Washington, D. C.
WR:EMI

Copy:vw:12-1-41

BRITISH EMBASSY,

WASHINGTON, D.C.,

BY SAFE HAND

19th November, 1941.

My dear Reinstein,

We have recently had occasion to enquire from London as to the policy which is now being followed in the British Empire in respect of exports to Indo China.

In reply, we are informed that, while it is not proposed for the present to denounce the Decoux Agreement (which provides for a certain amount of reciprocal trade between British territories and Indo China), steps are now being taken to tighten up the restrictions on exports to Indo China from British territories, which have hitherto, with certain exceptions, been limited to normal trade. Consequently, His Majesty's Government are now inviting British Empire countries to adopt a policy comparable to that now in force for Occupied China.

Under this plan, no export licences would, except in special cases recommended by His Majesty's Consul General, be granted from any British territory for goods on the "nil list" as set out in the appendix to Mr. Stopford's letter to Mr. Acheson of August 30th. In respect of Indo China, there will be added to this "nil list" finished leather and raw wool, and possibly other commodities at a later stage. Commodities not on this "nil list" could, subject to supply and consigne considerations, be licenced up to the average of the years 1936, 1937, and 1938 unless, after further study, it should seem desirable to restrict some of them to a lower level. It is proposed to maintain the existing embargo on petroleum, which was imposed as a means of pressure to persuade the Indo Chinese Government to sell rubber to the United States. The existing

Mr. J. J. Reinstein,
United States Department of State,
Washington, D. C.

- 2 -

arrangements in respect of jute manufactures will remain in force, under which these goods are only supplied in sufficient quantities to pack rice for British and Allied possessions.

His Majesty's Government propose to invite the Netherlands Government to pursue a similar policy, and they would be grateful if the United States Government could see their way to adopt restrictions no less severe. Particularly in the case of cotton, His Majesty's Government are proposing to ask India and other Empire Governments to add cotton, at least temporarily, to the "nil list", but it is felt that such action would be ineffective if exports continued from North or South America. His Majesty's Government would therefore be grateful to know to what extent the United States Government consider that they could prevent such exports by their freezing machinery or by their influence.

I should be glad of an opportunity to discuss this question with you and to learn your views.

Yours sincerely,

(Sgd) G. F. Thorold

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DEPARTMENT OF STATE

WASHINGTON

In reply refer to
FF 840.51 Frozen Credits/4315

November 28, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith for his information a copy of a despatch from the American Embassy at Buenos Aires, no. 3487, dated November 10, 1941 concerning a proposal that foreign banks and foreign branches of United States banks be required to declare for whose account they hold dollars.

Enclosure:

From Buenos Aires,
no. 3487, November 10,
1941.

eh:copy
12-1-41

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No. 3487

Buenos Aires, November 10, 1941

Subject: PROPOSAL THAT FOREIGN BANKS BE REQUIRED BY THE UNITED STATES GOVERNMENT OR THE FEDERAL RESERVE SYSTEM TO DECLARE FOR WHOSE ACCOUNTS THEY HOLD DOLLARS IN THE UNITED STATES

STRICTLY CONFIDENTIAL

The Honorable

The Secretary of State

Washington

Sir:

I have the honor to report that it has been informally suggested by the British Embassy here that it would serve a useful purpose in the enforcement of the United States measures freezing assets of certain countries if foreign banks and the foreign branches of United States banks were required to declare for whose accounts they hold dollars in the United States. There is enclosed a copy of a memorandum on the subject prepared by Mr. Walter Simon, First Secretary and Financial Adviser of the British Embassy, several days ago.

It will be noted in the enclosed memorandum that as an example of the need for such a measure, a certain finance company in Luxembourg was, according to reports, recently planning to endeavor, through an operation with the Central Bank, to have an account of approximately \$100,000 U.S. cy. in the Bank of London and South America here converted into Argentine pesos. Although the conversion would presumably have been into blocked pesos, the British Embassy feared that later and before the end of the war efforts might be made to release these pesos in

various forms. After consulting the British Embassy in Washington, it requested the Bank of London in Buenos Aires to declare the ownership of the dollars in its New York agency, and this action was taken. At the same time, the local branch of the Bank of London declared all its dollar accounts. The Bank of London has now been informed by its New York agency that the account of the Luxembourg finance company has been blocked.

The British Embassy feels that our Government or the Federal Reserve System might be disposed to require in some way that the dollar accounts in the United States of other banks in Buenos Aires and perhaps elsewhere in South America be similarly declared.

Respectfully yours,

Norman Armour

Enclosure:
Memorandum,

Gn.
851
JWC:dub

A true copy of
the signed orig.

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12-1-41

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(Enclosure no. 1 to Despatch no. 3487)

355

(COPY)

SECRET

I learnt some weeks ago that a Luxembourg finance company "Soporlux", held U.S.\$ 99,900 in the Bank of London & S.A. here, from the pre-invasion period. In accordance with the Argentine regulations, these dollars were blocked here.

I also heard that the head of Soporlux, M. Montagne, was likely to be coming to B.A. from Lisbon. I feared that he might arrange with the Central Bank to sell them these dollars for pesos, (which transaction, the C.B. told me they would willingly carry out).

Although restrictions might be placed on the use of these pesos, it would not be difficult to evade the restrictions.

Consequently, I asked our Embassy in Washington if steps could not be taken in the U.S. to block these dollars, which form part of the general dollar holdings of the Bank of London & S.A., in New York.

The reply was that procedure was not very definitely laid down on this point, but it would be convenient if the Bank of London here, were to declare the ownership of the dollars, to their New York agency.

This was done, not only as regards the Soporlux holding, but also in respect of all other holdings of firms in enemy occupied or controlled territory.

The New York agency has now notified the Bank of London here that, "we must consider your Special Account blocked and any transactions connected therewith can only be effected under license from the U.S. Treasury".

This development would appear to open up a wide field for stopping the leaks, if the U.S. authorities be prepared to insist, through the U.S. banks having dollar accounts with Central and Trading banks in South America, that the latter declare for whose account they hold dollars.

W.S.

eh:copy
12-1-41

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Buenos Aires, Argentina.

DATE: Undated, but Rec'd November 28, 1941,
9:30 p.m.

NO. : 1347.

Refer to telegram dated November 19, 6 p.m., no. 949, from the Department; and telegram dated November 26, 7 p.m., no. 984.

With regard to the Embassy's telegram no. 1135 dated October 14, 6 p.m., further investigations have been made relating to Trombino which confirm the information contained therein. This matter has been referred to the Foreign Office, who advised that they have given no instructions to the Argentine Embassy in Bogota which could have prompted the Argentine Charge d'Affaires to insist on Trombino's being permitted to take out of Colombia 16 pounds of crude platinum. The Embassy has been informed by the Foreign Office that instructions to refrain from further intervention in the affair, except when instructions have been received from Buenos Aires, would be forwarded to the Argentine Charge d'Affaires in Bogota immediately.

ARMOUR

DM:mfs

Copy:bj:12-3-41

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DEPARTMENT OF STATE
WASHINGTON

November 28, 1941

In reply refer to
FD 894.515/95

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of despatch no. 322 from the American Consulate General, Guatemala, Guatemala, dated November 18, 1941, concerning gold shipments from Japan to Guatemala.

Enclosure:

From Consulate General,
Guatemala, no. 322,
November 18, 1941.

Copy:bj:11-28-41

AMERICAN CONSULATE GENERAL

Guatemala, Guatemala, November 15, 1941

SUBJECT: Shipments of Gold from Japan - Guatemala.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

Referring to the Department's circular telegraphic instruction of November 15, 6 p.m., 1941, I have the honor to report that the Consulate General has made appropriate inquiries of the Manager of the Banco Central de Guatemala, who informs this office that there have been no shipments to this Republic of gold from Japan. The Manager states that one or two small commercial credits, other than gold, placed by Japanese interests, have been frozen by him.

RESPECTFULLY YOURS,

Harold L. Williamson,
American Consul General

851.51

HLW/HDE

Copies sent:

3 to the Department;
1 to the Legation.

A true copy of
the signed orig.

HWE

sh:copy

11-28-41

TREASURY DEPARTMENT

359

INTER-OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£56,000
Purchased from commercial concerns	£24,000

Open market sterling was quoted at 4.03-1/2. The only reported transactions consisted of £15,000 purchased by two banks from commercial concerns.

Continuing its improvement, the Uruguayan free peso advanced 105 points (or about 1¢) to close at .5130.

In New York, closing quotations for the foreign currencies listed below were as follows:

Canadian dollar	11-3/8% discount
Argentine peso (free)	.2390
Brasilian milreis (free)	.0515
Colombian peso	.5775
Mexican peso	.2070
Venezuelan bolivar	.2580
Cuban peso	1/8% discount

We sold \$7,500,000 in gold to the Bank of Java, which was added to its earmarked account.

The Federal Reserve Bank of New York reported that the Bank of Canada shipped \$2,173,000 in gold from Canada to the Federal for account of the Government of Canada, for sale to the New York Assay Office.

In London, both spot and forward silver were again priced at 23-1/2d, equivalent to 42.67¢.

The Treasury's purchase price for foreign silver remained at 35¢, a quotation which has prevailed since July 10, 1939. Handy and Harman's settlement price for foreign silver, which has been 34-3/4¢ ever since June 17, 1940, was today raised to 35-1/8¢.

We made no silver purchases today.

B. M. P.

Treasury Department
Division of Monetary Research 860

Date.....19

To: Secretary Morgenthau

From: Mr. Kamark

Material from Colonel
Donovan.

TREASURY DEPARTMENT

361

INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. Kamarck

Subject: Description of Hitler's G.H.Q.

Highlights

1. Hitler's G.H.Q. is located in a special train protected by a large number of anti-aircraft guns.
2. All information funnels into this caravan and all important military and civil decisions are made here by Hitler, personally.
3. The train caravan is supplemented by planes and motor cars with which Hitler visits the front.
4. The war does not appear to have affected Hitler: he looks the same and has kept "his good humor and perfect health."

The following is a description of the General Headquarters of Hitler as related by an aide of Horthy of Hungary on a recent visit to Hitler:

From his special train, Hitler directs all operations personally, devoting to them his undivided attention and taking the most scrupulous care over details. From this train he has 'conducted' the campaigns in Poland, Belgium, the Low Countries, Luxemburg, Denmark, Norway, Greece and Yugoslavia. Still in the same train, the Chancellor is today issuing his orders to the entire Russian front, which extends for thousands of kilometres.

Adolph Hitler has spent nearly two years in his G.H.Q. which with its military offices and modern installations constitutes the

most highly perfected caravan - if I may so term it - in the world. News from all parts converges and is assembled there; it is there that decisions are reached and all plans concerning the war are drawn up; to that point all reports, whether of major or minor importance, are directed; troop advances or retreats, however small the units, movements and action of submarines and aircraft and details of the gigantic, almost inconceivable, organisation for supplying the armies - a titanic task, organised with clockwork precision.

It will not surprise anybody to hear that this G.H.Q. is carefully concealed in the woods, in the places where it cannot be detected by enemy 'planes. It is known, however, that at whatever sector of the front it happens to be, a larger number of anti-aircraft guns are placed

together with an extra heavy reinforcement of military pickets.

In the middle of the encampment is the Fuehrer's coach, and around him are the various offices, which can be dismantled in a few minutes: cars, autocars and caterpillar-cars complete the circle.

The geographical and topographical maps on which the development of operations in the East are noted hour by hour are situated in a separate tent called "the eastern tent". In the tent set aside for the 'west' are the geographical plans relating to operations against England.

Among the various cars at the Headquarters is that of Herr Dietrich, head of the Reich press; beside the radio coaches are placed those for wireless telegraphy. There a stupendous task is carried out. There can hardly be a

wireless station in the world whose wave-length is not picked up by these installations, which are equipped with all the latest improvements. The men in charge of these posts work day and night.

The Fuehrer is therefore kept informed of all that is happening in the Reich and all over the world, hour by hour, minute by minute, and if he does not go mad it is because he is a genius, a phenomenon of nature - which indeed is tantamount to being mad.

Hitler generally spends the greater part of his day in the so-called 'eastern tent.' With his marshals he studies developments in the military situation with minute attention. It is doubtless in this tent that the ideas and plans which surprise the enemy are conceived. I would even venture to say that it is there that modern strategy is evolved. And those in the

Fuehrer's immediate circle do not conceal or dispute the fact that every plan which has determined the German victories has been his work. His is the spirit which guides this formidable war machine, the greatest of all time. From this G.H.Q. he also directs the Reich's internal affairs. The Ministers, the Party Chiefs, Goebbels and von Ribbentrop, visit the Chancellor 'somewhere on the eastern front.'

He nearly always travels by plane. He has at his disposal an enormous 'FOKKER WULF' and a tiny 'JUNKERS 52' of the type used by the air force. He uses one or other of these machines as a rule when visiting the various sectors of the front. The sheds of the G.H.Q. also contain a third machine which is capable of landing on any sort of ground. Furthermore he has at his disposal a very high-powered grey car in which

[SHOULD BE FOCKE WULF, = FOUR-MOTOR BOMBER AND
 ("TINY"?), THESE ARE THREE-MOTOR TROOP TRANSPORT AND

he visits the combatant forces and a smaller
runabout called an 'UEBRLAND-WAGEN.'

He eats the same food as his soldiers
and sometimes takes his meals in the military
canteens.

People who have had the opportunity of
seeing him at close quarters say that during these
two years of war his appearance has not changed.
The lines on his rather pale face have perhaps
deepened a little but he still keeps his good
humor and perfect health. His hair is beginning
to go grey at the temples, but his step has not
lost its elasticity, and he holds himself very
erect.

TREASURY DEPARTMENT

368

INTER OFFICE COMMUNICATION

DATE November 29, 1941

TO Secretary Morgenthau

FROM Mr. Kamarck

Subject: Description of the Destruction of the Bismarck by a
British Naval Officer

Highlights

1. The Bismarck showed superlative gunnery.
2. She was much bigger than her reported 35,000 tons.
3. The British battleships "simply could not sink her;" she had to be dispatched with torpedoes after 2½ hours of agony for her crew under the pounding of British shells.

EXTRACT FROM A LETTER WRITTEN BY A NAVAL
OFFICER TO HIS WIFE IN ENGLAND

At long last we have had our fun, and oh boy,
oh boy, what fun, what a party!

We were the only ship to see it through from
start to finish, as you no doubt gathered from the
radio, and we finished up with a nice spot of bother
with a Heinkel. We got through it all with no
trouble or damage of any kind, except that my cabin
was wrecked by our own firings. Thank God I had put
your picture to bed.

We narrowly escaped being badly shot up on
the edge of the ice, north of Iceland (all this is
common property via B.B.C.) and managed to keep tough
with the enemy all the 1/2 light of Friday night.

We had a front row of the stalls view of the
action between the Hood and Prince of Wales, and the
German forces on Saturday morning, and saw the
terrible sight of the Hood blowing up. It was quite
appalling. You know the size of those ships -- the
splashes were twice the height of her mast. Poor old

Tubby! I am awfully upset about him and for many others I knew there. They had a mercifully quick release, and it was all over in five minutes. It seemed absolutely incredible. The sight of the Prince of Wales steaming through the smoke and wreckage, firing with all her guns and with fountains of splashes all around her, was a never-to-be-forgotten sight.

Bismarck was hard hit at this time too, and turned away with troubles of her own. Prince of Wales and two cruisers then shadowed Bismarck all day during her run to the South, and mighty respectful we were of her superlative gunnery. We were far out to the westward, running South in the longitude of South of Greenland, and the most dramatic chase it was.

Twice she gave us the slip, and we picked her up with air reconnaissance from carriers, and slowed her up by F.Q.A. torpedo attack. The awful problem was oil. Would we have enough to get heavy forces on to her, before she got into Brest? On the last night (Sunday) Viau's destroyers found her and almost

stopped her with torpedoes, carrying out a superlatively gallant attack at close range, and despite a mighty hot reception, getting clean away with it.

The last morning broke off the Bay of Biscay in a North West gale, and heavy rain squalls, and we had some difficulty in picking up Bismarck in the low visibility, always with the chance of being blown out of the water at close range. We located her and put on the Battleships, King George V, and Rodney, and then began the unforgettable finale which I shall remember to my dying day.

Bismarck was incomparably the biggest ship I have ever seen, 35,000 tons -- nothing!! Our two ships looked literally like picket boats. She was simply gigantic. Our battleships ran in and started the ball rolling, and she was soon being hit with the colossal explosions of our heavy shell. The explosions were indescribable. Huge flames of fire all over her, and she was burning everywhere.

She fought back magnificently, but to no

effect, and one by one her guns were silenced. We pounded away, our little shells could be seen bursting all over her, looking ridiculously small on her huge structure. Every time we hit, the troops cheered like mad.

By this time, she was silenced, but still looked an impregnable fortress despite the hammering she had taken. Then started the most fantastic phase of all, which made even the most blood-thirsty feel rather sick.

We simply could not sink her, and we expected large scale air attack at any moment. Two battleships and two cruisers steamed around about her at close range, pumping all they had into her. It was quite appalling. You would never believe the frightful effect of our heavy shell. Colossal flashes inside her, which must have been a shambles long before this, and wretched men running hither and thither on her deck, but she would neither surrender nor sink.

It is simply incredible that any ship could stand half the hammering she took. Our heaviest shells sent the water up three times her height, and great chunks of her upperworks were blown away. She was finally despatched with torpedoes.

A most dangerous and incomparable ship. Her company were subjected to the long drawn out sufferings of four days chase, and incessant attacks and finally had 2-1/2 hours agony of what must have been Hell on Earth. Thank God we blow up and sink more easily.

If we had not sunk her, there is no knowing what harm she might not have done, as great concentration of our forces was necessary to deal with her. I wish you could have seen her. Her colossal size was like a Goliath, and her concentration and honey-combing of compartment must have been superb.

TREASURY DEPARTMENT

374

INTER OFFICE COMMUNICATION

DATE November 28, 1941

TO Secretary Morgenthau

FROM Mr. Kamarck

Subject: Summary of Military Reports

Battle of the Atlantic

See attached chart: Ship losses in the third year of the war are running below those of last year. While ship launchings have been moving up gradually, they are still running below losses.

The H.M.S. Devonshire (10,000 ton cruiser) intercepted an enemy armed merchant ship in the South Atlantic. Thirteen minutes after beginning the battle the enemy's magazine blew up and she sank. (The British are keeping this engagement secret. Presumably, if the Germans believe their raider is still at large in the area, they will not send another. The mysterious disappearance of the vessel may also affect German morale.)

(U.K. Embassy, London Report, November 22, 1941)

Photographic reconnaissance on November 21 showed the two German battle cruisers, Scharnhorst and Gneisenau, and the destroyer, Prinz Eugen, still in their usual positions in Brest. (The two battle cruisers have now been tied down in Brest for nine months. The R.A.F. bombing has not been able to destroy these ships but it has succeeded in neutralizing them.)

(U.K. Embassy, London Report, November 22, 1941)

E-Boat Attacks

On November 19, at 11:30 p.m., German E-boats (motor torpedo boats) attacked a convoy off Cromer (off the East Coast of England, north of London). Two British merchant ships of 2,400 and 1,200 tons and a tanker of 5,500 tons were sunk. The convoy escort ships engaged the E-boats and probably destroyed two of them.

Five hours later at 4:45 a.m., on November 20, two British M.G.B.'s (motor gun boats) intercepted the E-boats returning to their base off the Hook of Holland. The British

M.G.B. 64 and M.G.B. 67 engaged at least four E-boats. The battle lasted a half-hour while the distance between the two sides was closed to 200 yards. The enemy fire proved to be wild. At the end of the action, one E-boat, S41, stopped while the others made off. S41 then sank. Spitfires also took a hand in the proceedings and off Holland attacked the E-boats returning to their base. They may also have sunk another E-boat.

During the night of November 23/24, E-boats made an attack on a coastal convoy along the east coast of England 18 miles off Yarmouth. One tanker of 5,700 tons was sunk and another ship of 4,200 tons was torpedoed but was towed safely into Yarmouth. The escorting destroyer sank one E-boat certainly, another one probably, and certainly damaged still another one.

Later in the night, another attack was launched on the convoy, and a Dutch ship of 2,000 tons was sunk. (No mention is made of E-boat casualties.)

(U.K. Embassy, London Reports, Nov. 20, 21, 24, 25, 1941)

(These incidents illustrate one of the great dangers British shipping faces which is seldom mentioned, but which takes a heavy toll. The nature of the defense against these raiders is also brought out. The coastal convoys are protected by escorting destroyers, motor gun boats and an umbrella of fighter planes. If an attack is made, strenuous attempts are made to cut off the raiders from their bases by a mobile reserve of counter-offensive forces.)

Russian Naval Activity

On the second of November, a Russian submarine of the Chuka class (700 tons) in the vicinity of Fuglo Sound (Northern Norway near Tromsø) sank an unescorted westbound vessel of 5,000 tons. On the ninth, the submarine sank an escorted eastbound vessel of 4,000 tons. On the tenth, a 4,000 ton eastbound vessel was sunk.

On November 12, the Russian submarine K-21 (probably 1,000 tons) near Hammerfest (Northern Norway) torpedoed two ships of 4,000 and 5,000 tons. One sank.

On November 15 in Varanger Fjord (near Kirkenes, Northern Norway) a Russian submarine of the Molodki class (i.e., Maliya Lodki, or small submarine, 200 tons) torpedoed a south-bound tanker. The tanker was later seen on fire.

(U.K. Embassy, London Reports, November 20, 24, 1941).

RESTRICTED

G-2/2657-220; No. 555 M.I.D., W.D. 11:00 A.M., November 28, 1941

SITUATION REPORTI. Eastern Theater.

Ground: The German advances continue north and south of Moscow. German forces have reached the Oka River, north of Venov.

On the Orel—Kharkov front the German advance continues.

In the Donets Basin the Russian counterattacks in the vital region east of Artemosk are still under way.

II. Western Theater.

Air: The R. A. F. last night attacked Dusseldorf industrial installations, Ostend docks, and German airdromes in the Low Countries. Nazi planes bombed objectives in East Anglia last night, according to the British.

III. Middle Eastern Theater.

Ground: Gondar, north of Lake Tana, in Northern Ethiopia, the last Italian stronghold in East Africa, has surrendered to the British. Only a small band of Italians is reported still operating in the Lake area south of Addis Ababa. Heavy fighting continues in Libya, according to the German High Command.

The British say that activity remains great in the Rezegh area, with the New Zealand (motorized) Division attacking west from Rezegh. The corridor between Tobruk and the Rezegh area has been maintained.

The Axis raiding force across the British supply line in the frontier area has been dispersed but portions are still at large.

There is no further news of the British force which captured Gialo (200 miles west of Jarabub) some days ago.

Air: Italian sources admitted that Naples has again been bombed. The British said that their air activity against ground troops in Libya had been both extensive and effective yesterday.

RESTRICTED

²³⁷
SECRET

By authority A. C. of S. G-2

CORRECTION TO

Paraphrase of Code Cablegram Date DEC 3 - 1941
Received at the War Department
at 9:16, November 28, 1941.

Initials
RAB

Cable paraphrase I.B. #3, 12/1/41, should be corrected as follows:

Paragraph 4, first two sentences should read:

"The reasons put forward for the offer of close support are two: suitable direct-support aircraft are not available, and because of the inability to identify British from hostile tanks."

(G-2 note: No information is available on the offer referred to.)

Paragraph 4, last sentence, should read:

"The reasons given for this were the low-grade equipment of the Air Formation Signals, Army Signal unit serving the air organization by handling its ground line work. This includes teletype, telegraph, and telephone."

Distribution:

Under Secretary of War
Assistant Secretary of War
Assistant Secretary of War for Air
Chief of the Army Air Forces
Chief of the Air Corps (5)
Assistant Chief of Staff, G-3
Assistant Chief of Staff, G-4
Assistant Chief of Staff, WPD
G.H.Q.
Defense Aid Director, W.D.
Liaison Officer, Armored Force
State Department (2)
Treasury Department
Office of Lend-Lease Administrator, O.E.M.
Director of Naval Intelligence (2)

Record Section
Situation Section
BE Section
SE Section
CE Section
Air Section

SECRET

INFORMATION COPY

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Twenty-two Business Days of September, October, and November, 1941
 (September 1-26, October 1-25, November 1-28)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	November	October	September	November over October	October over September	November over October	October over September
	:	:	:	:	:	:	:
Series E - Post Offices	\$ 36,563	\$ 34,205	\$ 33,880	\$ 2,358	\$ 325	6.9%	1.0%
Series E - Banks	<u>69,176</u>	<u>65,762</u>	<u>59,931</u>	<u>3,414</u>	<u>5,831</u>	<u>5.2</u>	<u>9.7</u>
Series E - Total	105,740	99,968	93,812	5,772	6,156	5.8	6.6
Series F - Banks	18,051	18,530	15,663	- 479	2,867	- 2.6	18.3
Series G - Banks	<u>100,260</u>	<u>100,746</u>	<u>94,641</u>	- 486	<u>6,105</u>	- 0.5	<u>6.5</u>
Total	<u>\$224,050</u>	<u>\$219,244</u>	<u>\$204,116</u>	<u>\$ 4,806</u>	<u>\$15,128</u>	<u>2.2%</u>	<u>7.4%</u>

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

November 29, 1941.

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

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

UNITED STATES SAVINGS BONDS

Daily Sales - November 1941

On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
	Series E	Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
November 1941									
1	\$ 1,017	\$ 1,750	\$ 567	\$ 4,201	\$ 6,518	\$ 2,767	\$ 567	\$ 4,201	\$ 7,535
3	3,377	3,421	1,442	9,092	13,954	6,798	1,442	9,092	17,332
4	1,061	2,818	738	7,205	10,761	3,879	738	7,205	11,822
5	1,175	1,694	744	3,794	6,232	2,869	744	3,794	7,407
6	1,968	3,899	988	6,962	11,850	5,867	988	6,962	13,818
7	2,062	4,278	1,258	9,280	14,816	6,340	1,258	9,280	16,878
8	1,289	3,113	352	1,457	4,922	4,402	352	1,457	6,211
10	2,452	3,383	994	3,459	7,836	5,835	994	3,459	10,288
12	2,181	3,321	936	5,312	9,569	5,502	936	5,312	11,750
13	852	2,115	602	4,145	6,862	2,967	602	4,145	7,714
14	1,249	3,862	547	3,107	7,515	5,110	547	3,107	8,764
15	1,191	2,563	473	2,375	5,412	3,754	473	2,375	6,603
17	2,724	3,840	797	3,259	7,897	6,564	797	3,259	10,621
18	953	2,683	612	4,025	7,320	3,636	612	4,025	8,273
19	1,503	3,285	807	4,811	8,903	4,788	807	4,811	10,405
21	2,497	3,978	1,149	4,542	9,669	6,475	1,149	4,542	12,166
22	1,173	2,803	840	1,987	5,631	3,976	840	1,987	6,804
24	2,332	3,736	753	3,996	8,485	6,068	753	3,996	10,817
25	829	2,638	637	3,387	6,662	3,467	637	3,387	7,491
26	1,553	3,737	969	4,631	9,337	5,290	969	4,631	10,890
27	1,577	3,028	954	5,382	9,364	4,605	954	5,382	10,940
28	1,549	3,230	891	3,852	7,973	4,779	891	3,852	9,522
Total	\$ 36,563	\$ 69,176	\$ 18,051	\$100,260	\$187,487	\$105,740	\$ 18,051	\$100,260	\$224,050

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

November 29, 1941.

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

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

379



FIELD ORGANIZATION *News Letter* ³⁸⁰

DEFENSE SAVINGS STAFF

TREASURY DEPARTMENT, WASHINGTON, D. C.



NOVEMBER 29, 1941

NUMBER 28

TO THE FIELD STAFF:

There are three important activities of the moment, which are being pushed by many of our committees and which should have the prominent attention of all. They are:

1. The formation of Buy-a-Bond-a-Month Clubs. Reports from many sections indicate the growth of plans which promote the purchase of a bond every month. Association memberships and other groups are making pledges to this end. In Pay Roll Allotment Plans, executives and other higher paid employees are subscribing to allotments calling for the purchase of a bond each pay day. Banks, Savings and Loan Associations, and Credit Unions are sponsoring such clubs. It is important to the success of our work that every effort be used to increase the number of individuals buying bonds with regularity. Every sales method we are using has as its purpose, - regular, systematic, convenient saving.

2. The use of Defense Bonds and Stamps as Christmas Gifts. Our securities should have a prominent place on the many gift lists. This will be done, particularly if attention is focused on it. A real service can be performed by our committees if this idea is given prominence in all our activities. Also, Christmas cards containing Stamp Albums, now available, may well serve to start many individuals on the road to bond ownership.

3. The teaching of thrift on the eve of holiday spending. Every indication points to extensive holiday and Christmas spending this year. It may reach staggering proportions. Now, as never before - for every fundamental reason behind Defense Savings - our committees should teach the value of thrift and saving. A half million retail merchants - taking a long range point of view - are doing their part. We should join them with all the strength at our command.

21 SHOPPING DAYS
to Christmas



Also GIVE
U.S. Defense Savings
BONDS and
STAMPS
BY STORES • BANKS
AND OFFICES

Sincerely yours,

GALE F. JOHNSTON,

Field Director, Defense Savings Staff.



"STAMP BY EARL-ING LAMBY IN THE MORNING"

-- From New York Evening Post

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BUFFALO SAVES TO BUY FIGHTER PLANES

FIRST CITY IN THE NATION to stage a campaign to sell a definite amount of Defense Savings Stamps within a given period of time is Buffalo, New York. In the nine days between November 24 and December 2, citizens of Buffalo will invest a minimum of \$175,000 in Defense Savings Stamps, according to the sponsors of this campaign.



Airline hostesses guard the \$250,000 worth of Defense Savings Stamps enroute to Buffalo for the fighter plane campaign.

THIS DEFINITE OBJECTIVE is the amount required to purchase two Buffalo-built war planes--a Curtiss P-40 and a Bell Airacobra. Hence, the slogan of the campaign: "Invest in Defense Stamps - To Buy Buffalo-built Airplanes."

A SPECIAL FUND of \$4,000 for special posters and other promotional materials was raised for this campaign by the committee of merchants sponsoring the event. This committee is headed by Albin O. Holder. Other members are Henry W. Comstock, Kenneth T. Mallen, Joseph H. Schlingensack, Kenneth E. Smalley, Herbert M. Ulmer, A. B. Wright, and John F. Sietlow, Jr. Howard L. Volgenau, executive secretary of the Buffalo Chamber of Commerce, and Jess S. Potter, Deputy Administrator for the Western Division of the New York Defense Savings Staff, are also taking active parts in this big event.

MANY ORGANIZATIONS are cooperating to make it a success:--

Retail stores to all kinds have stamps on sale at convenient places, many of them having set up specially decorated stamp booths. Throughout the downtown area, special window displays have been arranged.

A special mailing to practically every household in town (the 225,000 accounts of the Buffalo Niagara Electric Company) brought a direct appeal to every citizen, as the drive opened.

Army, Navy, Marine Corps and Coast Guard provided equipment and details of men for a big parade.

DAY TO DAY PROGRESS of the campaign is being charted on a billboard in Buffalo's Lafayette Square. The billboard carries large pictures of the two airplanes which symbolize the campaign's goal. Attainment of this goal will be recognized in special plaques on two U. S. Army planes, commemorating this specific contribution of Buffalo residents to National Defense.

"MILLIONS FOR DEFENSE," the Treasury Hour program for December 2, (Tuesday evening from 8:00 to 9:00 P. M., over stations of the Columbia Network) will include a Salute to Buffalo. Be sure to tune in!

CIO FORMALLY ENDORSES PROGRAM

DELEGATES TO THE FOURTH ANNUAL CONVENTION of the Congress of Industrial Organizations, meeting recently in Detroit, endorsed the Defense Savings Program by adopting the following resolution:

"WHEREAS, the United States Treasury Department has established the Defense Savings Program as a democratic means of financing the Nation's tremendous expenditure for defense, and

"WHEREAS, the purchase of these bonds is a patriotic duty in this period of national emergency, and

"WHEREAS, the liberal purchase of these bonds by workers constitutes a safeguard against inflation and at the same time provides a splendid financial backlog for themselves and their families against any post-emergency readjustment in a safe and secure investment;

"NOW, THEREFORE, BE IT RESOLVED, That this Convention hereby endorses the Defense Savings Program and urges its affiliated bodies, locals and members, to purchase Defense Savings Bonds."

UPON BEING INFORMED of this action, Secretary Morgenthau wired a message of appreciation to CIO President Philip Murray.

OTHER LABOR NEWS:-

ACTIVE ASSISTANCE of the New Jersey State Federation of Labor in the installation of pay roll allotment plans has been assured as a result of the adoption by that organization's annual convention of two resolutions. One endorsed the program in general terms; the other provided for the appointment by the Federation's president of a "Post Defense Security Commission," which has the duty of:

"Visiting all local unions, to point out the patriotic duty of the unions and their members, on a voluntary salary allotment plan, to use part of their weekly surplus earnings for the purchase of United States Defense Bonds."

AN IMPORTANT ACTION was taken recently by the Building Trades Council of San Francisco when it adopted a resolution placing itself on record as in favor of systematic savings through pay roll allotment and appointed a committee to cooperate with San Francisco representatives of the Defense Savings Staff in promoting widespread participation in allotment plans.

INVESTMENT of \$50,000 in Defense Bonds by the International Union, United Automobile Workers was reported recently by George F. Ades, Secretary-treasurer of the Union.

STAMP SALES INCREASE 19.2% IN OCTOBER

SALES OF DEFENSE SAVINGS STAMPS for October reached a total of \$5,936,934, establishing the highest monthly total since the Stamps were placed on sale last May 1, the Treasury Department announced on November 14. This figure, compared with the \$4,978,000 worth of Defense Stamps sold in September, shows an increase of 19.2 percent. It marks the fourth straight month that the sale of Stamps has risen.

MONTHLY SALES of Defense Savings Stamps since May 1, when they were first made available, have been as follows (figures rounded to the nearest thousands):

May	\$3,475,000
June	2,802,000
July	3,288,000
August	4,454,000
September	4,978,000
October	5,936,000
Total	\$24,933,000

A breakdown of sales by denominations indicates that approximately 21,385,000 separate stamps were sold during October, with the 25¢ denomination leading all others and accounting for 14,408,000 sales. Approximately 4,828,650 ten-cent stamps were sold during this month.

OKLAHOMA TOWN REPORTS EVERY CITIZEN SAVING SYSTEMATICALLY FOR DEFENSE BONDS

GENE ANTRY, OKLAHOMA claims the distinction and honor of being the first incorporated town in the United States to have every citizen pledged to buy Defense Stamps or Bonds regularly for the duration of the present emergency.

THIS CARTER COUNTY TOWN of 359 inhabitants, formerly the town of Barwyn, was officially named "Gene Antry" in honor of its most prominent citizen, who has a ranch nearby, at ceremonies on November 16. Governor Leon C. Phillips was the principal speaker. State Administrator H. C. Jones was present and received from Mr. Gene Antry the scroll prepared by Louis Fischl, Carter County Defense Savings Administrator, bearing the names of all citizens of the town and their Defense Savings pledges.

THE DEFENSE SAVINGS CLUB of the Life Underwriters Association of Pensacola, Florida has 62 members according to its president, E. K. Ballah. Every member is pledged to make regular weekly or monthly payments towards the purchase of Defense Bonds for the duration of the present emergency.

PRIZES, PREMIUMS AND COMMISSIONS
IN DEFENSE SAVINGS BONDS AND STAMPS.

Business concerns throughout the nation have keyed their sales and other contests to the subject which dominates all our thoughts these days by using Defense Bonds and Stamps instead of cash or merchandise in the contests which they conduct among their salesmen, other employees, and customers.

Through these contests, the Defense Savings Program and the essential facts about the Bonds and Stamps are brought to the attention of many persons — the participants in the contests, and a great many others to whom they explain the contests and the awards.

State and local committee members have done much to promote the use of Bonds and Stamps as prizes and premiums. However, the idea is still a good one and has countless adaptations and applications. Here are a few examples:—



With a direct appeal to its underwriters to support the National Defense Program, the General American Life Insurance Company of St. Louis, Missouri, conducted in October, a nation-wide sales contest in honor of its President. All prizes were in Defense Bonds and Stamps.

Defense Bonds and Stamps are the special awards sought by the agents of the American Casualty Company of Reading, Pennsylvania, in its nation-wide sales campaign which closes January 17, 1942. The campaign is "Dedicated to the National Defense Program of the United States of America and our belief that every citizen and business firm should contribute

their utmost, both financially and morally to the maintenance of our Democratic Way of Life."

The special awards in the "President's Month" sales contest of the Beneficial Life Insurance Company of Salt Lake City, Utah, were in Defense Bonds and Stamps. \$100 Bonds were given to every salesman who wrote \$65,000 worth of insurance during the contest period.

Defense Bonds were awarded top-notch underwriters — members of the President's Club — of the Great Southern Life Insurance Company at its annual sessions in Houston. . . The American Fire and Casualty Company, Orlando, Florida, gave \$90 worth of Defense Stamps as extra prizes in one of its salesmen's contests this fall. . . A plan to award Defense Bonds and Stamps in recognition of field organization work has been adopted by the Pacific Mutual Life Insurance Company. . . Defense Bonds were announced as prizes in the fall "Victory Drive" of the Mutual Life Insurance Company of Columbus, Ohio.

PRIZES, PREMIUMS AND COMMISSIONS
IN DEFENSE SAVINGS BONDS AND STAMPS.

(Continued)



sitting on the front
wood win was a
Defense Bond

Defense Bonds were the awards sought by Underwood Elliott-Fisher Company branch office employees in the company's "Minute Men" sales promotion contest. (At the left, one of the pieces used in this sales competition.) The Rigbard Company of Philadelphia, manufacturer of building maintenance materials, has been awarding Defense Bonds in various sales contests. Assistant Sales Manager J. H. Dooler reports: "Our salesmen value the bonds more highly than cash or merchandise prizes". . . Route salesmen of the Carolina Baking Company of Columbia, South Carolina are awarded Defense Stamps for effecting economies, safety records, and increased sales. . . Special merit awards for good sales records are now made in Defense Stamps instead of cash by the Auto-Soler Company of Atlanta. . . The Pierre-Facker Bag Company of Washington, D. C., offers commissions to its agents, either in Defense Bonds or cash, a \$25 Bond being earned by selling \$100 worth of merchandise. . . William B. Kelly and Company of New Orleans gives a ten-cent Defense Stamp with every purchase of three pounds of its Louisiana Coffee and 25-cent Defense Stamps to salesmen for selling 100 pounds of this product.

Defense Bonds and Stamps, were among the awards for which Beare, Roebuck & Company employees competed in a company-sponsored "Supply Savings Contest." Contestants turned in suggestions on how to save paper, metal, and fabrics. . . The Arkansas and Missouri Power Corporation is paying all prizes and commissions earned by its employees in Defense Bonds and Stamps. . . In the current "Beat the Promise" campaign of the R. C. A. Manufacturing Company, in which all departments of this large organization are striving to exceed their production quotas and produce equipment ordered by the Army and Navy ahead of schedule, Defense Bonds and Stamps are awarded as prizes. . . The Prime Tanning Company of Berwick, Maine gave each of its 175 employees \$25 Defense Bonds instead of turkeys, traditional Thanksgiving Day gifts. . . Ten \$25 Defense Bonds were awarded by the Downtown Merchants of Jersey City during the five shopping days just prior to Thanksgiving, instead of the customary turkeys.



The Quality Service Food Stores of Atlanta offer their customers a 10-cent Defense Stamp for every 10 wrappers from ABC bread. . . Coupon packaged with Crescent Coffee are redeemed by the Crescent Manufacturing Company of Seattle, Washington, in Defense Stamps — ten coupons being exchangeable for two 25-cent stamps.

IN THE SCHOOLS

Public-spirited Clubwoman Launches Successful School Program in Akron

One way to get a Defense Savings Program started in a city school system has been recently demonstrated in Akron, Ohio. In September, not a stamp was being sold in the public schools. Early last month, the city's 40,000 school children were buying \$3,500 worth of stamps each week, and school officials expected the total to reach \$4,000 before long—an average of one 10-cent stamp for each child.



AT MASON SCHOOL in Akron, three pupils buy themselves a share in America from Mrs. E. M. Mink, who is in charge of the school's Stamp Sales booth. The children are Shirley Helm, Jacqueline Peck and Wayne Jones.

How it happened is a one-woman story. The woman is Mrs. Ray Fair, an Akron clubwoman and enthusiastic Home and School League member. When school started this Fall, Mrs. Fair noticed with some dismay that while Defense Savings Stamps were being sold in banks, postoffices and many stores, they were not on sale in the schools—the most convenient places for children to buy.

So Mrs. Fair got busy. In a short time, she had worked out a plan, and had gotten it approved by city school executives, Postmaster Pat Webb and President C. W. Emyart, of the First Central Trust Company. The plan was this:

The bank would buy the 10, 25 and 50-cent stamps in quantity from the Postoffice, and distribute them to schools in amounts determined by each principal. The schools would not have to put up money in advance, but would return proceeds of the sale to the bank. Stamps would be sold in the schools each Tuesday by special committees from the various Home and School Leagues.

Mrs. Fair started the program with a week of public education. The first Defense Stamp Tuesday brought in \$1,100, the second netted \$2,500, the third \$3,000 and the fourth \$3,500. Hats off to Mrs. Fair and the mothers of Akron who are cooperating with her on this program!

Teachers' Magazines Spread the Message of Defense Savings

During the past three months, state teachers' magazines throughout the country have been publishing articles on Defense Savings prepared by the Defense Savings Staff or written by local educators. Most of the magazines, which are official publications of state teachers' associations, have given

SCHOOLS

Teachers' Magazines (Continued)

full page displays to these articles.

Best display was that of the Oklahoma Teacher, which devoted its November cover to Defense Savings (see cut). The lead story in the magazine urged schools to get busy with their programs. It is the second article on this subject that the Oklahoma Teacher has published this year. The author was Paul E. Taylor, Superintendent of El Reno City Schools and Chairman of the Education Division of the Oklahoma Defense Savings Committee.



Some of the other teachers' magazines that have recently published articles on Defense Savings include: The Sierra Educational News (California), The Journal of the Florida Education Association, Georgia Education Journal, Idaho Journal of Education, Midland Schools (Iowa), Kansas Teacher, Maine Teachers' Digest, Massachusetts Teacher, New Mexico School Review, Oregon Education Journal, Pennsylvania School Journal, Utah Educational Review and the Wisconsin Journal of Education.

A new article for teachers' magazines describing the SHARING AMERICA program outlined briefly in last week's NEWS LETTER is now being prepared by the Defense Savings Staff.

Here and There

Junior high schools are among the most active participants in the Defense Savings Program. For example: At Joe Brown Junior High in Atlanta, Georgia, 30 ninth-grade boys and girls go into classrooms every morning collecting orders for Stamps, which they later deliver. . . At Cheektowake District School No. 3, near Buffalo, New York, a committee of three eighth-graders handle all Stamp sales. . . At Caroline High School in Denton,

Maryland, the ninth grade mathematics class introduced Defense Savings to each class, then took charge of selling the Stamps.



Grade school children are enthusiastic stamp purchasers. The picture at the left shows a delegation from a Safety Harbor Florida school marching to the aid of a Boy Scout Band on the way to the postoffice to buy their stamps.

News Letter

TO THE LADIES

District of Columbia Women's Division Active

COOPERATION with the U. S. Office of Civilian Defense during Civilian Defense Week, promotion of the idea of giving Defense Bonds and Stamps as Christmas gifts, and assistance to a wide variety of women's clubs in staging special programs on the subject of Defense Savings are some of the activities being developed under the auspices of the Women's Division Committee of the Defense Savings Committee for the District of Columbia.

DURING CIVILIAN DEFENSE WEEK, Defense Savings Stamp booths were set up at two Washington high schools - Dunbar and Woodrow Wilson - and at both of these schools the Defense Savings film "America Preferred" was shown. In a letter from the Office of Civilian Defense, the thanks of Mrs. Franklin D. Roosevelt were extended to the D. C. Defense Savings Committee for co-operating in this way.

"We have received many comments from both students and members of the community on their interest in the Defense Savings Program," the letter continued, "and we hope that your excellent exhibit will stimulate more buying and more awareness of the vital part which your program is playing in National Defense."

THE MEETING OF THE HEADS of the leading women's organizations in the District of Columbia called by the Women's Division Committee (reported in the NEWS LETTER, November 22) continues to bear fruit. In addition to the results previously reported, two additional organizations have been stimulated by this meeting into effective activity on behalf of Defense Savings objectives.

The Washington Club, a 50-year-old women's organization, devoted its Annual Fall Meeting in November to an unusually dramatic Defense

MEMBERS OF THE D. C. WOMEN'S DIVISION COMMITTEE meet to discuss plans. From



left to right: Mrs. Wilson Compton, Mrs. Henry A. Wallace, Mrs. Daniel W. Bell, Mrs. Raymond Clapper, Mrs. Curtis Shears, Mrs. John Jay O'Connor, and Mrs. Harry S. Bernton. The eighth member of this committee is Mrs. Harlan Fiske Stone.

News Letter

TO THE LADIES

The Washington Club (Continued)

Savings program, arranged by Mrs. Frank Bonker, a member of the club's governing board. Ten board members each gave a 2-minute talk on some phase of Defense Savings. Two members read parts of "We Gals Have To Stick Together," entitling their presentations, "Liberty and Women's Job in Preserving It." Next, three members stood together and each read a part of Eva Curis's pamphlet, "It Is Not Too Late." After they had finished this reading, one said, "It is too late for France"; the next "for Poland"; the third "for Belgium"; and so on in rotation, naming all of the subjugated countries. Then, as a climax, they all three repeated in unison: "But if we save a dime a day, it is not too late for the U. S. A."

In other talks, based on the Secretary's speech "The Fight Against Inflation," and other official publications, the objectives and methods of the Defense Savings Program were outlined. The program was interspersed by the singing of patriotic songs. At its conclusion, the club members voted enthusiastically to endorse the government's Defense Savings Program, to invest club funds in Defense Bonds, and to have Defense Stamps on sale at every meeting and program of the Club. As the members left the meeting, each one was given a kit containing the five pamphlets issued by the Defense Savings Staff which had provided the basis for the program.

The League of Women Voters in the District will include Defense Savings in its study program. At its most recent meeting, copies of "We Gals" were distributed to its members.

COLLEGE ALUMNA CLUBS AND SORORITY ALUMNA GROUPS in the District have shown genuine interest in Defense Savings. Letters from the Women's Division Committee to the presidents of these numerous organizations have brought a gratifying response and already many of them have made arrangements to devote attention to Defense Savings at their meetings.

Food for Thought

To call attention to the Defense Savings Program, the Minneapolis Star Journal is running a series of statements on Defense Savings by prominent local women. In a recent issue, Mrs. L. R. Upham, President of the Minnesota Federation of Women's Clubs, said:

"My husband and I see Defense Savings Bonds as a way of providing ourselves with an annuity. Every month we buy a bond for \$37.50 from our bank; 10 years from now we shall receive \$50 a month as each bond falls due. We can support National Defense and at the same time make our own future more secure."

FIELD ORGANIZATION NEWS

Leaders Appointed In Six States: Reports And Highlights From Many States

APPOINTMENT of an Honorary Chairman, a Chairman and four State Administrators during the past ten days nearly completes the rosters of these leaders for the 52 divisions of our Field Staff.

THE NEWLY APPOINTED Honorary Chairman is Governor George A. Wilson of Iowa. The newly appointed State Chairman is Ernest Clarion, president of the Industrial Trust Company of Providence, Rhode Island.

FOUR ADDITIONAL STATE ADMINISTRATORS can be introduced to "veteran" members of the Field Staff at this time: Walter E. Smith, who will serve in this capacity for the State of Maryland; William J. Starr, Jr., a Manchester attorney, who has been appointed State Administrator for New Hampshire; E. E. Wolfer, chairman of the board of the National Bank of Jamestown, who has been appointed State Administrator for North Dakota; and Charles A. Christopherson, president of the Union Savings Bank of Sioux Falls, a dollar-a-year man who will serve as State Administrator for South Dakota.

WITH THESE APPOINTMENTS, there are 29 Honorary Chairmen; 43 Chairmen; and 49 State Administrators, one for each of the field divisions, with the exception of Delaware, Kentucky and Nebraska.

* * *

Reports and Highlights of Recent Developments:

ARKANSAS. In a recent statement, Governor Homer M. Adkins urged the purchase of Defense Savings Bonds and Stamps.

"Since Arkansas is industrially benefitting very materially by the Defense Program," the Governor said, "let us all respond to the government's call by buying Defense Savings Bonds and Stamps in a generous manner."

State Administrator Ray G. Paschal, Deputy Administrator G. E. Wilkerson, and J. O. Burlingame, prominent business man and civic worker, discussed Arkansas' part in the Defense Savings Program in a 15-minute round table radio broadcast recently. The program was transcribed and the transcription is being sent to every radio station in Arkansas.

The "group agent" bond and stamp purchase plan is being placed in operation for the benefit of State Government employees. Deputy Administrator G. E. Wilkerson outlined the plan recently to heads of all State Departments, at a meeting in the House Chamber at the Capitol.

Ballies to stimulate interest in the sale of Defense Bonds and Stamps have been held in Paris and Stuttgart (Arkansas).

FIELD ORGANIZATION NEWS

Reports and Highlights of Recent Developments (Continued)

The Arkansas State Teachers Association has pledged the cooperation of its members in promoting Defense Savings in the schools. Virtually every school in the state is understood to have Defense Stamps on sale. . . The Kappa Kappa Gamma sorority at the University of Arkansas staged a "dinner-dance-for-defense." Defense Stamp albums containing the first stamps toward Defense Bonds were favors. . . First owner of a Defense Bond in Hixon was a 10-year-old girl, little Miss Peggy Thomason.

CALIFORNIA. "Pershing Square" in the heart of downtown Los Angeles will be the site of the "Defense House" which opens there for a six-weeks "run" on December 1.

GEORGIA. Chairmen and committee members from counties in the sixth and eighth Congressional Districts met in meetings held recently in Macon and Waycross. U. S. Senator Richard B. Russell, Jr., addressed the meeting in Macon. State Chairman Arthur Lucas, State Administrator Marion E. Allen and Deputy Administrator Arthur Cheatham attended and spoke at both meetings. . . Margaret Mitchell, author of "Gone With The Wind," and resident of Atlanta, was photographed recently with State Administrator Allen as she released a statement reading:

"Whether we go into war or not, we must be prepared for war. . . If I can help by buying Defense Bonds, I am glad to do so."

It is estimated that more than 60,000 Georgians are now saving for Defense Bonds through the pay roll allotment plan. . . Defense Stamps were prizes in the Atlanta Bureau of Fire Prevention's poster contest.

IDAHO. First of the "America Speaks" programs arranged by Deputy Administrator John Churchill was held in Moscow, on the evening of November 11. Theme of Mr. Churchill's dramatically effective address—which is to be presented during the next few weeks in every city in the state—is a graphic description of the blessings and privileges of the American way of life. At the conclusion of his talk, he introduces the members of the local Defense Savings Committee with the aid of a specially constructed lighted display piece, which shows the role or function of each member and emphasizes the committee's representative character. . . It is reported that no known meeting of any kind of importance within the state has failed to have some representative of the Defense Savings Program as a speaker. . . Local chairmen have been asked by Administrator John E. Wiley to reply to a brief seven-point questionnaire on the activities of their committees.



FIELD ORGANIZATION NEWS

Reports and Highlights of Recent Developments (Continued)

ILLINOIS. Six specially decorated Seeburg Automatic Phonographs have been placed at the disposal of the Illinois State Headquarters for use in plugging the song "Any Bonds Today?". In the picture at the left, one of these phonographs is "on duty" at the LaSalle Street Station in Chicago. The attendants are three girls from the office of State Administrator Norman B. Collins, who of their own volition and without the knowledge of the Administrator or his deputies, devoted one entire week-and-Saturday afternoon and evening and all day Sunday to attending the stamp booth located just beside the patriotically decorated phonograph which plays "Any Bonds Today," for all those who purchase stamps. Their efforts netted Uncle Sam about \$350.



KANSAS. Investment of \$50,000 in Defense Bonds by the Kansas School Fund Commission was the action taken by this group of school officials to signify endorsement of the Defense Savings Program and to encourage school children to participate by saving for Defense Stamps and Bonds. . . One of the first industries in the State to report one hundred per cent employee participation in a pay roll allotment plan was the Koroblum Packing Company of Kansas City, Kansas. . . Buck Jones, movie star, autographed Defense Savings Stamp Albums for his fans when he made a personal appearance recently in Atchinson, Kansas, at the suggestion of Carl G. Klostarsner, Chairman of the Defense Bond Committee of the Atchinson Junior Chamber of Commerce.

Armistice Day ceremonies in Leavenworth were in charge of William D. Reilly, the active chairman of the Leavenworth Defense Savings Committee. Many marchers in the parade carried Minute Man Posters.

KENTUCKY. A special effort to sell Defense Stamps was made in Louisville on November 7 and 8, under the auspices of the Market Street Retailers Association. Army equipment from Fort Knox, gaily decorated booths, window displays, and a parade with several bands helped make the event a success. Volunteers from the city's leading women's organizations staffed the stamp booths.

MASSACHUSETTS. Steady progress in presenting the essential facts about the pay roll allotment plan to employers and employees in the larger factories and businesses in the state is reported by State Administrator Daniel J. Doherty. . . In Malrose, the Rotary and Idons Clubs donated \$100 each to establish revolving funds to place Defense Stamps on sale in city schools.

FIELD ORGANIZATION NEWS

Massachusetts (Continued)

Defense Stamps are prizes at the card parties of the Quaker Women's Club. . . Miss Margaret Collins Freshman for 1945 received as a prize a \$25 Defense Bond.

MINNESOTA. Every one of the 60 members of the Defense Savings Committee for Rice County, Minnesota, has invested in at least one Defense Bond and has pledged himself or herself to buy additional bonds at regular intervals. L. E. Obermuller of Fairbault, is the chairman. He and his colleagues believe in practicing what they preach!

We would be glad to have similar reports from other committees.

MISSOURI. The Committee for Metropolitan St. Louis has arranged for every filling station in the city and county to display appropriate Defense Savings posters and to place Defense Savings Stamps on sale.

NEW JERSEY. Local outdoor advertisers are making an important contribution to the Program, particularly in northern counties. Pictured below are a few of the outdoor displays which have been donated by their owners to the promotion of the sale of Defense Bonds and Stamps.



Newark



West Orange



Newark

NORTH CAROLINA. Secretaries of central labor unions in North Carolina have been appointed to membership on the local Defense Savings Committees in their communities. . . The City of Greensboro, N.C., has followed the lead of the City of Winston-Salem and installed a salary allotment plan, thus becoming the second city in the state to make this convenient method of participation available. State Administrator Hubert reports that many other cities in the state have installation of the plan actively under consideration.

SYRACUSE BANK LAUNCHES A DEFENSE BOND CLUB

THE NEW "DEFENSE BOND CLUB," established by the Onondaga County Savings Bank of Syracuse, New York to help Syracusans participate in the Defense Savings Program, officially got under way November 3 with Mayor Holland B. Marvin becoming the No. 1 member. The picture below shows Mayor Marvin making his first payment at the bank's attractively decorated Defense Bond window.

ENCOURAGEMENTS OF THIS SYSTEMATIC SAVINGS PLAN have come to Bank President Harold Stone from many prominent Syracusans. Mayor-elect Thomas E. Kennedy wrote:

"With millions of Americans already making great sacrifices for America's preparedness, it seems a little thing to ask that everyone take the trouble to make a personal investment which will provide money for the defense effort. But no matter how good our intentions, most of us are procrastinators by nature. The Defense Bond Club of the Onondaga County Savings Bank seems to me to offer an excellent solution. The important thing for many people is to get started. Once started, I am sure they will continue their weekly deposits."



OF THE BANK'S OWN STAFF, 68 strong, practically all have joined the Club; and letters describing the club plan have been sent by the bank to all manufacturers, retailers, and other employers of 50 or more persons in the city, urging their co-operation. The bank has indicated that it is prepared to open and maintain club accounts by mail in order to make this savings plan as convenient as possible.

"We share the government's belief that these bonds are best purchased out of income," President Stone is quoted as saying. "If this method is followed, the government will not only receive the necessary funds for building tanks, guns, planes, and all other weapons we stand in need of, but each bondholder will be building up for himself a reserve fund which will stand him and the country in good stead when the United States returns again to a peacetime economy."

* * *

BONDS FOR THE VERY, VERY YOUNG

New arrivals in the homes of employees of Salkin and Linoff, Inc. of Minneapolis, Minnesota now receive birthday greetings in the form of \$25 Defense Bonds. Thirty-seven Bonds have so far thus been issued, according to Samuel Salkin, head of the firm. The company operates a chain of stores in the Northwest and is co-operating in other ways with the Defense Savings Program.

CHICAGO'S BIGGEST BANK PUSHES SALE OF DEFENSE BONDS

THE AGGRESSIVE SALES PROMOTION PROGRAM adopted by the Continental Illinois National Bank & Trust Company to step up sales of Defense Savings Bonds was outlined in detail in the October 19th issue of the magazine, "The Commercial West." Here are the fifteen steps which this bank has taken in connection with the Defense Savings Program:

1. A colorful electric flasher sign, folders, and letters have been placed on the information desk in the entrance lobby;
2. Eight large signs in red, white, and blue have been placed in conspicuous floor locations within the bank;
3. About 50 signs have been placed on counters throughout the bank and its affiliated safe deposit company;
4. A separate sales window and information facilities have been provided in the government securities division in the commercial department;
5. Five specially illuminated sales windows have been provided, an information booth, suitably decorated, has been erected, and six application desks have been placed adjacent to the booth—all in the savings department;
6. Defense bond and tax note folders are kept available on counters and customers' desks throughout the bank and its affiliated safe deposit company;
7. A defense bond blotter has been given in each savings department customer making a deposit or withdrawal since July 1;
8. A defense bond blotter one month, and a tax note folder another month have been enclosed with statements to commercial customers;
9. Informative mimeographed bulletins and defense bond and tax note folders have been distributed to all officers and employees;
10. More than 40 men have been instructed and trained in selling defense bonds, tax notes, and stamps;
11. A list of questions and answers (16 sheets) about defense bonds and tax notes has been mimeographed and supplied to all personnel engaged in giving information about and selling bonds, notes, and stamps;
12. The bank has made available to its personnel a plan whereby regular deductions from salaries are made to apply on the purchase of bonds and tax notes;
13. The bank's statement of condition booklets carry the American Bankers Association's defense bond cut on the back cover;
14. The bank has joined with other Chicago banks in publishing a series of four cooperative advertisements in five Chicago newspapers over a period of 26 weeks;
15. Photographs have been made of the bank's defense savings bond booth for release to various bank journals.

"MAKE THIS A MERRY AMERICAN CHRISTMAS"

Illustrated at the right is the specially designed "gift wrapper" for Defense Bonds which has been made available to bankers by the American Bankers Association. The association has also prepared a new folder describing Defense Bonds, with the same cut of "Santa" on the cover.

Thus the splendid cooperation being extended to our program by bankers in all parts of the country continues, much to the satisfaction of the Defense Savings Staff.



ODDS AND ENDS

Local Bond Buyers Interviewed

Well-known buyers of Defense Bonds are being photographed by the Greenwich Times, Greenwich, Connecticut. Recent issues have contained pictures and brief statements on Defense Bonds of a policeman, several local bankers, a hotel desk clerk, a pharmacist, a butcher, and housewife who had recently purchased bonds.

Here is a simple plan for publicizing Defense Savings which other papers might like to use.

College Alumni Association Helps

Villanova College in Pennsylvania joins the growing number of colleges and universities which are finding effective ways to boost the Defense Savings Program. The cover of the October issue of the Alumni Magazine featured the Minute Man and carried a two page article on the purposes and aims of the Defense Savings Program.

The Alumni Association is also suggesting that gifts to the college be made in the form of Defense Bonds (Series F or G) registered in the name of the Alumni Fund.



— Off The Record, by Ed Reed

A New Use For Defense Stamps

"There's a friend of mine who has been drinking quite a lot," wrote a friend of the Defense Savings Program. "The other day when he bought me a drink, he took from his pocket a \$50 Defense Bond Album and carefully checked off two blanks.

"I asked him what that was for.

"Oh," said he, "every time I take a drink, I penalize myself fifty cents. The next time I'm near a post office, I'm honor bound to fill out the marked squares. I've already put one bond away, and this one is well on its way. My kids get the bonds.

"When you know that even a free drink is going to cost 50¢, you think twice."

"It's not a bad idea. I've started it myself."

ON THE AIR

Leading Programs for the Coming Week:

Monday, December 1 **"FOR AMERICA WE SING"** 9:30-10:00 PM (EST)
NBC Blue Network

Dr. Frank Black's Orchestra and Chorus
GUEST STARS: Robert Weede and Elizabeth Lannox, noted radio and concert artists.

Tuesday, December 2 **"MILLIONS FOR DEFENSE"** 8:00-9:00 PM (EST)
NBC Blue Network

THE TREASURY HOUR: Variety program with leading entertainers of stage, screen and radio.

Thursday, December 4 **"AMERICA PROPOSED"** 9:00-10:00 PM (EST)
Mutual Network

Alfred Wallenstein's Orchestra; Deema Taylor Commentator
GUEST STAR: Lauritz Melchior, Wagnerian tenor of the Metropolitan Opera Company.

Saturday, December 6 **"THE TREASURY CONCERT"** 9:30-10:30 PM (EST)
NBC Blue Network

The first of two special Saturday night concerts by the NBC Symphony Orchestra conducted by Arturo Toscanini.

On this program, radio listeners will be thrilled to hear the most popular waltz ever written, Johann Straus' "The Beautiful Blue Danube." Not only has Maestro Toscanini never before played this number over the radio, but this is the first time in his long career that he has ever included it on one of his programs.

Other selections on this program are Beethoven's Septet in E Flat Major and the Good Friday Spell from Wagner's "Parsifal."

Secretary Morganthau will inaugurate the series with a brief introductory talk from the concert platform.

* * *

Moratorium on Autographs

Red Abbott and Lou Costello, movie and radio comedians, have suggested that stars of the entertainment world declare a moratorium on autographs and henceforth give their signatures only if the autograph hunters purchase Defense Stamps.

Many stars on personal appearance tours have already adopted this practice. Chairmen of Publicity Divisions of local committees may want to take this up with managers of their local theatres.

INDIANS INVEST COMPENSATION IN DEFENSE BONDS



Above are the Caconcito Navajos who invested \$6500 in Defense Bonds out of the \$17,000 awarded to them as the result of a train-school bus crash. The Indians live near Albuquerque, New Mexico.

"TALLEST SIGN" HAS DEFENSE BOND AD



Spectacular display on the tower of the Savage Exposition Building, which marks the site of the new home of the Minneapolis Coca Cola Bottling Company.

KEEP 'EM PATROLLING



This billboard on U. S. Route 1 features the destroyer Drayton, which was built at the Iron Works in Bath, Maine. It is one of three billboards donated to Defense Savings by Columbia Markets of Portland, Maine.

STAMPS ON LUNCHEON CLUB'S MENU!



Scene at one of the regular weekly meetings of the Leesburg Lions' Club where Defense Stamps are regularly on sale. The club was the first in Florida to report all of its members buying Stamps each week.

November 29, 1941

Mr. Livesey

Mr. Cochran

Will you please send the following cable to the American Consulate, Hongkong.

"For Fox from the Secretary of the Treasury.

"By arranging for the elimination of another passenger, have secured reservation for Taylor for December 10, 1941 at Hong Kong. Please confirm that he will make this plane."

A handwritten signature in cursive script, appearing to be 'M. M. F.', is written in the center of the page.

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UNITED STATES COAST GUARD
WASHINGTON

From: Mr. Campbell, Hongkong, China. Nov. 29, 1941.
To : The Secretary of the Treasury.

"The Domei News Agency advised subscribers last evening that because of freezing restrictions they were temporarily suspending their news service in Hongkong."

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12-1-41

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DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FD

November 29, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits copies of the paraphrase of telegram no. 1843, dated November 27, 1941, from the American Embassy, Rio de Janeiro, Brazil, concerning the purchase of mark credits by two German banks in Rio de Janeiro.

Enclosure:

From Embassy, Rio de Janeiro,
no. 1843, November 27, 1941.

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12-1-41

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Rio de Janeiro, Brazil

DATE: November 27, 1941, 8 p.m.

NO. : 1843

This telegram is in further reference to telegram no. 1791 sent by the Embassy at 5 p.m. on November 21, 1941.

Information has now been received by me to the effect that the equivalent of 12,000 contos of compensation mark credits have been purchased from the German Embassy here by two German banks in this city. The statement has been made by the Director of Exchange that the above-mentioned marks cannot be used to pay for imports for Germany. They can only be used to pay for miscellaneous remittances to Germany and to pay for premiums.

CAFFERY

EH: COPY
12-1-41

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DEPARTMENT OF STATE

WASHINGTON

In reply refer to
FD

November 29, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits copies of the paraphrase of telegram no. 1845, dated November 27, 1941, from the American Embassy, Rio de Janeiro, Brasil, concerning a request made by the Reichsbank of Berlin to the Bank of Brasil.

Enclosure:

From Embassy, Rio de Janeiro,
no. 1845, November 27, 1941.

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Rio de Janeiro, Brazil

DATE: November 27, 1941, 9 a.m.

NO.: 1845

The Bank of Brazil has been requested by the Reichsbank of Berlin to have the equivalent of 500,000 escudos debited to its free milreis account. This amount was to be credited to the account of the bank in Lisbon, Portugal, with the Banco de Lisboa e Azores. The reply was made that this transaction could not be handled by the Bank of Brazil.

CAFFERY

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TREASURY DEPARTMENT

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INTER-OFFICE COMMUNICATION

DATE November 29, 1941

TO Secretary Morgenthau
FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£27,000
Purchased from commercial concerns	£5,000

Open market sterling remained at 4.03-1/2, and there were no reported transactions.

The Uruguayan free peso continued to rise, advancing 80 points to a final quotation of .5210.

In New York, closing quotations for the foreign currencies listed below were as follows:

Canadian dollar	11-3/8% discount
Argentine peso (free)	.2390
Brazilian milreis (free)	.0515
Colombian peso	.5775
Mexican peso	.2070
Venezuelan bolivar	.2580
Cuban peso	1/8% discount

We purchased \$1,125,000 in gold from the earmarked account of the Bank of Mexico.

No new gold engagements were reported.

During the month of November, our purchases of silver under the Silver Purchase Act amounted to 300,000 ounces, a new monthly low since September, 1939. The sources of this month's purchases were as follows:

<u>Type of Silver</u>	<u>Ounces</u>
New Production	
1. From various countries.....	100,000
2. From Canada under agreement...	<u>200,000</u>
Total.....	300,000

A.M.S.

BRITISH EMBASSY
WASHINGTON, D.C.

November 29th, 1941.

Personal and Secret.

Dear Mr. Secretary,

I enclose herein for your personal
and secret information copies of the latest
reports received from London on the military
situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

Stalifax

The Honourable
Henry Morgenthau, Jr.,
United States Treasury,
Washington, D. C.

27 November, 1941.

OPTEL 3

(1) NAVAL

A Free French Corvette has broken down South West of Iceland in bad weather and her condition is thought to be serious. Assistance has been sent.

A Dutch submarine which has been on patrol off North West Italy reports having sunk two schooners.

A British sloop was torpedoed this morning North East of Tobruk; a destroyer is returning to Alexandria with survivors. No further details available.

(2) MILITARY

LIBYA. Nothing further to Optel No. 2

RUSSIA. The German advance East of Tula and Orel continues to progress.

(3) AIR OPERATIONS

25th/26th. 62 tons high explosives were dropped at Brest in excellent visibility; operation was hampered by a smoke screen but bombs fell close to the Battle Cruisers. 23 tons were dropped successfully on the docks at Cherbourg.

26th/27th. 118 aircraft were sent out, 100 to Emden and 18 to Ostend. 1 bomber is missing and two came down in the sea; 1 crew being rescued.

LIBYA. 24th/25th. 24 Wellingtons attacked aerodrome Benina and Barca and harbour at Benghazi. 25th/26th. 21 Wellingtons again attacked Benghazi harbour. Satisfactory results were reported. On 25th and 26th, Glenhells and Marylands heavily attacked enemy forces of tanks and mechanical transports in SIDI QMAR and BIR SHEFERZEN area; several hits were obtained on vehicles many of which were set on fire. 25th/26th. 11 Albacores attacked a heavy concentration of mechanical transports in SIDI QMAR area. 2 Squadrons of fighters attacked enemy tanks and M.T. between EL ADEM and EL DUDA hitting and damaging many vehicles. Fighter. 24th: our fighters shot down 5 M.E. 110 near SIDI QMAR; 3 are missing. A petrol lorry and several other lorries were destroyed on the road South of BARCS.

25th. 20 Tomohawks intercepted about 60 enemy bombers and fighters after they had attacked our ground forces near SIDI REZEGH, 10 were destroyed, 3 probably destroyed and 8 damaged. 2 of our fighters are missing. 2 other enemy aircraft were shot down during the day and 4 damaged on the ground.

5 Hlenheims from MALTA successfully attacked a convey of petrol lorries and mechanical transports near HOMS Libya.

(4) G.A.F.

26th and 26th/27th. Only slight enemy activity. 1 J.U. 88 was brought down by A/A fire and another probably destroyed by fighters. 1 Spitfire night fighter is missing.

(5) Aircraft casualties in operations over and from British Isles:

German:	1 destroyed 1 probable
British:	1 fighter and 3 bombers Total 4.

Copy No. 14

BRITISH MOST SECRET

(U.S. SECRET).

November, 1941.

OPTEL No. 4.

LIBYA 1330 27th.

Tobruk Forces reached El Duda at 1530 26th where contact was established with some of our New Zealand Troops. In frontier area no material change. Enemy raiding column still being chased by a portion of our Armoured Forces.

OPTEL No. 5.

On 27th two of our armoured brigades heavily engaged the enemy moving from area BARDIA - SOLLUM towards EL ADEM in the area 12 miles South of GAMBUT. Heavy battle still continued at 3.15 P.M. Enemy believed to be his raiding column together with garrison of HALFAYA trying to escape.

BRITISH MOST SECRET

(U.S. SECRET)

OPTEL 2

November, 1941.

LIBYA

24 November. Jalo captured; 200 prisoners taken.

24th/25th November. The enemy raiding column consisting of armoured cars, about 30 tanks and some M.T.s, moving towards Sheferzen, being engaged during the night by part of our armoured forces. During the 25th of November the enemy column was again attacked near Shaferzen by our tanks and artillery, 9 enemy tanks being knocked out.

25th November. By mid-day New Zealand troops, supported by infantry and tanks, had reached a point 8 miles west of Gambut on the Bardia-Tobruk road, and also a point about 5 miles East of Sidi Rezegh.

Armoured cars were patrolling track from Sheferzen to Bir El Gobi the latter had been evacuated by the enemy. A considerable portion of our armoured forces and a South African Brigade had also been concentrated in this area.

By night 25th/26th November Tobruk Garrison had made further progress, capturing two more enemy posts. Enemy artillery fire reported light.

Our tank situation is reported much improved. The report of capture of the Commander of one of our armoured Brigades is incorrect.

During the night of 25th/26th November New Zealand troops captured Sidi Rezegh.

26th November. Stiff fighting continued North of Sidi Rezegh and by 0900 Tobruk forces could see New Zealanders signalling.

At 1300 Tobruk Garrison were attacking El Duda (3 miles to North North West of Sidi Rezegh).

RESTRICTED

G-2/2657-220; No, 556 M.I.D., W.D. 11:00 A.M., November 29, 1941

SITUATION REPORTI. Eastern Theater.

Ground: There is no change in the situation at Leningrad.

On the Moscow front, German forces are continuing their advances in the direction of the Volga Canal in the north and east of Tula in the south.

In the Donets Basin, German High Command states they have evacuated portions of the city of Rostov.

II. Western Theater.

Air: Yesterday's communique from Berlin identified the cities in northwestern Germany attacked by British bombers Thursday night as Cologne and Aachen.

III. Middle Eastern Theater.

Ground: British and Axis forces continue in combat east of Rezegh. The Axis raiding column which pushed eastward to Halfaya and Sidi Omar began to move westward again on the 27th in two columns, and is apparently trying to join Axis forces northeast of Rezegh. Movement of British and New Zealand troops westward from the Rezegh area is also confirmed.

Air: Recent reports tend to confirm British claims of air superiority. There has been much British support bombing and strafing. German aircraft operated around Sidi Barani and south of Bardia.

RESTRICTED

COORDINATOR OF INFORMATION

270 MADISON AVENUE
NEW YORK

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November 30, 1941

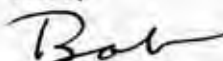
Hon. Henry Morgenthau, Jr.
Department of the Treasury
Washington, D. C.

Dear Mr. Secretary:

We have not yet been able to get a file of quotes on the monitoring of German and Italian short-wave broadcasts although we take hourly summaries of the propaganda content of these broadcasts. However, enclosed is one which came through the other day which is of some interest and even more amusement.

Madeline and I would really love to get out to the ranch this month but it is simply out of the question because of the amount of work in this struggling organization. We hear that the Guinzburgs and Cheneys are going out for Christmas and New Year's.

Yours,



Robert E. Sherwood
Deputy Coordinator

COPY

November 24, 1941

MEMORANDUM

To: Robert E. Sherwood

From: Edd Johnson

In an English-language short-wave broadcast from Berlin at 9 p.m., Nov. 22, a broadcaster whom, for lack of a better name, we call "The Anti-Semite" delivered a talk, "Gentiles Not Admitted." The broadcast was beamed to North America. The point was that the White House is being furnished for the reception of "Maxim Litvinov-Finkelstein".

After recounting Litvinov's life story, with liberal references to alleged encounters with the police, the broadcaster suggests that he will receive a hearty welcome at the White House, "at the door of which a large sign should be posted, "Gentiles Not Admitted."

Reception was spotty but the gist may be seen from this sample paragraph:

"To express his (admiration*) for the Soviet Union, President Roosevelt repeatedly declared that he considered the defense of the Soviet Regime as of vital importance to the United States; thus all preparations are made to (present*) a happy house party in honor of Papa Litvinoff's family. We are sure that all the Jewish...brain trusters and members of the Christian family will be invited and will be happy to present - Frankfurter, Rosenman, Morgenthau, La Guardia, down to the smallest kike. Mrs. Roosevelt will receive her guests with...hand pumps, and will tell the same message that she sent to the Palestine Jews through her son James, that she is one of the greatest friends of modern Jews."

Paraphrase of a Secret ~~CONFIDENTIAL~~ ~~RESTRICTED~~ Message received at War Dept.

SECRET

396

at 10:01 (a. m.) December 1, 1941

(Classification Stamp)

From Cairo, Filed 8:56

November 30, 1941

Received in I. B. 8:45 (a. m.) December 2, 1941

No. 279

1. The American M-3 tanks employed in the Libyan action by the 14th Armored Brigade withstood generally the fighting to come out with only minor damages which were mostly broken turret rings, damaged suspension apparatus, broken tracks and tank fires. The M-3's armor protection appeared to be tougher than the German plate.

2. The British 22nd Armored Brigade, using English cruiser tanks, have been reported by various quarters to have experienced mechanical failures from seven to forty-one in number after an approach march of twenty miles. The 14th Armored Brigade* operating 166 American light tanks undertook their approach march at 5:30 a.m. on November 18 from Alam El Telab, and by nightfall had advanced some 70 miles to night bivouac outside Gabr-Melina on the Trigh El-Abd trail. In this day's march, one tank fell out with mechanical failure (a clogged fuel line that was repaired and the tank caught up at the next halt).

The following morning a tank attack by the 21st German Armored Division occurred near the bivouac area. In this attack the Germans used 100 tanks covered by heavy antitank armament in close support. The 14th British Brigade was without this artillery support; none the less, the German attack was repulsed. Unchecked armored casualty figures of this action show 22 tanks of the 8th Hussars missing, of which 15 are known destroyed, and seven unaccounted for. The 3d and 5th Tank Regiments show no casualties.

3. The above report forwarded from Major Duke in the field was brought in by Captain Monte who worked with Major Cornog and Lt. Col. Mburn in drafting it.

FELERS

*Composed of the 3d and 5th Tank Regiments and the 8th Hussars.
All copies informational. I. B. No. 2, 12/2/41

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DEPARTMENT OF WAR, C. M. 17-B