December 21, 1941
11:50 a.m.

Jr: Hello.

Hello.

Frank.

Yes, Henry.

If you remember either three months ago or six months ago, you made a suggestion at Cabinet that you didn't see why they couldn't have somebody out front in a post office like in a bank selling Defense Savings Bonds.

Mean.

Yes, I've been trying in every way possible to get that over, and I haven't been successful. Now, I wondered if Dan Bell could come over and see you some time Friday and talk to you about it?

Sure. You mean, it would be some representative of yours, not of ours.

Yes, of ours. I mean, I want to try it in one or two post offices.

Yes. That's - of course we'll do it, Henry.

Well, do you want to give me a time for Bell for Friday?

Any time that's agreeable to Dan is agreeable to me.

Ten-thirty?

Fine.

We'll be at your office at ten-thirty Friday.

Fine.

Thank you.

All right, Henry.

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December 31, 1941

Prepared for discussion when the Secretary had Mr. Swope for luncheon today.

Regraded Unclassified

## The Procurement Division

The Procurement Division determines the policies and methods of procurement, warehousing, and distribution of property, stores, and supplies for all Government establishments; and, with the exception of the Army, Navy, and Marine Corps, procures all materials, supplies, and equipment used by all Government agencies in Washington and in the field.

In connection with its activities, the Division (a) contracts for supplies, materials, and services for all governmental agencies; and supervises the transportation, maintenance, rotation, and storage of materials so acquired; (b) receives, warehouses, and issues supplies maintained as stock items in the Procurement Division warehouse; (c) prepares specifications for commodities used by the Federal Government; (d) coordinates and supervises the disposition of surplus property in Washington and in the field, and the disposition of property seized and forfeited under various statutes; and (e) coordinates the Government's freight, express and other traffic activities. The Division operates 43 field procurement offices for the handling of procurement requirements.

On the basis of latest figures available, purchases made by the Procurement Division between July 1 and December 31, 1941, will total $433 millions. These purchases will be for the purposes shown in the following table:

(In millions of dollars)

| | |
|---|---|
| Lend-Lease | 327 |
| Regular Government activities | 9 |
| Emergency relief activities | 83 |
| Strategic and critical materials | 3 |
| Red Cross war relief | 10 |
| Defense housing | 1 |
| Total | 433 |

At the present time the Procurement Division employes [illegible] persons.

Regraded Unclassified

## The Bureau of Engraving and Printing

The Bureau of Engraving and Printing designs, engraves and prints all paper currency and all securities issued by the United States Government and its possessions, its agencies and instrumentalities. The Bureau also designs, engraves and prints all stamps issued by the Government, including postage stamps, revenue and customs stamps, and food order and cotton order stamps, and all checks. The Bureau also handles practically all other classes of engraving work required by the Government.

Deliveries of finished work by the Bureau between July 1, and December 26, 1941, were as follows:

| | |
|---|---|
| Currency | 694 million pieces |
| Securities (bonds, notes, certificates, bills, etc.) | 28 million pieces |
| Postage stamps | 9 billion stamps |
| Internal revenue and customs stamps | 8 billion stamps |
| Other items (stamps, checks, etc.) | 1 billion pieces |

At the present time the Bureau employs approximately 6,675 persons. Their aggregate payroll amounts to approximately $1 millions per month.

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## The Bureau of the Mint

The Bureau of the Mint has general supervision of the following Mint institutions of the United States Government:

The coinage mints at Philadelphia, San Francisco, and Denver; the assay office at New York, which handles the major portion of the gold imported and exported; the silver bullion depository at West Point, New York; the gold bullion depository at Fort Knox, Kentucky; the mint at New Orleans conducted as an assay office; and the assay office at Seattle.

Electrolytic refineries are maintained at New York, Denver, and San Francisco.

The Bureau of the Mint directs the coinage of money and supervises the activities of the mint institutions in the field, receiving, assaying, paying for, storing and safe-guarding the nation's gold and silver stocks.

Domestic coins manufactured by the mints during the calendar year 1941 will amount to approximately 1.8 billion pieces. In addition, approximately 200 million coins were manufactured for foreign governments, including the Netherlands East Indies, the Netherlands West Indies, Indo-China, and Liberia. The number of coins manufactured during the calendar year 1941 is approximately 50 percent greater than the number of coins manufactured during the calendar year 1940.

The electrolytic refineries at the various mints produced approximately 12 million fine ounces of electrolytically refined gold and silver bullion during the calendar year 1941.

On December 1, 1941, the Bureau of the Mint employed approximately 2,500 persons.

Regraded Unclassified

December 31, 1941
1:23 p.m.

[illegible]: Mrs. Helm, I took the liberty in confidence of showing that letter to the President.....

[illegible]: Yes.

[illegible]: .....and saying that you and I were playing conspirators, and that - his instantaneous reaction was under no circumstances to have it. Hello.

H: I.....

[illegible]: Under no circumstances to have the party.

H: Under no circumstances to have the party.

[illegible]: So I saw Mike Reilly and told him he should tell Mrs. Roosevelt, leaving you and the President out, but putting it entirely on me, that I advised they should not have it.

H: I see. That's awfully nice. I was going to see her this afternoon. I hadn't been able to. You see, she got in late yesterday and went right off, and I haven't seen her today; and I was going down this afternoon to go over that with her. Well, then I'll just see what she says.

[illegible]: Well, you can say that Secret Service is absolutely opposed to it.

H: Yes.

[illegible]: And then you and I know that if she goes to the President and appeals it, that he's going to back me up.

H: Yes.

[illegible]: But I explained to Mike that he'd never seen the letter, and also to the President, and I'm leaving Reilly and the President out and it's just me. I'll be the bad boy.

H: (Laughs) Oh, all right. Well, I will.....

[illegible]: Secret Service is under me, and it's up to me to

Regraded Unclassified

take it, and I can.

H: I'm awfully sorry, but.....

HMJr: No, no, no. Mrs. Roosevelt knows by now that - she knows how devoted I am to him, and I wouldn't do anything that wasn't in the interest of the President and herself.

H: Yes, certainly.

HMJr: And I am charged with protecting the life of the President.

H: Certainly.

HMJr: And I want to live up to that responsibility.

H: Yes.

HMJr: So it is my responsibility.

H: Yes.

HMJr: And I appreciate your bringing it to me.

H: Yes.

HMJr: And you can say that Secret Service is opposed to it.

H: I did all that I could, you see, and.....

HMJr: But I didn't argue with the President, but his instantaneous reaction was, "I will not have those parties."

H: Yes. That's all right.

HMJr: See?

H: Yes.

HMJr: So we know where he stands.

H: Absolutely. All right, that's fine.

HMJr: Now, any time you've got something like that,

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I'd appreciate if you'd bring it to me; and I'll do the best I can.

H: All right, sir.

HMJr: Thank you.

H: I thought it was all set, and I'm sorry you had to bother about it.any more. You've got enough right now.

HMJr: No, no, no. It's part of my job.

H: Well.....

HMJr: And I happen to be devoted to both of them.

H: Yes. And I'm devoted to you. (Laughs)

HMJr: Thank you. That's mutual. Thank you.

H: Good-bye, and thanks.

Regraded Unclassified

December 31, 1941
3:25 p.m.

HMJr: This is the last request of the year.

Colonel Smith: All right, sir.

HMJr: One, I'd like to be informed if my suggestion was ever carried out about the 90 millimeter anti-aircraft battery.....

S: Yes, sir.

HMJr: .....that the men get a chance to shoot a gun off somewhere.

S: Yes, sir. It's in process right now.

HMJr: It is?

S: Yes, sir.

HMJr: Are they being given that opportunity?

S: Yes, they're being moved, I think - as a matter of fact, I think one of the batteries is or is about to be moved right now to Monroe - Fort Monroe - and being replaced by one of the units down there; and as fast as they replace them, they'll try their target practice and come on back and release another one.

HMJr: Are you sure?

S: Yes, sir. I know that the instructions have gone out some days ago. I haven't had time to check on it, because I've been.....

HMJr: When you check, give me a ring.

S: .....so immersed in this - the Chief of Staff's conferences that I just haven't had my head above water.

HMJr: Well, give me a report next year.

S: Yes, I will.

HMJr: Next year.

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S: (Laughs) I'll do it before then, Mr. Secretary.

HMJr: No, next year will be time enough.

S: All right, sir.

HMJr: Now, also on that Radar, did you get a report as to whether that's in operation?

S: No, I'll have to give you a report on that, also.

HMJr: Well, if I have this any time Friday, it'll be good enough.

S: All right, sir. Oh, by the way, you were correct. That is Radar - R-a-d-a-r.

HMJr: Well, I was - I knew that's what the Navy calls it.

S: That's right. That's the correct designation.

HMJr: You said Radex.

S: I know it. I saw it referred that way in a letter that we got, but Radar is right.

HMJr: Right.

S: (Laughs)

HMJr: Well, if I could know Friday, that's plenty of time.

S: Yes, sir.

HMJr: You know, you and I were going to go and look at it when it was installed.

S: That's right, sir.

HMJr: And many thanks for all of the courtesies of the year, and I wish you a very successful next year.

S: Mr. Secretary, the obligation is all on my side.

HMJr: Well, I won't agree.

S: By the way, Kamarck was just in here, and I've taken

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him down and introduced him to the Intelligence people on the Air Staff so he sure that he gets the information that you want about airplane performance.

HMJr: Oh, yes. Thank you so much.

S: A happy New Year to you.

HMJr: Same to you.

S: And will you remember to give it to Mrs. Klotz for me likewise?

HMJr: I'll do that.

S: Good-bye, sir.

HMJr: Thank you.

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# TREASURY DEPARTMENT

OFFICE OF CHIEF COORDINATOR
TREASURY ENFORCEMENT AGENCIES

WASHINGTON

December 31, 1941

Dear Mr. Secretary:

On behalf of the many officers and employees of the Treasury Department engaged in law enforcement activities, I want to express our very deep appreciation of your letter of commendation of December 29, and of your good wishes for a happy and victorious New Year.

Your keen interest in our endeavors and your complete support in the work which we are doing have made possible a year in which coordination has advanced to the point where we are engaged as one organization in the carrying on of our endeavors. We want to thank you for this support and interest and assure you that it will be our earnest endeavor to continue throughout the New Year to consolidate the advantages which have been gained and to further the efforts to more completely coordinate our activities, to the end that we may contribute our part toward the victorious New Year which you have wished for all of us.

With sincere good wishes for you in the many difficult problems which confront you and best wishes for a successful handling of all these problems throughout the year, I am,

Very sincerely yours,

Elmer L. Irey

Hon. Henry Morgenthau, Jr.
Secretary of the Treasury.

Regraded Unclassified

BUREAU OF THE PUBLIC DEBT
OFFICE OF THE COMMISSIONER

# TREASURY DEPARTMENT

FISCAL SERVICE

WASHINGTON

December 31, 1941

Dear Mr. Secretary:

I deeply appreciate your kind note of the 29th, and your greetings for the New Year, and I have conveyed your message to each of my associates in the Bureau.

I take this occasion to reciprocate your good wishes for the New Year. We shall be victorious.

Faithfully,

H. O. Bourgeois

The Honorable,

The Secretary of the Treasury.

Regraded Unclassified

OFFICE OF
COMMISSIONER OF NARCOTICS

TREASURY DEPARTMENT
BUREAU OF NARCOTICS
WASHINGTON

December 31, 1941.

Dear Mr. Secretary:

A copy of your kind letter of December 29th has been sent to each employee of this Bureau. We in turn assure you of our continued loyalty and support during the New Year.

Faithfully yours,

H J Anslinger

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

Regraded Unclassified

1229

DEC 341

My dear Mr. Secretary:

The Treasury Department is desirous of developing as rapidly as possible measures intended to safeguard over the period of the emergency its employees, numbering some 80,000 persons located in the District of Columbia and in practically every State in the Union in leased and Government-owned property. Involved in this program are many technical and engineering problems, and in this respect the Department has had recommended to it Brigadier General Harley B. Ferguson, whose present address is 1224 St. Charles Avenue, New Orleans, Louisiana. It is understood that General Ferguson was recently retired from the Office of the Chief of Engineers, but would be available for this assignment if called to active duty.

If consistent with the War Department's policy, might I respectfully request that Brigadier General Ferguson be called to active duty and detailed to the Treasury Department for the period of the emergency to undertake this assignment.

Very truly yours,

Secretary of the Treasury.

The Honorable,

The Secretary of War.

CSB:em
12-31-41

Regraded Unclassified

December 31, 1941

Dear Mr. President:

I thought you might be interested in the attached copy of a letter received from Mr. Alfred B. Strauss who has donated $25,000 as his initial contribution to a war chest for "offense."

You will note that Mr. Strauss does not wish his identity disclosed because he has a brother living in Holland.

For your information, I am also enclosing a copy of my reply to Mr. Strauss.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

DWB:ce

N B C

Loan from Mr Bell's office

Regraded Unclassified

DEC 31 1941

Mr. Alfred E. Strauss,
140 Riverside Drive,
New York City.

Dear Mr. Strauss:

It gives me a great deal of pleasure to acknowledge receipt of your letter of December 26, 1941, enclosing a check in the amount of $25,000 as your initial contribution to a war chest for 'offense' and suggesting that the Government initiate a drive for contributions to create a vast war chest.

The Treasury appreciates the high degree of patriotism evidenced by this contribution to assist in financing the war efforts of our country. It will not be possible for the Treasury to place your contribution in a particular fund to be known as "war chest for offense", but it can be deposited in the general fund of the Treasury from which all our expenditures, including our war costs, are paid.

I am sure your contribution gives you a great deal of satisfaction and action such as yours shows you are truly American in spirit and that you are like great numbers of our foreign-born citizens or their descendants who have come forward voluntarily to participate in the defense efforts of this country.

The Treasury is not in a position to initiate a drive for voluntary contributions to the Government and the Department's position with respect to such contributions is outlined in the enclosed copy of my statement of December 22, 1941.

It is not the practice of the Treasury to publish the names of persons making voluntary donations to the United States and no publicity will be given to your donation. A certificate by the Treasurer of the United States, evidencing the deposit of the above-mentioned sum in the Treasury, will be forwarded to you within a few days. In accordance with your request this deposit will be treated in our records as 'anonymous by request of donor'.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

WTHimlb 12-30-41

Regraded Unclassified

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DEC 31 1941

Mr. Alfred E. Strauss,
140 Riverside Drive,
New York City.

Dear Mr. Strauss:

It gives me a great deal of pleasure to acknowledge receipt of your letter of December 26, 1941, enclosing a check in the amount of $25,000 as your initial contribution to a war chest for "offense" and suggesting that the Government initiate a drive for contributions to create a vast war chest.

The Treasury appreciates the high degree of patriotism evidenced by this contribution to assist in financing the war efforts of our country. It will not be possible for the Treasury to place your contribution in a particular fund to be known as "war chest for offense", but it can be deposited in the general fund of the Treasury from which all our expenditures, including our war costs, are paid.

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Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

WTH:mlb 12-30-41

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ALFRED B STRAUSS

WOOL

140 Riverside Drive

NEW YORK CITY

December 26, 1941

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

Dear Mr. Morgenthau:

I was born in Germany and I am a resident of the United States since 1915. I am a citizen since 1921.

I was profoundly shocked, as were millions of other Americans, by the outrageous attack upon us by Japan.

It is the duty of all Americans to assist their Government in the prosecution of this war against the Axis.

Were I a younger man I should feel it my obligation to enlist in the armed forces of this country. In lieu of active participation denied me, I am enclosing a check for $25,000.00 as my initial contribution to a war chest for "defense".

I feel that in a country as wealthy as America, similar contributions from our citizens would create a vast fund for the manufacture of guns, planes, ships and other instruments of war. I heartily recommend that the Government initiate steps to raise such a fund.

I sincerely request that my identity not be disclosed because of my brother living in Holland.

Yours truly,

/s/ Alfred B. Strauss

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# TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Proposed Special Security for the Purpose of Absorbing Idle Business Balances

It is claimed in some quarters that funds saved by business enterprises because of deferred maintenance, reduced inventories, inability to reinvest depreciation and depletion reserves, and inability to make plant extensions will provide a major source for financing the war effort. The amount of these funds has probably been exaggerated. To the extent that such funds are saved, furthermore, they may be devoted to reducing bank loans, retiring other indebtedness, etc., and so will be available to the Treasury only through the sale of securities to banks or to persons or corporations other than the business enterprises making the savings. Nevertheless, it seems that idle business balances may prove a sufficiently important source of funds to justify offering a special type of security for their investment. Such a security would also be suitable for the investment of idle State and municipal, and, to some extent, personal balances.

In order to provide a suitable investment for funds of the character discussed, a special security should, from the standpoint of the investor, be liquid, free from market risk, and bear a satisfactory rate of return. From the standpoint of the Treasury, it should be readily callable, so that it may be retired or converted into more permanent forms of debt as soon as practicable after the conclusion of the war emergency.

The proposed security would mature in ten years. It would be issued at $92.80 and would pay no current interest during the first five-year period. It would be redeemable at the option of the holder on thirty days' notice at any time six months after date of issuance. During the first five-year period such redemption would be at prices corresponding to a scale of yields gradually ascending to

Regraded Unclassified

1.50 percent per annum. The proposed ascending scale of yields corresponds approximately to that used for Series F and G savings bonds. At the end of five years the redemption price would be 100. The redemption price would continue at 100 during the entire second five-year period, during which the security would pay current interest at the rate of 2 percent per annum.

The security would be callable at the option of the Government upon thirty days' notice at any time after six months from date of issuance. During the first five-year period such callability would be at an ascending scale of redemption values corresponding to a flat yield of 1.50 percent for the period held. During the second five-year period the security would be callable at 100.

The proposed redemption values and intermediate yields during the first five-year period are shown in the attached table.

The security would be non-negotiable and would be available for sale in unlimited amount to all persons and corporations other than banks and insurance companies.

Attachment

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Intermediate Redemption Values and Yields of
Proposed Special Security to Absorb
Idle Business Balances

| Period held | Yield for period held if redeemed by holder | Redemption value if redeemed by holder | Redemption value if called by Treasury* |
|---|---|---|---|
| 1/2 year | .00% | $92.80 | $93.50 |
| 1 " | .30 | 93.08 | 94.20 |
| 1-1/2 " | .45 | 93.43 | 94.90 |
| 2 " | .60 | 93.92 | 95.62 |
| 2-1/2 " | .75 | 94.55 | 96.33 |
| 3 " | .90 | 95.33 | 97.06 |
| 3-1/2 " | 1.05 | 96.26 | 97.78 |
| 4 " | 1.20 | 97.35 | 98.52 |
| 4-1/2 " | 1.35 | 98.59 | 99.26 |
| 5 " | 1.50 | 100.00 | 100.00 |

* All values in this column correspond to a yield of 1.50 percent for period held.

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DEC 31 1941

My dear Mr. Secretary:

In promoting the sale of Defense Savings Bonds and Stamps under the Defense Savings Campaign in furtherance of the National Defense Program, the Treasury Department has found, that one of its most productive sources is the Voluntary Payroll Allotment Plan. Under this procedure, an employee authorizes the employer to deduct a stated amount from his salary, which is accumulated by the employer and set aside in a special trust fund established for that purpose. When sufficient funds have accumulated to the credit of the employee, arrangements are then made by the employer for the purchase of a Defense Savings Bond, which is registered in accordance with the wishes of the employee and forwarded to a designated address.

This procedure is now achieving wide-spread popularity throughout the entire country in all forms of industry. The results obtained through this method of furthering the Defense Savings Campaign have been very pleasing and encouraging to the Treasury Department. While it is the desire of this Department to further the adoption of Payroll Allotment Plans among private industry, it is also our desire to install Payroll Allotment Plans wherever Federal funds are involved.

It had previously been brought to our attention that the regulations issued by the Department of Labor, March 1, 1941, under the Bacon-Davis Act and Copeland Law ("Kick-back Statute") have been construed to prohibit the installation of this type of Payroll Allotment Plan among employees working for contractors engaged on Public Building or Public Work financed in whole or in part by loans or grants from the United States. However, at the instance of the Treasury, the Department of Labor has released revised regulations pertaining to permissible deductions from the wages of those employees, which now allow the deductions from pay for the purchase of Defense Savings Bonds or Tax Savings Securities (copy attached). This amendment of the existing regulations became effective December 9, 1941, upon filing with the Federal Register, and was published in the Federal Register of December 10, 1941, at page 6329. It includes within the meaning of the term "permissible deductions", as used in those regulations:

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"... deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Notes: Provided, that neither the contractor nor subcontractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided Further, That such deductions have been voluntarily agreed to by the employees in writing and in advance."

In view of these revised regulations, it will be appreciated, therefore, if appropriate instructions are issued to officials of the Navy Department in charge of construction now being performed throughout the country, expenses of which are chargeable to funds appropriated to the Navy Department, that this new ruling removes the restrictions of the Bacon-Davis Act and Copeland Law ("Kick-back Statute") which prevented contractors engaged on Public Building or Public Work from installing Payroll Allotment Plans for the convenient and systematic purchase of Defense Savings Bonds by their employees through allotment from their wages.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable,
The Secretary of Navy,
Washington, D. C.

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TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

CODE OF FEDERAL REGULATIONS

PART 2

# Regulations Applicable to Contractors and Subcontractors on Public Building and Public Work and on Building and Work Financed in Whole or in Part by Loans or Grants from the United States

(Kick-back Statute)

Pursuant to section 2 of the act of June 13, 1934 (48 Stat. 948), and section 9 of Reorganization Plan No. IV, effective June 30, 1940, in accordance with section 4 of H.J. Res. 551 (Public Res. No. 75), approved June 4, 1940

Published in Federal Register March 1, 1941

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# REGULATIONS APPLICABLE TO CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDING AND PUBLIC WORK AND ON BUILDING AND WORK FINANCED IN WHOLE OR IN PART BY LOANS OR GRANTS FROM THE UNITED STATES. (KICK-BACK STATUTE)

SECTION 1.[1] **Weekly affidavit with respect to wages.**—(a) Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or work, or building or work financed in whole or in part by loans or grants from the United States shall furnish each week an affidavit with respect to the wages paid during the preceding week.

(b) Said affidavit shall be executed and sworn to by the contractor or subcontractor or by the authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be in the following form:

STATE OF _____
County of _____, ss.:

I, _____ (name of party signing affidavit), _____ (title), being duly sworn, do depose and say: That I pay or supervise the payment of the persons employed by _____ (contractor or subcontractor) on the _____ (building or work); that the attached pay roll sets out accurately and completely the name, occupation, and hourly wage rate of each person so employed for the weekly pay roll period from the _____ day of _____, 194__, to the _____ day of _____, 194__, the total number of hours worked by him during such period, the full weekly wages earned by him and any deductions made from such weekly wages, and the actual weekly wages paid to him; that no rebates have been or will be made either directly or indirectly to or on behalf of said _____ (contractor or subcontractor) from the full weekly wages earned as set out on the attached pay roll; and that no deductions, other than the permissible deductions (as defined in the regulations under the "Kick-back" Act (48 Stat. 948)) described in the following paragraph of this affidavit, have been made or will be made, either directly or indirectly, from the full weekly wages earned as set out on the attached pay roll.

(Paragraph describing deductions, if any.)

_____
(Signature and Title)

Sworn to before me this _____ day of _____, 194__.

(c) Each weekly affidavit with attached pay roll shall be delivered within seven (7) days after the regular payment date of the pay roll to the Government representative in charge at the site of the building or work, or, if there is no such Government representative, shall be mailed within such time to the Federal agency contracting for or financing the building or work. After such examination and check as may be made, such affidavit and pay roll, or a copy thereof, together with a report of any violation, shall be transmitted by such Federal

[1] These regulations are issued under the authority conferred in section 2, 48 Stat. 948 and section 3 of Reorganization Plan No. IV, effective June 30, 1940, in accordance with section 4 (a) of Res. 521 (Public Res. No. 751), approved June 4, 1940. The act and Reorganization Plan No. IV are set forth in full in the appendix to these



Regraded Unclassified

agency to the United States Department of Labor at Washington, D. C., unless otherwise arranged with the Department.

(d) At the request of the Federal agency contracting for or financing the building or work, the contractor or subcontractor shall furnish and deliver, together with the original, a copy of the affidavit and pay roll required by this section.

SEC. 2. **Definitions.**—As used in the foregoing section:

(a) The words "construction, prosecution, completion, or repair" comprehend all types of work done on the particular building or work at the site thereof including, without limitation, altering, remodeling, painting and decorating, and fabricating, assembling and installing articles, apparatus and equipment used on or installed in the building or work. They comprehend also the transporting of materials and supplies to or from the building or work, and the manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work, by persons employed at the site by the contractor or subcontractor engaged in work at the site.

(b) The words "building or work" include, without limitation (in addition to buildings) structures and improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, railways, ships, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, and canals; and dredging, shoring, scaffolding, drilling, blasting, excavating, clearing, and landscaping work. Unless conducted in connection with and at the site of such a building or work as is described in the foregoing sentence, the manufacture or furnishing of materials, articles, supplies, or equipment (whether or not the United States acquires title to such materials, articles, supplies, or equipment during the course of the manufacturing or furnishing or owns the materials from which they are manufactured or furnished) is not a "building or work" within the meaning of these regulations.

(c) The term "permissible deductions" includes (1) deductions required by statute, such as the Social Security Act, or by court order; and (2) deductions from wages of persons permanently employed by shipbuilding companies and by concerns such as public utilities not normally engaged in performing construction contracts, for death, disability, sickness, hospitalization, retirement, or unemployment insurance: *Provided*, That the total amount of such deductions is paid for premiums to insurance companies or mutual benefit associations neither directly nor indirectly under the control of the contractor or subcontractor and that no portion of such premiums, whether in the form of a commission or otherwise, is returned to the contractor or subcontractor; and *Provided further*, That such deductions have been voluntarily agreed to by such employees in writing and in advance. No other deductions are permissible within the meaning of these regulations, including, without limitation, deductions for board, lodging, commissary purchases, hospitalization benefits, hospital bills, voluntary wage assignments, group insurance, rentals, loans, or loss of tools. Bona fide cash wage advances are permissible.

(d) The term "Federal agency" includes all executive departments, independent establishments, agencies, and instrumentalities of the United States, corporations all of the stock of which is beneficially owned by the United States, and the District of Columbia.



SEC. 3. *Notice to contractors.*—Contracts entered into after the effective date of these regulations shall contain provisions appropriate to bind the contractors to comply with the requirements of the regulations if applicable.

SEC. 4. *Effective date; existing regulations superseded.*—These regulations shall be effective sixty (60) days after publication thereof in the Federal Register and shall supersede from that date the regulations and amended regulations issued jointly by the Secretary of the Treasury and the Secretary of the Interior on January 8, 1935, and March 27, 1937, respectively (24 C. F. R. 604; 41 C. F. R. 21): *Provided*, That the parties to contracts or subcontracts entered into prior to the effective date may, if they so agree, comply with these regulations instead of with the superseded regulations at any time after publication of these regulations in the Federal Register.

FRANCES PERKINS,
*Secretary.*

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## APPENDIX TO REGULATIONS PART 2

[Referred to in section 1]

To effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force, intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisonment not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Approved June 13, 1934.

**SECTION 9 OF REORGANIZATION PLAN NO. IV, EFFECTIVE JUNE 30, 1940, IN ACCORDANCE WITH SECTION 4 OF H. J. RES. 551 (PUBLIC RES. NO. 75), APPROVED JUNE 4, 1940**

SEC. 9. *Transfer of certain functions relating to enforcement of wage payments on public construction.*—The functions of the Secretary of the Treasury and the Secretary of the Interior under section 2 of the act of June 13, 1934, entitled "An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes" (48 Stat. 948), are transferred to the Secretary of Labor, and shall be administered by him or under his direction and supervision by such agency in the Department of Labor as the Secretary shall designate.



Regraded Unclassified

# TREASURY DEPARTMENT

WASHINGTON

FIELD MEMORANDUM No. 155

Subject: Amendment of Department of Labor regulations under Copeland Kick-back Act and Davis-Bacon Act to authorize voluntary payroll deductions for the purchase of Defense Savings Bonds and Stamps

December 12, 1941

TO ALL STATE ADMINISTRATORS:

The Department of Labor has for some time had under preparation a comprehensive revision of its existing regulations under the Copeland Kick-back Act and the Davis-Bacon Act. The existing regulations were published in the Federal Register of March 1, 1941. They are applicable to contractors and subcontractors on public buildings and public works and on buildings and works financed in whole or in part by loans or grants from the United States. The purpose of the regulations is to make sure that persons working on such projects receive the full amount of their weekly wages unconditionally and without subsequent deduction or rebate. The Department of Labor had construed these regulations to prevent voluntary payroll deductions for the purchase of Defense Savings Bonds and Stamps in situations to which the Copeland Kick-back Act or the Davis-Bacon Act were applicable.

However, at the instance of the Treasury Department, the Department of Labor agreed to include a provision authorizing such deductions in the new revision of its regulations on the subject. Because of the many matters which are being considered in connection with this revision there has been much greater delay than had originally been anticipated in promulgating the new regulations. At the urgent request of the Treasury Department, therefore, the Department of Labor has issued a special regulation amending the existing regulations on the subject specifically to authorize voluntary payroll deductions made under Payroll Allotment Plans installed for the convenient and systematic purchase of Defense Savings Bonds and Stamps by employees in cases where this might otherwise have been within the prohibitions of the present regulations. This amendment of the existing regulations became effective December 9, 1941, upon filing with the Federal Register, and was published in the Federal Register of December 10, 1941, at page 6329. It includes within the meaning of the term "permissible deductions", as used in those regulations:

"* * * deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Bonds: Provided, That neither the contractor nor sub-

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contractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided further, That such deductions have been voluntarily agreed to by the employees in writing and in advance."

This special regulation of the Department of Labor abolishes any restrictions of the previous regulations which might have prevented the installation of Payroll Allotment Plans for the purchase of Defense Savings Bonds and Stamps by employees working for contractors or subcontractors engaged in shipbuilding, or other construction of public buildings and public works, or buildings and works financed in whole or in part by loans or grants from the United States.

L. M. Olney,
Associate Field Director,
Defense Savings Staff.

Attachments: (1) Copy of Regulation issued by Department of Labor as published March 1, 1941 in the Federal Register.

(2) Copy of Revised Regulation published December 10, 1941 in the Federal Register.

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FEDERAL REGISTER - Wednesday, December 10, 1941

TITLE 29-LABOR

SUBTITLE A--OFFICE OF THE SECRETARY OF LABOR

PART 2 - REGULATIONS APPLICABLE TO CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDING AND PUBLIC WORK AND ON BUILDING AND WORK FINANCED IN WHOLE OR IN PART BY LOANS OR GRANTS FROM THE UNITED STATES.

AMENDMENT TO THE REGULATIONS WITH RESPECT TO PAYROLL DEDUCTIONS FOR UNITED STATES DEFENSE BONDS, STAMPS, AND TAX SAVINGS NOTES.

Authority for Regulation

Pursuant to and by virtue of the authority conferred by section 2 of the act of June 13, 1934 1/ and section 9 of Reorganization Plan No. IV, effective June 30, 1940, in accordance with section 4 of H. J. Res. 551 (Public Res. No. 74), approved June 4, 1940, 2/, § 2.2 (c) of the Regulations of March 1, 1941 3/, is hereby amended by adding at the end of subparagraph (2) of § 2.2 (c), after the words "in writing and in advance," the following subdivision to be effective immediately upon filing with the FEDERAL REGISTER.

Regulation

§ 2.2. Definitions.

* * * * *

(c) * * * (3) deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Notes: Provided, That neither the contractor nor subcontractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided Further, That such deductions have been voluntarily agreed to by employees in writing and in advance.

FRANCES PERKINS,
Secretary.

[F.R. Doc. 41-9269; Filed, December 9, 1941; 11:33 a.m.]

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1/ Sec. 2, 48 Stat. 948, 40 U.S.C., Sup., 276 (c).
2/ Sec. 9, 54 Stat. 1236; Sec. 4, 54 Stat. 231; 5 U.S.C., Sup., 133 (u).
3/ 6 F.R. 1210.

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Dear Mr. Secretary:

In promoting the sale of Defense Savings Bonds and Stamps under the Defense Savings Campaign in furtherance of the National Defense Program, the Treasury Department has found, that one of its most productive sources is the Voluntary Payroll Allotment Plan. Under this procedure, an employee authorizes the employer to deduct a stated amount from his salary, which is accumulated by the employer and set aside in a special trust fund established for that purpose. When sufficient funds have accumulated to the credit of the employee, arrangements are then made by the employer for the purchase of a Defense Savings Bond, which is registered in accordance with the wishes of the employee and forwarded to a designated address.

This procedure is now achieving wide-spread popularity throughout the entire country in all forms of industry. The results obtained through this method of furthering the Defense Savings Campaign have been very pleasing and encouraging to the Treasury Department. While it is the desire of this Department to further the adoption of Payroll Allotment Plans among private industry, it is also our desire to install Payroll Allotment Plans wherever Federal funds are involved.

It has previously been brought to our attention that the regulations issued by the Department of Labor, March 1, 1941, under the Bacon-Davis Act and Copeland Law ("Kick-back Statute") have been construed to prohibit the installation of this type of Payroll Allotment Plan among employees working for contractors engaged on Public Building or Public Work financed in whole or in part by loans or grants from the United States. However, at the instance of the Treasury, the Department of Labor has released revised regulations pertaining to permissible deductions from the wages of those employees, which now allow the deductions from pay for the purchase of Defense Savings Bonds or Tax Savings Securities (copy attached). This amendment of the existing regulations became effective December 9, 1941, upon filing with the Federal Register, and was published in the Federal Register of December 10, 1941, at page 6329. It includes within the meaning of the term "permissible deductions", as used in those regulations:

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deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Notes: Provided, that neither the contractor nor subcontractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided Further, That such deductions have been voluntarily agreed to by the employees in writing and in advance."

In view of these revised regulations, it will be appreciated, therefore, if appropriate instructions are issued to officials of the War Department in charge of construction now being performed throughout the country, expenses of which are chargeable to funds appropriated to the War Department, that this new ruling removes the restrictions of the Bacon-Davis Act and Copeland Law ("Kickback Statute") which prevented contractors engaged on Public Building or Public Work from installing Payroll Allotment Plans for the convenient and systematic purchase of Defense Savings Bonds by their employees through allotment from their wages.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable,
The Secretary of War,
Washington, D. C.

[illegible]

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DEFENSE SAVINGS STAFF

# TREASURY DEPARTMENT

WASHINGTON

FIELD MEMORANDUM No. 155

Subject: Amendment of Department of Labor regulations under Copeland Kick-back Act and Davis-Bacon Act to authorize voluntary payroll deductions for the purchase of Defense Savings Bonds and Stamps

December 12, 1941

TO ALL STATE ADMINISTRATORS:

The Department of Labor has for some time had under preparation a comprehensive revision of its existing regulations under the Copeland Kick-back Act and the Davis-Bacon Act. The existing regulations were published in the Federal Register of March 1, 1941. They are applicable to contractors and subcontractors on public buildings and public works and on buildings and works financed in whole or in part by loans or grants from the United States. The purpose of the regulations is to make sure that persons working on such projects receive the full amount of their weekly wages unconditionally and without subsequent deduction or rebate. The Department of Labor had construed these regulations to prevent voluntary payroll deductions for the purchase of Defense Savings Bonds and Stamps in situations to which the Copeland Kick-back Act or the Davis-Bacon Act were applicable.

However, at the instance of the Treasury Department, the Department of Labor agreed to include a provision authorizing such deductions in the new revision of its regulations on the subject. Because of the many matters which are being considered in connection with this revision there has been much greater delay than had originally been anticipated in promulgating the new regulations. At the urgent request of the Treasury Department, therefore, the Department of Labor has issued a special regulation amending the existing regulations on the subject specifically to authorize voluntary payroll deductions made under Payroll Allotment Plans installed for the convenient and systematic purchase of Defense Savings Bonds and Stamps by employees in cases where this might otherwise have been within the prohibitions of the present regulations. This amendment of the existing regulations became effective December 9, 1941, upon filing with the Federal Register, and was published in the Federal Register of December 10, 1941, at page 6329. It includes within the meaning of the term "permissible deductions", as used in those regulations:

"* * * deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Notes: Provided, That neither the contractor nor sub-

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contractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided further, That such deductions have been voluntarily agreed to by the employees in writing and in advance."

This special regulation of the Department of Labor abolishes any restrictions of the previous regulations which might have prevented the installation of Payroll Allotment Plans for the purchase of Defense Savings Bonds and Stamps by employees working for contractors or subcontractors engaged in shipbuilding, or other construction of public buildings and public works, or buildings and works financed in whole or in part by loans or grants from the United States.

L. M. Olney,
Associate Field Director,
Defense Savings Staff.

Attachments: (1) Copy of Regulation issued by Department of Labor as published March 1, 1941 in the Federal Register.

(2) Copy of Revised Regulation published December 10, 1941 in the Federal Register.

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FEDERAL REGISTER - Wednesday, December 10, 1941

TITLE 29-LABOR

SUBTITLE A--OFFICE OF THE SECRETARY OF LABOR

PART 2 - REGULATIONS APPLICABLE TO CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDING AND PUBLIC WORK AND ON BUILDING AND WORK FINANCED IN WHOLE OR IN PART BY LOANS OR GRANTS FROM THE UNITED STATES.

AMENDMENT TO THE REGULATIONS WITH RESPECT TO PAYROLL DEDUCTIONS FOR UNITED STATES DEFENSE BONDS, STAMPS, AND TAX SAVINGS NOTES.

Authority for Regulation

Pursuant to and by virtue of the authority conferred by section 2 of the Act of June 13, 1934 1/ and section 9 of Reorganization Plan No. IV, effective June 30, 1940, in accordance with section 4 of H. J. Res. 551 (Public Res. No. 75), approved June 4, 1940, 2/, § 2.2 (c) of the Regulations of March 1, 1941 3/, is hereby amended by adding at the end of subparagraph (2) of § 2.2 (c), after the words "in writing and in advance," the following subdivision to be effective immediately upon filing with the FEDERAL REGISTER.

Regulation

§ 2.2. Definitions.

* * * * * *

(c) * * * (3) deductions for the purchase of United States Defense Bonds and Stamps and United States Tax Savings Notes: Provided, That neither the contractor nor subcontractor nor any person acting in his behalf directly or indirectly derives any benefit or profit from the transactions; and Provided further, That such deductions have been voluntarily agreed to by employees in writing and in advance.

FRANCES PERKINS,
Secretary.

[F.R. Doc. 41-9269; Filed, December 9, 1941; 11:33 a.m.]

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1/ Sec. 2, 48 Stat. 948, 40 U.S.C., Sup., 276 (c).
2/ Sec. 9, 54 Stat. 1236; Sec. 4, 54 Stat. 231; 5 U.S.C., Sup., 133 (u).
3/ 6 F.R. 1210.

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TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

CODE OF FEDERAL REGULATIONS

PART 2

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# Regulations Applicable to Contractors and Subcontractors on Public Building and Public Work and on Building and Work Financed in Whole or in Part by Loans or Grants from the United States

(Kick-back Statute)

Pursuant to section 2 of the act of June 13, 1934 (48 Stat. 948), and section 9 of Reorganization Plan No. IV, effective June 30, 1940, in accordance with section 4 of H.J. Res. 551 (Public Res. No. 75), approved June 4, 1940

Published in Federal Register March 1, 1941

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# REGULATIONS APPLICABLE TO CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDING AND PUBLIC WORK AND ON BUILDING AND WORK FINANCED IN WHOLE OR IN PART BY LOANS OR GRANTS FROM THE UNITED STATES. (KICK-BACK STATUTE)

SECTION 1.[1] **Weekly affidavit with respect to wages.**—(a) Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or work, or building or work financed in whole or in part by loans or grants from the United States shall furnish each week an affidavit with respect to the wages paid during the preceding week.

(b) Said affidavit shall be executed and sworn to by the contractor or subcontractor or by the authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be in the following form:

State of _____
County of _____, ss:

I, _____ (name of party signing affidavit), _____ (title), being duly sworn, do depose and say: That I pay or supervise the payment of the persons employed by _____ (contractor or subcontractor) on the _____ (building or work); that the attached pay roll sets out accurately and completely the name, occupation, and hourly wage rate of each person so employed for the weekly pay roll period from the _____ day of _____, 194__, to the _____ day of _____, 194__, the total number of hours worked by him during such period, the full weekly wages earned by him and any deductions made from such weekly wages, and the actual weekly wages paid to him; that no rebates have been or will be made either directly or indirectly to or on behalf of said _____ (contractor or subcontractor) from the full weekly wages earned as set out on the attached pay roll; and that no deductions, other than the permissible deductions (as defined in the Regulations under the "Kick-back" Act (48 Stat. 948)) described in the following paragraph of this affidavit, have been made or will be made, either directly or indirectly, from the full weekly wages earned as set out on the attached pay roll.

[Here set forth describing deductions, if any.]

_____
(Signature and Title)

Sworn to before me this _____ day of _____, 194__

(c) Each weekly affidavit with attached pay roll shall be delivered within seven (7) days after the regular payment date of the pay roll to the Government representative in charge at the site of the building or work, or, if there is no such Government representative, shall be mailed within such time to the Federal agency contracting for or financing the building or work. After such examination and check as may be made, such affidavit and pay roll, or a copy thereof, together with a report of any violation, shall be transmitted by such Federal

[1] These regulations are issued under the authority conferred in section 2, 48 Stat. 948, by Reorganization Plan No. IV effective June 30, 1940, in accordance with section 1 of Public Res. No. 53, approved June 4, 1940. The act and Reorganization Plan No. IV are set forth in full in the appendix to these



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agency to the United States Department of Labor at Washington, D. C., unless otherwise arranged with the Department.

(d) At the request of the Federal agency contracting for or financing the building or work, the contractor or subcontractor shall furnish and deliver, together with the original, a copy of the affidavit and pay roll required by this section.

SEC. 2. **Definitions.**—As used in the foregoing section:

(a) The words "construction, prosecution, completion, or repair" comprehend all types of work done on the particular building or work at the site thereof including, without limitation, altering, remodeling, painting and decorating, and fabricating, assembling and installing articles, apparatus and equipment used on or installed in the building or work. They comprehend also the transporting of materials and supplies to or from the building or work, and the manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work, by persons employed at the site by the contractor or subcontractor engaged in work at the site.

(b) The words "building or work" include, without limitation (in addition to buildings) structures and improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, railways, ships, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, and canals; and dredging, shoring, scaffolding, drilling, blasting, excavating, clearing, and landscaping work. Unless conducted in connection with and at the site of such a building or work as is described in the foregoing sentence, the manufacture or furnishing of materials, articles, supplies, or equipment (whether or not the United States acquires title to such materials, articles, supplies, or equipment during the course of the manufacturing or furnishing or owns the materials from which they are manufactured or furnished) is not a "building or work" within the meaning of these regulations.

(c) The term "permissible deductions" includes (1) deductions required by statute, such as the Social Security Act, or by court order; and (2) deductions from wages of persons permanently employed by shipbuilding companies and by concerns such as public utilities not normally engaged in performing construction contracts, for death, disability, sickness, hospitalization, retirement, or unemployment insurance: *Provided*, That the total amount of such deductions is paid for premiums to insurance companies or mutual benefit associations neither directly nor indirectly under the control of the contractor or subcontractor and that no portion of such premiums, whether in the form of a commission or otherwise, is returned to the contractor or subcontractor; and *Provided further*, That such deductions have been voluntarily agreed to by such employees in writing and in advance. No other deductions are permissible within the meaning of these regulations, including, without limitation, deductions for board, lodging, commissary purchases, hospitalization benefits, hospital bills, voluntary wage assignments, group insurance, rentals, loans, or loss of tools. Bona fide cash wage advances are permissible.

(d) The term "Federal agency" includes all executive departments, independent establishments, agencies, and instrumentalities of the United States, corporations all of the stock of which is beneficially owned by the United States, and the District of Columbia.



SEC. 3. *Notice to contractors.*—Contracts entered into after the effective date of these regulations shall contain provisions appropriate to bind the contractors to comply with the requirements of the regulations if applicable.

SEC. 4. *Effective date; existing regulations superseded.*—These regulations shall be effective sixty (60) days after publication thereof in the Federal Register and shall supersede from that date the regulations and amended regulations issued jointly by the Secretary of the Treasury and the Secretary of the Interior on January 8, 1935, and March 27, 1937, respectively (24 C. F. R. 604; 41 C. F. R. 21): *Provided*, That the parties to contracts or subcontracts entered into prior to the effective date may, if they so agree, comply with these regulations instead of with the superseded regulations at any time after publication of these regulations in the Federal Register.

FRANCES PERKINS,
*Secretary.*

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## APPENDIX TO REGULATIONS PART 2

(Referred to in section 1)

To effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force, intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisonment not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Approved June 13, 1934.

**SECTION 9 OF REORGANIZATION PLAN NO. IV, EFFECTIVE JUNE 30, 1940, IN ACCORDANCE WITH SECTION 4 OF H. J. RES. 551 (PUBLIC RES. NO. 75), APPROVED JUNE 4, 1940**

SEC. 9. *Transfer of certain functions relating to enforcement of wage payments on public construction.*—The functions of the Secretary of the Treasury and the Secretary of the Interior under section 2 of the act of June 13, 1934, entitled "An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes" (48 Stat. 948), are transferred to the Secretary of Labor, and shall be administered by him or under his direction and supervision by such agency in the Department of Labor as the Secretary shall designate.



U.S. GOVERNMENT PRINTING OFFICE: 1941

Regraded Unclassified

December 31, 1941

My dear Senator:

I am writing to ask if you would be willing to help us in a special way in our Defense Savings Bond program.

We are publishing this month the first of six issues of an eight-page rotogravure picture magazine called "Our America". This little publication will be distributed by postal carriers and through the mail to about twenty million homes. I attach a copy of the first issue, just off the press, to show you what it is like.

For our next issue we should like very much to have a short statement of about 150 words from a leading member of each party in the Senate. These statements would show the unity of spirit and of purpose in Congress in this time of crisis. I can think of no more appropriate contributor from the Democratic side than you, not only as a former Secretary of the Treasury, but as one who has striven so hard for more than two years to make the American people understand the meaning of this war. I am also writing to Senator Austin at this time to suggest that he speak for the Republican side with a similar statement.

If this idea appeals to you, would you be willing to see Mr. Julian Street, Jr., of the Treasury Department within the next few days to discuss the statement with him? He could come at any time that suited your convenience. Please let me know soon, as the matter of the editorial deadline is rather pressing.

All good wishes to you for the New Year.

Sincerely,

[illegible], Jr.

The Honorable Carter Glass,
United States Senate,
Washington, D. C.

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UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
Last Twenty-three Business Days of December, November and October 1941
(October 6-31, November 1-29, December 3-30)
On Basis of Issue Price

(Amounts in thousands of dollars)

| Item | Sales | | | Amount of Increase or Decrease (-) | | Percentage of Increase or Decrease (-) | |
|---|---|---|---|---|---|---|---|
| | December | November | October | December over November | November over October | December over November | November over October |
| Series E - Post Offices | $ 94,409 | $ 37,997 | $ 34,894 | $ 56,412 | $ 3,103 | 148.5% | 8.9% |
| Series E - Banks | 214,863 | 71,478 | 70,441 | 143,385 | 1,037 | 200.6 | 1.5 |
| Series E - Total | 309,272 | 109,475 | 105,335 | 199,797 | 4,140 | 182.5 | 3.9 |
| Series F - Banks | 29,009 | 18,978 | 19,133 | 10,031 | - 155 | 52.9 | - 0.8 |
| Series G - Banks | 132,194 | 105,035 | 99,548 | 27,159 | 5,487 | 25.9 | 5.5 |
| Total | $470,475 | $233,487 | $224,016 | $236,988 | $ 9,471 | 101.5% | 4.2% |

Office of the Secretary of the Treasury, Division of Research and Statistics. December 31, 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.

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Daily Sales - December 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 |
| December 1941 | | | | | | | | | |
| 1 | $ 2,976 | $ 3,904 | $ 1,333 | $ 7,220 | $ 12,458 | $ 6,880 | $ 1,333 | $ 7,220 | $ 15,434 |
| 2 | 1,229 | 2,592 | 623 | 5,750 | 8,964 | 3,821 | 623 | 5,750 | 10,193 |
| 3 | 1,510 | 2,734 | 870 | 5,289 | 8,893 | 4,244 | 870 | 5,289 | 10,403 |
| 4 | 2,411 | 4,036 | 726 | 7,530 | 12,292 | 6,447 | 726 | 7,530 | 14,703 |
| 5 | 2,015 | 4,805 | 1,152 | 12,357 | 18,314 | 6,820 | 1,152 | 12,357 | 20,329 |
| 6 | 1,001 | 2,293 | 656 | 2,776 | 5,725 | 3,294 | 656 | 2,776 | 6,726 |
| 8 | 3,282 | 4,754 | 1,011 | 3,810 | 9,585 | 8,046 | 1,011 | 3,810 | 12,866 |
| 9 | 1,828 | 3,877 | 601 | 4,996 | 9,475 | 5,706 | 601 | 4,996 | 11,304 |
| 10 | 1,651 | 3,566 | 491 | 2,612 | 6,668 | 5,217 | 491 | 2,612 | 8,320 |
| 11 | 1,909 | 4,763 | 719 | 3,423 | 8,905 | 6,672 | 719 | 3,423 | 10,814 |
| 12 | 2,773 | 5,012 | 658 | 3,768 | 9,437 | 7,785 | 658 | 3,768 | 12,211 |
| 13 | 2,767 | 5,030 | 584 | 2,120 | 7,734 | 7,798 | 584 | 2,120 | 10,501 |
| 15 | 7,185 | 11,679 | 1,022 | 4,462 | 17,162 | 18,864 | 1,022 | 4,462 | 24,347 |
| 16 | 2,113 | 3,956 | 893 | 1,901 | 6,750 | 6,069 | 893 | 1,901 | 8,863 |
| 17 | 4,164 | 9,750 | 1,180 | 6,327 | 17,257 | 13,914 | 1,180 | 6,327 | 21,421 |
| 18 | 5,382 | 11,630 | 1,337 | 6,826 | 19,793 | 17,012 | 1,337 | 6,826 | 25,175 |
| 19 | 5,995 | 10,205 | 1,172 | 5,214 | 16,591 | 16,201 | 1,172 | 5,214 | 22,586 |
| 20 | 4,091 | 11,890 | 1,270 | 5,921 | 19,081 | 15,981 | 1,270 | 5,921 | 23,172 |
| 22 | 10,916 | 23,269 | 2,490 | 8,067 | 33,826 | 34,185 | 2,490 | 8,067 | 44,742 |
| 23 | 4,393 | 10,642 | 1,972 | 6,831 | 19,445 | 15,035 | 1,972 | 6,831 | 23,838 |
| 24 | 3,613 | 13,085 | 1,629 | 8,900 | 23,613 | 16,698 | 1,629 | 8,900 | 27,226 |
| 26 | 9,593 | 29,934 | 3,536 | 10,076 | 43,547 | 39,527 | 3,536 | 10,076 | 53,140 |
| 27 | 3,503 | 6,412 | 530 | 3,255 | 10,197 | 9,915 | 530 | 3,255 | 13,700 |
| 29 | 8,852 | 24,247 | 3,060 | 10,353 | 37,661 | 33,100 | 3,060 | 10,353 | 46,513 |
| 30 | 3,460 | 7,283 | 1,450 | 5,382 | 14,115 | 10,743 | 1,450 | 5,382 | 17,575 |
| Total | $ 98,614 | $221,359 | $ 30,965 | $145,165 | $397,488 | $319,973 | $ 30,965 | $145,165 | $496,102 |

Office of the Secretary of the Treasury, Division of Research and Statistics. December 31, 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.

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# TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE December 31,1941

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Supply of Series E Savings Bonds in the Field

1. Attached to this memorandum are (1) a chart and table showing the number of days' supply of Series E savings bonds in the field, (2) a table summarizing telegrams received this morning showing the number of bonds requisitioned by sales agents that the Federal Reserve Banks and the Post Office Department's central office were unable to fill last night, and (3) a table showing the number of bonds delivered each day since December 1 by the Bureau of Engraving and Printing.

2. A comparison of the tables attached to this memorandum with the tables submitted to you yesterday indicate that practically no progress was made yesterday in liquidating local shortages of bonds in the field. In other words, yesterday's production of 375,000 bonds by the Bureau of Engraving and Printing was just about offset by new requisitions received by the Federal Reserve Banks and the Post Office Department's central office. New requisitions received yesterday were far in excess of sales, it should be pointed out, inasmuch as sales for the day required only about 150,000 pieces of bonds.

3. The Bureau of Engraving and Printing advises us that they expect production of Series E savings bonds to rise to 400,000 pieces tomorrow and to 410,000 pieces on January 2.

Attachments

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Agents' requests for savings bonds unfilled at the close of business, December 30, 1941

(In thousands)

| | Denomination | | | | | |
|---|---|---|---|---|---|---|
| | $25 | $50 | $100 | $500 | $1,000 | Total |
| Federal Reserve Banks | | | | | | |
| Boston | 40 | 19 | 30 | 3 | 1 | 93 |
| New York | 37 | 22 | 32 | 2 | - | 93 |
| Philadelphia | - | - | 4 | - | - | 4 |
| Cleveland | - | 6 | 9 | 1 | - | 16 |
| Richmond | 6 | 6 | 10 | 2 | - | 24 |
| Atlanta | 3 | 2 | 1 | - | - | 6 |
| Chicago | 110 | 57 | 56 | 9 | - | 232 |
| St. Louis | 4 | 6 | 7 | - | - | 17 |
| Minneapolis | - | 5 | - | - | - | 5 |
| Kansas City | 33 | 20 | 17 | 4 | 2 | 76 |
| Dallas | 12 | 5 | - | - | - | 17 |
| San Francisco | 22 | 11 | 1 | - | - | 34 |
| Post offices | 97 | 93 | 112 | - | - | 302 |
| Total | 364 | 252 | 279 | 21 | 3 | 919 |

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

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U. S. Savings Bonds - Series E

Number of pieces produced December 1, 1941 to date
(In thousands)

| Day | | Denomination | | | | | Total all denominations |
|---|---|---|---|---|---|---|---|
| | | $25 | $50 | $100 | $500 | $1,000 | |
| December | 1 | 75 | 10 | 25 | 10 | 10 | 130 |
| | 2 | 75 | 10 | 25 | 10 | 10 | 130 |
| | 3 | 60 | 10 | 40 | 10 | 10 | 130 |
| | 4 | 50 | 10 | 50 | 10 | 10 | 130 |
| | 5 | 50 | 10 | 50 | - | - | 110 |
| | 6 | - | - | - | - | - | - |
| | 7 | - | - | - | - | - | - |
| | 8 | 50 | 10 | 50 | - | - | 110 |
| | 9 | 15 | 10 | 50 | - | - | 75 |
| | 10 | 30 | 30 | 50 | - | - | 110 |
| | 11 | 40 | 20 | 50 | 5 | 5 | 120 |
| | 12 | 80 | - | 50 | - | 30 | 160 |
| | 13 | 121 | - | 10 | 15 | 15 | 161 |
| | 14 | 44 | - | 70 | 50 | - | 164 |
| | 15 | 80 | - | - | 80 | - | 160 |
| | 16 | 28 | - | 120 | - | 45 | 193 |
| | 17 | 92 | - | - | - | 155 | 247 |
| | 18 | 92 | - | - | - | - | 92 |
| | 19 | 120 | - | - | - | - | 120 |
| | 20 | 150 | 50 | - | - | - | 200 |
| | 21 | 175 | 75 | 10 | - | - | 260 |
| | 22 | 160 | 75 | 25 | - | - | 260 |
| | 23 | 180 | 85 | 35 | - | - | 300 |
| | 24 | 220 | 80 | 25 | - | - | 325 |
| | 25 | 225 | 80 | 35 | - | - | 340 |
| | 26 | 180 | 50 | 40 | - | - | 270 |
| | 27 | 240 | - | 50 | 10 | 10 | 310 |
| | 28 | 200 | 80 | 55 | 10 | 10 | 355 |
| | 29 | 205 | 95 | 55 | 10 | 10 | 375 |
| | 30 | 200 | 100 | 55 | 10 | 10 | 375 |
| | 31 | | | | | | |

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



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(Based on sales of $300 millions per month)

| Date | Denomination | | | | |
|---|---|---|---|---|---|
| | $25 | $50 | $100 | $500 | $1,000 |
| December 1 | 23.0 | 44.1 | 29.5 | 74.5 | 64.0 |
| 2 | 23.6 | 44.1 | 29.8 | 76.0 | 65.5 |
| 3 | 23.9 | 44.1 | 30.4 | 77.6 | 67.0 |
| 4 | 24.0 | 43.8 | 31.2 | 78.9 | 68.3 |
| 5 | 24.0 | 43.6 | 31.9 | 78.3 | 67.7 |
| 6 | 23.8 | 43.3 | 31.6 | 78.1 | 67.5 |
| 7 | 23.8 | 43.3 | 31.6 | 78.1 | 67.5 |
| 8 | 23.7 | 42.9 | 32.2 | 77.4 | 66.8 |
| 9 | 23.4 | 42.7 | 33.0 | 76.9 | 66.3 |
| 10 | 23.3 | 43.2 | 33.9 | 76.4 | 65.8 |
| 11 | 23.2 | 43.3 | 34.6 | 76.8 | 66.2 |
| 12 | 23.6 | 42.6 | 35.2 | 76.1 | 71.1 |
| 13 | 24.4 | 42.0 | 34.8 | 78.3 | 73.2 |
| 14 | 24.9 | 42.0 | 36.6 | 87.9 | 73.2 |
| 15 | 24.3 | 40.3 | 35.0 | 101.5 | 71.5 |
| 16 | 24.1 | 39.8 | 37.6 | 101.0 | 79.4 |
| 17 | 24.1 | 38.6 | 36.4 | 99.8 | 106.9 |
| 18 | 23.7 | 37.1 | 34.9 | 98.3 | 105.5 |
| 19 | 23.8 | 35.7 | 33.5 | 96.9 | 104.1 |
| 20 | 24.3 | 36.0 | 32.1 | 95.5 | 102.7 |
| 21 | 26.5 | 38.4 | 32.4 | 95.5 | 102.7 |
| 22 | 25.6 | 37.9 | 30.1 | 92.6 | 99.7 |
| 23 | 26.5 | 39.3 | 29.7 | 91.3 | 98.4 |
| 24 | 27.8 | 40.5 | 28.9 | 89.8 | 97.0 |
| 25 | 30.6 | 43.1 | 29.8 | 89.8 | 97.0 |
| 26 | 29.4 | 41.3 | 27.4 | 86.4 | 93.5 |
| 27 | 31.6 | 40.4 | 27.8 | 87.4 | 94.5 |
| 28 | 34.1 | 43.0 | 29.3 | 89.4 | 96.4 |
| 29 | 33.8 | 43.2 | 27.8 | 88.4 | 95.4 |
| 30 | 35.3 | 45.6 | 28.3 | 89.4 | 96.3 |
| 31 | | | | | |

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

December 29, 1941



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TREASURY DEPARTMENT

WASHINGTON

December 31, 1941.

MEMORANDUM FOR THE SECRETARY:

Herewith I hand you a report from Harford Powel, giving the results of the Gallup survey which you requested a few days ago.

GRAVES

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# TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE Dec. 31, 1941

TO Mr. Graves

FROM Mr. Powel

The American Institute of Public Opinion (Dr. George Gallup) today reported as follows on public preference as to a name for Government Savings Bonds:

66% prefer DEFENSE SAVINGS BONDS
34% prefer WAR SAVINGS BONDS

The people interviewed were largely residents of large and small towns east of the Rockies, and were about equally divided into the upper and middle income groups (over $60 a week and over $30 a week, respectively).

This survey was reported to me over the telephone, and will be later reported in writing.

H. C.

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In making their survey, the Gallup organization added two additional questions for their own information.

1. All persons interviewed were finally asked if they could think of a better name than either DEFENSE or WAR Savings Bonds.

85% said "No"

15% offered the following names, in order of popularity:

1. Liberty Bonds
2. Victory Bonds
3. Freedom Bonds

There were scattering suggestions for Security Bonds, American Savings Bonds, etc.

2. All were asked what, in their opinion, is the most important purpose of the bonds which the Government is offering now.

31% said "for defense."
21% said "to win the war."
14% said "to buy munitions, etc."
3% said "to give people a good investment."
2% said "to prevent inflation."

The remaining people offered no illuminating opinion.

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December 31, 1941

Dear Bob:

I am simply delighted at the prompt manner in which you handled these orders.

Would you be kind enough to let me know how many other orders you have placed or are about to place, for trucks, in the near future.

Yours sincerely,

(Signed) Henry

Honorable Robert P. Patterson,
Under Secretary of War,
War Department,
Washington, D. C.

Re: Sturges 1-30
H.M.J. C. Fall

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WAR DEPARTMENT
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D. C.

December 30th, 1941.

Dear Henry:

We have placed an order for 65,000 3/4-ton trucks today with Chrysler. This is one of a number of similar contracts for motor vehicles which we placed today with various manufacturers.

Sincerely yours,

Robert P. Patterson,
Under Secretary of War.

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

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December 31, 1941

Dear Grace:

I don't know whether you had a chance to give the President my message about the order the Chrysler Corporation got, but if you did not, here is the last chapter which just came over the United Press ticker. This is certainly good news for the 25,000 employees of the Dodge plants. I would appreciate your showing this to the President.

Happy New Year.

Yours sincerely,

/s/ H. Morgenthau, Jr.

Miss Grace Tully,

The White House.

Sent by Secret Service

3:30 P. M. -

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DETROIT.--PRESIDENT H. T. KELLER OF CHRYSLER, CORP., ANNOUNCED RECEIPT OF A GOVERNMENT ORDER FOR 80,000 NEW TYPE ARMY VEHICLE ESTIMATED TO COST BETWEEN $80,000,000 AND $100,000,000.
12/31--RS133P

ADD CHRYSLER, DETROIT

KELLER SAID THE NEW ORDER WOULD PROVIDE APPROXIMATELY 12,000,000 HOURS OF WORK FOR ABOUT 25,000 EMPLOYES OF ITS DODGE MAIN PLANT AND DODGE TRUCK PLANT AND THE HIGHLAND PARK PLANT OF CHRYSLER CORPORATION.

HE SAID APPROXIMATELY $1,000,000 WILL BE SPENT ON TOOLING UP FOR MANUFACTURE OF THE NEW TACTICAL VEHICLE AND THAT THE PREPARATORY WORK WOULD PROCEED ON A 24-HOUR 7-DAYS A WEEK BASIS IN ORDER TO GET PRODUCTION UNDER WAY EARLY IN APRIL. HE SAID THE ORDER PROBABLY WOULD BE COMPLETED BY THE MIDDLE OF NEXT SUMMER AND ANTICIPATED ADDITIONAL ORDERS BY THAT TIME.
12/31--RS135P

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DEC 31 1941

Through the Bureau of the Budget
Attorney General
Division of the
Federal Register.

y dear r. resident:

here is enclosed herewith a proposed Executive rder to give the Treasury Department the same flexible uthority in connection with its contracts as is given the ar epartment, the Navy epartment, and the aritime ommission by Executive rder No. 8991 of ecember 27, 1941, issued pursuant to Title II of the "First ar owers ct, 1941".

As you know, the Treasury epartment is exercising functions in connection with the prosecution of the war effort and the same considerations which support the granting of this authority to the ar and Navy epartments and the aritime Commission are equally applicable to the granting of such powers to the Treasury epartment.

I recommend that you issue this rder.

Faithfully yours,
(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The resident,
The hite House.

TA: :l s
12/3 /41

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EXECUTIVE ORDER

- - - - -

EXTENDING THE PROVISIONS OF EXECUTIVE ORDER NO. 9001 OF DECEMBER 27, 1941, TO TREASURY DEPARTMENT CONTRACTS

By virtue of the authority vested in me by the Act of Congress entitled "An Act to expedite the prosecution of the War effort", approved December 18, 1941, and as President of the United States and Commander-in-Chief of the Army and Navy of the United States, and deeming that such action will facilitate the prosecution of the War, I do hereby extend the provisions of Executive Order No. 9001 of December 27, 1941, to the Treasury Department with respect to all contracts made or to be made by such Department, and for that purpose, and subject to the limitations and regulations contained in such Executive Order, I hereby authorize the Secretary of the Treasury, and such officers and employees of the Treasury Department as he may designate, to perform and exercise all of the functions and powers vested in and granted to the War Department, the Navy Department, and the Maritime Commission by such Executive Order.

THE WHITE HOUSE,

January ____, 1942.

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[illegible] be subject to the order of December 18, 1936, of the Secretary of the Interior, establishing Oregon Grazing District No. 7. After the present national emergency has been officially terminated this order shall be without [illegible] to the War Department by the Secretary of the Interior that the above-described land is needed for [illegible] other uses by the Department of the Interior.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 26, 1941.

[No. 8599]

[F. R. Doc. 41-[illegible]; Filed, December 27, 1941; [illegible] m.]

## EXECUTIVE ORDER

WITHDRAWING PUBLIC LAND FOR USE OF THE WAR DEPARTMENT FOR MILITARY PURPOSES

OREGON

By virtue of the authority vested in me as President of the United States, it is ordered that, subject to valid existing rights, the following-described public land in the State of Oregon, be, and it is hereby, withdrawn from all forms of appropriation under the public-land laws, including the mining laws, and reserved for the use of the War Department for military purposes:

WILLAMETTE MERIDIAN

[illegible] containing 640 acres.

This order shall be subject to the order of December 18, 1936, of the Secretary of the Interior, establishing Oregon Grazing District No. 7. After the present national emergency has been officially terminated this order shall be without [illegible] to the War Department by the Secretary of the Interior that the above-described land is needed for [illegible] other uses by the Department of the Interior.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
December 26, 1941.

[No. 8600]

[F. R. Doc. 41-[illegible]; Filed, December 27, 1941; [illegible] m.]

## EXECUTIVE ORDER

[illegible] THE WAR DEPARTMENT, THE [illegible] DEPARTMENT, AND THE UNITED [illegible] MARITIME COMMISSION TO PER[illegible] AND EXERCISE THE [illegible] IN TITLE II OF AN [illegible] 18, 1941, ENTITLED "[illegible] TO EXPEDITE THE PROSECUTION OF THE WAR EFFORT", AND [illegible] FOR THE EXERCISE OF SUCH FUNCTIONS AND POWERS

[illegible] prosecution of the war [illegible] national mobilization [illegible] in order that [illegible] to win the war may be produced in the shortest possible time. To accomplish this objective it is necessary that the Departments of War and the Navy and the United States Maritime Commission cooperate to the fullest possible degree with the Office of Production Management in the endeavor to make available for the production of war material all the industrial resources of the Country. It is expected that in the exercise of the powers hereinafter granted, these Agencies and the Office of Production Management will work together to bring about the conversion of manufacturing industries to war production, including the surveying of the war potential of industries, plant by plant; the spreading of war orders; the conversion of facilities; the assurance of efficient and speedy production; the development and use of subcontracting to the fullest extent and the conservation of strategic materials.

TITLE I

1. By virtue of the authority in me vested by the Act of Congress, entitled "An Act to expedite the prosecution of the War effort", approved December 18, 1941, (hereinafter called "the Act") and as President of the United States and Commander-In-Chief of the Army and Navy of the United States, and deeming that such action will facilitate the prosecution of the war, I do hereby order that the War Department, the Navy Department, and the United States Maritime Commission be and they hereby respectively are authorized within the limits of the amounts appropriated therefor to enter into contracts and into amendments or modifications of contracts heretofore or hereafter made, and to make advance, progress, and other payments thereon, without regard to the provisions of law relating to the making, performance, amendment, or modification of contracts. The authority herein conferred may be exercised by the Secretary of War, the Secretary of the Navy, or the United States Maritime Commission respectively or in their discretion and by their direction respectively may also be exercised through any other officer or officers or civilian officials of the War or the Navy Departments or the United States Maritime Commission. The Secretary of War, the Secretary of the Navy, or the United States Maritime Commission may confer upon any officer or officers of their respective departments, or civilian officials thereof, the power to make further delegations of such powers within the War and the Navy Departments, and the United States Maritime Commission.

2. The contracts hereby authorized to be made include agreements of all kinds (whether in the form of letters of intent, purchase orders, or otherwise) for all types and kinds of things and services necessary, appropriate or convenient for the prosecution of war, or for the invention, development, or production of, or research concerning any such things, including but not limited to, aircraft, buildings, vessels, arms, armament, equipment, or supplies of any kind, or any portion thereof, including plans, spare parts and equipment therefor, materials, supplies, facilities, utilities, machinery, machine tools, and any other equipment, without any restriction of any kind, either as to type, character, location or form.

3. The War Department, the Navy Department, and the United States Maritime Commission may by agreement modify or amend or settle claims under contracts heretofore or hereafter made, may make advance, progress and other payments upon such contracts of any percentum of the contract price, and may enter into agreements with contractors and/or obligors, modifying or releasing accrued obligations of any sort, including accrued liquidated damages or liability under surety or other bonds, whenever, in the judgment of the War Department, the Navy Department, or the United States Maritime Commission respectively the prosecution of the war is thereby facilitated. Amendments and modifications of contracts may be with or without consideration and may be utilized to accomplish the same things as any original contract could have accomplished hereunder, irrespective of the time or circumstances of the making of or the form of the contract amended or modified, or of the amending or modifying contract, and irrespective of rights which may have accrued under the contract, or the amendments or modifications thereof.

4. Advertising, competitive bidding and bid, payment, performance or other bonds or other forms of security, need not be required.

TITLE II

Pursuant to Title II of the Act and for the protection of the interests of the United States, I do hereby prescribe the following regulations for the exercise of the authority herein conferred upon the War Department, the Navy Department, and the United States Maritime Commission.

1. All contracts and all purchases made pursuant to the Act and this Executive Order shall be reported to the President of the United States. Such reports shall be made at least quarter-annually, provided, however, that purchases or contracts of less than $100,000 may be consolidated in such reports with other such purchases and need not be separately set forth. In case the War Department, the Navy Department, or the United States Maritime Commission shall deem any purchase or contract to be restricted, confidential, or secret in its nature by reason of its subject matter, or for other reasons affecting the public interest, such purchases or contracts shall not be included with those described in the report just mentioned, but shall be included in a separate report containing such restricted, confidential, or secret purchases or contracts. The Secretary of War, the Secretary of the Navy, and the United

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States Maritime Commission shall make public so much of such reports (other than those reports covering restricted, confidential, or secret contracts or purchases) as they shall respectively deem to be compatible with the public interest.

3. Notwithstanding anything in the Act or this Executive Order the War Department, the Navy Department, and the United States Maritime Commission shall not discriminate in any act performed thereunder against any person on the ground of race, creed, color or national origin, and all contracts shall be deemed to incorporate by reference a provision that the contractor and any subcontractors thereunder shall not so discriminate.

4. No claim against the United States arising under any purchase or contract made under the authority of the Act shall be assigned except in accordance with the Assignment of Claims Act, 1940 (Public No. 811, 76th Congress, approved October 9, 1940).

5. Advance payments shall be made hereunder only after careful scrutiny to determine that such payments will promote the national interest and under such regulations to that end as the Secretary of War, the Secretary of the Navy, or the United States Maritime Commission may prescribe.

6. Every contract entered into pursuant to this order shall contain a warranty by the contractor in substantially the following terms:

> The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

7. Nothing herein shall be construed to authorize the cost-plus-a-percentage-of-cost system of contracting.

8. Nothing herein shall be construed to authorize any contracts in violation of existing law relating to limitation of profits, or the payment of a fee in excess of such limitation as may be specifically set forth in the act appropriating the funds obligated by a contract. In the absence of such limitation, the fixed fee to be paid the Contractor as a result of any cost-plus-a-fixed-fee contract entered into under the authority of this Order shall not exceed seven per centum of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of War, the Secretary of the Navy, or the United States Maritime Commission, as the case may be).

9. No contract or modification or amendment thereof shall be exempt from the provisions of the Walsh-Healey Act (49 Stat. 2036) because of being entered into without advertising or competitive bidding, and the provisions of such act, the Davis-Bacon Act, as amended (49 Stat. 1011), the Copeland Act, as amended (48 Stat. 948), and the Eight Hour Law, as amended by the Act of September 9, 1940 (Public No. 781, 76th Congress) if otherwise applicable shall apply to contracts made and performed under the authority of this Order.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
*December 27, 1941.*

[No. 9001]

[F. R. Doc. 41-9795; Filed, December 29, 1941; 11:11 a. m.]

## *Rules, Regulations, Orders*

## TITLE 7—AGRICULTURE

### CHAPTER VIII—SUGAR DIVISION OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION

### PART 802—SUGAR DETERMINATIONS

DETERMINATION OF FARMING PRACTICES TO BE CARRIED OUT IN CONNECTION WITH THE PRODUCTION OF SUGARCANE DURING THE CROP YEAR 1941, FOR THE TERRITORY OF HAWAII, PURSUANT TO THE SUGAR ACT OF 1937, AS AMENDED (REVISED)

Pursuant to the provisions of section 301 (c) of the Sugar Act of 1937, as amended, the following determination is hereby issued:

§ 802.33c *Farming practices in connection with the production of the 1941 crop of sugarcane in the Territory of Hawaii*—(a) *Application of fertilizer.* The requirements of section 301 (c) of the Sugar Act of 1937, as amended, shall be deemed to have been met with respect to a farm in the Territory of Hawaii if fertilizer is applied as follows:

(1) *Amount.* There shall be applied to land on which sugarcane is growing during 1941 sufficient chemical fertilizer to provide an average quantity of plant food per acre fertilized equal to not less than the greater of either 100 pounds or 60 percent of the average quantity of plant food contained in the chemical fertilizer applied to similar land in 1939 or 1940, whichever is smaller, but any amount by which such 60 percent exceeds 250 pounds shall not be considered.

(2) *Acreage requirement.* The number of acres on which fertilizer is applied in 1941 shall be not less than 80 percent of the number of acres on the farm on which sugarcane is planted, or a ratoon crop of sugarcane is started, at any time during 1941.

(b) *Definitions.* "Chemical fertilizer" means commercial chemical fertilizer of which not less than 15 percent of the gross weight consists of plant food. "Plant food" means the aggregate amount of nitrogen, available phosphoric acid and water-soluble potash.

This determination supersedes the "Determination of Farming Practices to be Carried Out in Connection with the Production of Sugarcane During the Crop Year 1941, for the Territory of Hawaii, Pursuant to the Sugar Act of 1937, as Amended", issued April 8, 1941 (Sec. 302, 50 Stat. 910; 7 U.S.C. 1132).

Done at Washington, D. C., this 27th day of December 1941. Witness my hand and the seal of the Department of Agriculture.

[SEAL] CLAUDE R. WICKARD,
*Secretary of Agriculture.*

[F. R. Doc. 41-9796; Filed, December 29, 1941; 11:12 a. m.]

## TITLE 14—CIVIL AVIATION

### CHAPTER I—CIVIL AERONAUTICS BOARD

[Amendments 20-24 to 20-30, Inclusive, to Civil Air Regulations]

### PART 20—PILOT RATING

AERONAUTICAL SKILL AND EXPERIENCE REQUIREMENTS FOR A PILOT CERTIFICATE FOR TWO-CONTROL NON-SEPTUAGE AIRPLANE WITH NOSE WHEEL TYPE LANDING GEAR

At a session of the Civil Aeronautics Board held at its office in Washington, D. C., on the 23rd day of December 1941.

Acting pursuant to the authority vested in it by the Civil Aeronautics Act of 1938, as amended, particularly sections 205 (a), 601 and 602 of said Act, and finding that its action is desirable in the public interest and is necessary to carry out the provisions of, and to exercise and perform its powers and duties under, said Act, the Civil Aeronautics Board amends the Civil Air Regulations as follows:

Effective January 1, 1942, Part 20 of the Civil Air Regulations is amended as follows:

1. By amending § 20.107 to read as follows:

§ 20.107 No requirement to [illegible]

2. By amending § 20.126 to read as follows:

§ 20.126 *Aeronautical experience.* [illegible] applicant shall have logged at least 200 hours of solo flight time: *Provided*, That an applicant seeking a rating limited to two-control non-retractable airplanes with nose wheel type landing gear shall have logged at least 75 hours of solo flight time. As part of the foregoing requirements he shall have logged at least 5 hours within the 60 days immediately preceding the date of filing the application, and at least 10 hours of cross-country flying of which at least 3 hours shall be solo, which shall include at least one flight over a course of not less than 50 miles with at least two full-stop landings at different points along the course. Such experience may be certified to by some person other than the applicant, having adequate knowledge thereof. A statement of the pilot course of a certificated [illegible] will be deemed to have met the

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DEC 31 1941

My dear Mr. Smith:

I have your letter of December 27, 1941, calling my attention to Title I of the First War Powers Act, approved December 18, 1941, which authorizes the President to make such transfers of functions and consolidations of agencies as he deems necessary for the national defense and the successful prosecution of the war.

I am glad to have this information and I shall be glad to canvass the Treasury to see whether or not we have any proposals to make under Title I of this Act.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable,

The Director of the Budget.

DWB:NLK
December 30, 1941

Regraded Unclassified

December 27, 1941

CONFIDENTIAL

My dear Mr. Secretary:

Title I of the First War Powers Act, approved December 18, authorized the President to make such transfers of functions and consolidations of agencies as he deems necessary for the national defense and the successful prosecution of the war. All administrative changes so effected must involve "matters relating to the conduct of the war" and will terminate not later than six months after the end of the war.

The job of winning the war requires the most effective administration possible. In some instances statutory restrictions may prevent the streamlined management of your defense work. If so, the First War Powers Act may provide a means for making the necessary readjustments.

If you should wish to canvass the possibility of using the First War Powers Act in solving such problems, I shall be glad to arrange for a representative of the Bureau of the Budget to work with any representative you may designate. In any event, the Bureau will give immediate attention to any proposals for action under Title I and will handle the clearance of the necessary Executive Orders with the President.

Yours sincerely,

(Signed) [illegible]

Director.

The Honorable,

The Secretary of the Treasury.

Regraded Unclassified

MEMORANDUM

TO: Secretary Morgenthau

FROM: Mr. Sullivan

December 31, 1941.

SUBJECT: Proposed closing agreement involving construction of South American airport facilities by Pan American Airways.

At a conference on December 29, 1941, there were present: for the War Department: Mr. Julius Amberg, Special Assistant to the Secretary; General Cramer, Judge Advocate General; Major J. Alton [illegible], Corps of Engineering; Captain Donald F. Horton, Judge Advocate General's Office; for the Treasury, Mr. John L. Sullivan, Mr. Charles Kades, Mr. Samuel Hazard, and Mr. Robert B. Eichholz.

You will recall that the proposed contract between the War Department and Pan American Airways provides that Pan American would be reimbursed in "an amount equal to any income or excess profits taxes imposed by the United States which, by virtue of any change in law, may become payable by the contractor notwithstanding the closing agreement."

Mr. Amberg stated that the War Department's view was that since the proposed closing agreement could by its terms only relate to tax liabilities under the law as it now stands, there would be no impropriety in entering into the agreement, inasmuch as the agreement could not be interpreted as condoning the indemnification clause to which the Treasury takes exception.

I stated that at the time the Treasury was given the authority to enter into closing agreements respecting prospective tax liabilities, the Congress was particularly fearful that we might enter into agreements which would tie the hands of future Congresses respecting changes in revenue legislation. I added that although we had the legal power to enter into this agreement, we would not be exercising our discretion in a proper manner if the agreement resulted in the execution of a contract which would accomplish the very purpose that the Congress thought undesirable. I suggested that one way to settle our differences would be to submit the question to the Ways and Means and Finance Committees asking the Committees' opinion as to whether such an agreement should be entered into from a policy standpoint. This suggestion was objected to by the War Department

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representatives on the ground that the fact that the Government is indirectly paying for the South American airport facilities is one of the most closely guarded of defense secrets and it would therefore be inadvisable to make this project a matter of public record.

Mr. Amberg admitted that with respect to this contract the War Department was in the position of "having a gun at its head." He stated that Pan American was the only company in a position to undertake construction of these airport facilities, that it would do no good for the War Department to take over Pan American because the State Department insisted that this construction be done privately and not directly by the Government, and that to threaten Pan American with loss of mail subsidy would likewise do no good because of the necessity for keeping this project secret even from the Congress.

It was finally agreed that the Treasury would endeavor to see what additional clauses might be worked out for insertion in the closing agreement to make it clear that the Treasury in no way approved of the War Department's contract. As the meeting broke up, Mr. Amberg requested that any such clause which might be devised by the Treasury should not appear in any way to condemn the action or judgment of the War Department officials. He agreed to put up to Secretary Stimson my suggestion that the matter be referred to the Congressional Committees for decision, but he stated that he would recommend against adoption of this suggestion.

Pan American subsequently stated that its primary concern in insisting upon the contract clause was not that it feared subsequent legislation but rather that it feared the Supreme Court might overrule its decision in Edwards v. Cuba Railroad, to the effect that contributions to the capital of a corporation are not income to the corporation within the meaning of the 16th Amendment. Pan American therefore suggested that the contract clause in question be revised so as to state that with respect to payments received from the Government as reimbursement for construction of airport facilities, the War Department would indemnify Pan American for any tax liability which might be imposed because of a decision of the Supreme Court reinterpreting the definition of the term "income." This suggestion is agreeable to the War Department and I have stated that if such change is made I will approve our entering into a closing agreement respecting the tax liability of the company under present law. The reason for my approval is that Pan American's suggestion in effect accomplishes no more than would be accomplished by the closing agreement itself. This is because the binding effect of a closing agreement, although subject to legislative changes, is not subject to changes in judicial interpretation.

Regraded Unclassified

OFFICE OF LEND-LEASE ADMINISTRATION
FIVE-FIFTEEN 22d STREET NW.
WASHINGTON, D. C.

268

E. R. Stettinius, Jr.
Administrator

CONFIDENTIAL

December 31, 1941

MEMORANDUM

To: Secretary Morgenthau

From: E. R. Stettinius, Jr.

Subject: Progress in obligating and Allocating Lend-Lease Funds.

The attached chart on the above subject is sent you for your confidential information.

Attachment

E. R. Stettinius, Jr.

Regraded Unclassified

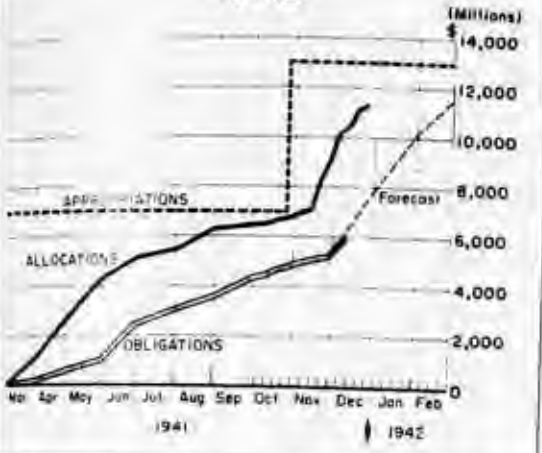
SE

# ALLOCATIONS AND OBLIGATIONS

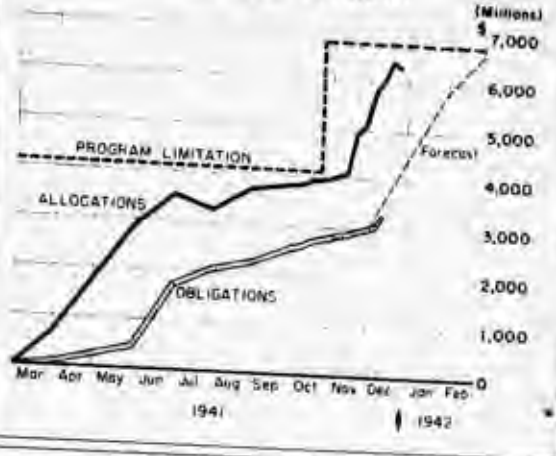
## LEND-LEASE FUNDS



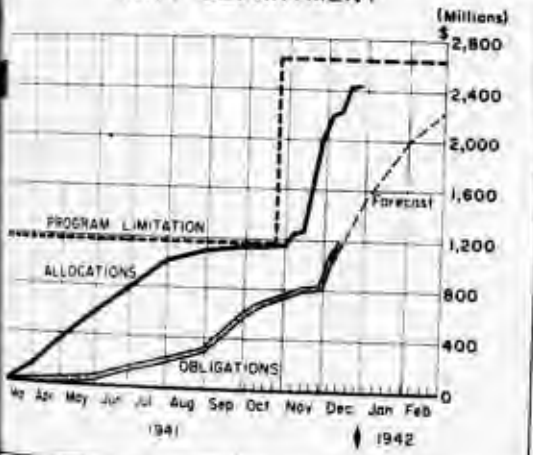
### TOTAL




### WAR DEPARTMENT




### NAVY DEPARTMENT

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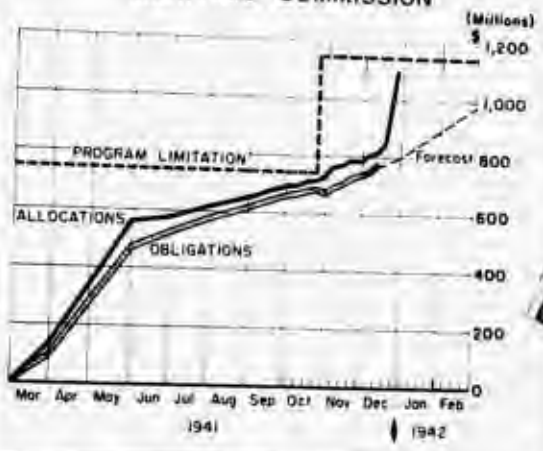
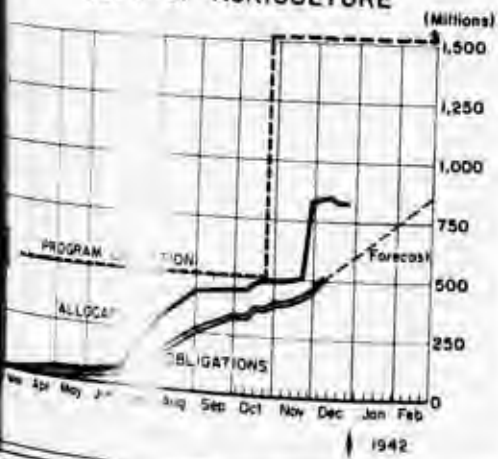
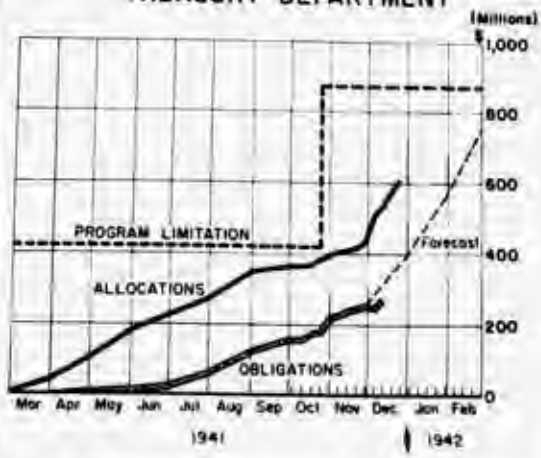



### DEPT. OF AGRICULTURE




### TREASURY DEPARTMENT




Office of Lend-Lease Administration - December 29, 1941

Regraded Unclassified

# TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

# STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 10, 1940:

| | No. of Shares Sold | $ Proceeds of Shares Sold | Nominal Value of Bonds Sold | $ Proceeds of Bonds Sold |
|---|---|---|---|---|
| [illegible] | Nil | Nil | Nil | Nil |
| [illegible] | Nil | Nil | Nil | Nil |
| [illegible] | Nil | Nil | Nil | Nil |
| [illegible] | Nil | Nil | Nil | Nil |
| [illegible] | Nil | Nil | Nil | Nil |
| [illegible] | Nil | Nil | Nil | Nil |
| | Nil | Nil | Nil | Nil |
| Sales from [illegible] to Dec. 17, 1941 | 7,647,580-1/2 | 251,876,881 | 45,810,018 | 37,437,648 |
| Sales from [illegible] to Dec. 30, 1941 | 7,647,580-1/2 | 251,876,881 | 45,810,018 | 37,437,648 |

Regraded Unclassified

Miss Chauncey

# TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

## STRICTLY CONFIDENTIAL

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

| | No. of Shares Sold | $ Proceeds of Shares Sold | Nominal Value of Bonds Sold | $ Proceeds of Bonds Sold |
|---|---|---|---|---|
| Dec. 22 | Nil | Nil | Nil | Nil |
| 23 | 12/18 | 15 | Nil | Nil |
| 24 | Nil | Nil | Nil | Nil |
| 25 | H o l i d a y | | | |
| 26 | Nil | Nil | Nil | Nil |
| 27 | Nil | Nil | Nil | Nil |
| | 12/18 | 15 | Nil | Nil |
| Sales from Feb. 22, 1940 to Dec. 20, 1941 | 2,847,580-1/2 | 281,856,881 | 45,610,016 | 37,437,648 |
| Sales from Feb. 22, 1940 to Dec. 27, 1941 | 2,847,581-3/18 | 281,856,896 | 45,610,016 | 37,437,648 |

Regraded Unclassified

# TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

**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 | |
|---|---|---|---|---|
| Dec. 22 | Nil | Nil | Nil | |
| 23 | 15 | Nil | 15 | |
| 24 | Nil | Nil | Nil | |
| 25 | H o l i d a y | | | |
| 26 | Nil | Nil | Nil | |
| 27 | Nil | Nil | Nil | |
| | 15 | Nil | 15 | |
| Sales from Feb. 22, 1940 to Dec. 20, 1941 | 281,856,881 | 37,437,648 | 319,294,529 | |
| Sales from Feb. 22, 1940 to Dec. 27, 1941 | 281,856,896 | 37,437,648 | 319,294,544 | 319,294,544 |
| Proceeds of non-vested securities sold Dec. 15, 1941 - Dec. 20, 1941 | | | 400,000 | |
| Proceeds of non-vested securities sold Sept. 1, 1939 - Dec. 13, 1941 | | | 239,600,000 | |
| Proceeds of non-vested securities sold Sept. 1, 1939 - Dec. 20, 1941 | | | 240,000,000 * | 240,000,000 |
| | | | Grand Total | 559,294,544 |
| Units sold from Aug. 18, 1941 - Dec. 27, 1941 for | | | | $ 42 |
| 11 Shares Stock Dividend sold Aug. 18, 1941 - Dec. 27, 1941 for | | | | $ 123 |
| [illegible] Rights sold from July 24, 1941 - Dec. 27, 1941 for | | | | $102,928 |

* Adjusted to make total more nearly correct.

Regraded Unclassified

# TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 10, 1940:

| | Proceeds of Shares Sold | Proceeds of Bonds Sold | Total | |
|---|---|---|---|---|
| Dec. 15 | Nil | Nil | Nil | |
| 16 | Nil | Nil | Nil | |
| 17 | Nil | Nil | Nil | |
| 18 | Nil | Nil | Nil | |
| 19 | Nil | Nil | Nil | |
| 20 | Nil | Nil | Nil | |
| | Nil | Nil | Nil | |
| | Nil | Nil | Nil | |
| Sales from Feb. 20, 1940 to Dec. 13, 1941 | 281,856,981 | 37,437,548 | 319,294,529 | |
| Sales from Feb. 20, 1940 to Dec. 20, 1941 | 281,856,981 | 37,437,548 | 319,294,529 | 319,294,529 |
| Proceeds of non-vested securities sold Dec. 7, 1941 - Dec. 13, 1941 | | | 200,000 | |
| Proceeds of non-vested securities sold Sept. 1, 1939 - Dec. 6, 1941 | | | 230,300,000 | |
| Proceeds of non-vested securities sold Sept. 1, 1939 - Dec. 13, 1941 | | | 230,500,000 | 230,500,000 |
| | | | GRAND TOTAL | 549,794,529 |

Units sold from Aug. 18, 1941 - Dec. 20, 1941 for $ 42

Shares Stock Dividend sold Aug. 14, 1941 - Dec. 20, 1941 for 123

Units sold on Dec. 15, 1941 for 7

Units sold from July 28, 1941 - Dec. 13, 1941 for 112,921

Units sold from July 28, 1941 - Dec. 15, 1941 for 112,928

Regraded Unclassified

DEC 31 1941

My dear Mr. President:

I am enclosing report on our exports to some selected countries during the week ending December 20, 1941.

Faithfully,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The President,
The White House.

Enclosure

[illegible]
12/29/41.

By letter dated June 5, 1972
[illegible]
Copies to [illegible]

Regraded Unclassified

December 30, 1941

Exports to Russia, China, Burma, Hong Kong, Japan, France and other blocked countries, as reported to the Treasury Department during the week ending December 20, 1941.

1. Exports to Russia

Exports to Russia as reported to the Treasury during the week ending December 20, 1941 amounted to about $4,500,000. The principal items were motor trucks and chassis and military tanks and parts. (See Appendix C.)

2. Exports to China, Burma and Hong Kong

Exports to Free China were valued at approximately $111,000 as compared with over $2,000,000 during the previous week. The principal item was machine and heavy ordnance guns, carriages and parts. (See Appendix D.)

Exports to Occupied China amounted to $12,000. (See Appendix E.)

Exports to Burma totalled only $8,000. (See Appendix F.)

No exports to Hong Kong were reported during the week under review.

3. Exports to Japan

No exports to Japan were reported during the week under review.

4. Exports to France

No exports to France were reported during the week ending December 20, 1941.

5. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A.

STRICTLY CONFIDENTIAL

Regraded Unclassified

# 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 December 20, 1941

(In thousands of dollars)

| | July 28 to Dec. 6 | Week ended December 13 | Week ended December 20 | Total Domestic Exports |
|---|---|---|---|---|
| U. S. S. R. | $58,106 | $12,040 | $ 4,580 | $74,726 |
| Occupied China | 10,584 | 678 | 12 | 11,274 |
| Free China | 25,885 | 2,337 | 111 | 28,333 |
| Japan | 1,870 2/ | - | - | 1,870 |
| Burma 3/ | 6,780 | 18 | 8 | 6,806 |
| France 4/ | 6 | - | - | 6 |
| Occupied France | 2 | - | 5/ | 2 |
| Free France | .4 | - | - | .4 |
| Spain | 2,216 | 1 | 112 | 2,329 |
| Switzerland | 4,856 | 161 | 42 | 5,059 |
| Sweden | 10,380 | 17 | 703 | 11,100 |
| French Indochina | 377 | 17 | 10 | 404 |

Treasury Department, Division of Monetary Research — December 23, 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 Dec. 6, amounted to $6,106.

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.

DWWnaf 12/23/41

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APPENDIX B

STRICTLY CONFIDENTIAL

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 - December 20, 1941

(Thousands of Dollars) 1/

| | Exports to China | | | Exports to Burma 3/ | Exports to Hong Kong | Exports to Japan | Exports to U.S.S.R. |
|---|---|---|---|---|---|---|---|
| | Total | 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 | 1,350 | 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 2/ | 757 | 2,281 2/ | | 456 | - | 5,217 |
| Sept. 15 - Sept. 20 | 3,978 2/ | 156 | 3,822 2/ | | 389 | - | 752 |
| Sept. 22 - Sept. 27 | 462 | 352 | 110 | 440 | 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 |
| Nov. 24 - Nov. 29 | 3,359 | 120 | 3,239 | 1,364 | 1,325 | - | 2,436 |
| Dec. 1 - Dec. 6 | 852 | 61 | 791 | 64 | - | - | 3,609 |
| Dec. 8 - Dec. 13 | 3,025 | 688 | 2,337 | 18 | - | - | 12,040 |
| Dec. 15 - Dec. 20 | 123 | 12 | 111 | 8 | - | - | 4,580 |
| Total | 42,696 | 11,760 | 30,936 | 5,691 | 11,629 | 1,869 | 75,074 |

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.

Treasury Department, Division

Regraded Unclassified

APPENDIX C

Principal Exports from U.S. to U.S.S.R.
as reported to the Treasury Department
during the week ending December 20, 1941

(Thousands of Dollars)

| | |
|---|---|
| TOTAL EXPORTS | $ 4,580 |
| Principal Items: | |
| Motor trucks and chassis | 1,849 |
| Military tanks and parts | 920 |
| Refined copper | 244 |
| Aluminum plates, sheets, bars, strips and rods | 130 |
| Stamping or shearing machine | 109 |
| Sole leather | 92 |
| Coated wire, n.e.s. | 89 |
| Metallic containers (drums) | 86 |
| Telephone instruments | 79 |
| Machine and heavy ordnance guns and carriages | 75 |
| Barbed wire | 73 |

Treasury Department, Division of Monetary Research December 30, 1941

Regraded Unclassified

## APPENDIX D

Principal Exports from U.S. to Free China
as reported to the Treasury Department
during the week ending December 20, 1941

(Thousands of Dollars)

| | |
|---|---|
| TOTAL EXPORTS TO FREE CHINA | $ 111 |
| Principal Items: | |
| Machine and heavy ordnance guns, carriages and parts | 107 |
| Insulated copper wire | 3 |

Treasury Department, Division of Monetary Research December 30, 1941

STRICTLY CONFIDENTIAL

Regraded Unclassified

## APPENDIX E

Principal Exports from U. S. to Occupied China as reported to the Treasury Department during the week ending December 20, 1941

(Thousands of Dollars)

| | |
|---|---|
| TOTAL EXPORTS TO OCCUPIED CHINA | $ 12 |
| Principal Items: | |
| Radio apparatus | 4 |
| Relief supplies - biologics | 3 |
| Pencils and pens | 1 |

Treasury Department, Division of Monetary Research December 30, 1941

Regraded Unclassified

## APPENDIX F

Principal Exports from U.S. to Burma
as reported to the Treasury Department
during the week ending December 20, 1941

(Thousands of Dollars)

| | |
|---|---|
| TOTAL EXPORTS | $ 8 |
| Principal Items: | |
| Newsprint paper | 6 |

Treasury Department, Division of Monetary Research December 30, 1941

CONFIDENTIAL

Regraded Unclassified

December 31, 1941.

MEMORANDUM FOR THE SECRETARY'S FILES

Conference in Mr. White's Office
December 31, 1941
3:00 P. M.

Present: Mr. White
Mr. Gromyko, Counselor of the
Russian Embassy

The conference was held at Mr. Gromyko's request. Mr. Gromyko stated that his government had instructed him to arrange with the Treasury for a sale by the Russian Government to the United States Treasury of $20 million of gold for future delivery under terms similar to the previous one. Mr. Gromyko stated that the dollars resulting from the sale of the gold were to be used by the Russian Government for purchases in the United States.

Mr. White said he would take the matter up with the Secretary at the first opportunity and would let Mr Gromyko know.

Regraded Unclassified

G
O
P
Y

287

EMBASSY OF THE
UNION OF SOVIET SOCIALIST REPUBLICS
WASHINGTON, D. C.

My dear Mr. Secretary: December 31, 1941

I wish to acknowledge receipt of your letter of December 26, 1941 referring to the agreement dated October 10, 1941 relative to the purchase of 903,000 fine troy ounces of gold by the Secretary of the Treasury from the Government of the Union of Soviet Socialist Republics, against which an advance of $30,000,000 was made on October 11, 1941.

I take pleasure of thanking you for the enclosed two copies of the assay report of the United States Mint at San Francisco giving an analysis of the gold which arrived on the SS TRANSBALT and was deposited by my Government on December 10, 1941 for the account of the Secretary of the Treasury.

I am, my dear Mr. Secretary,

Sincerely yours,

(Signed) Maxim Litvinoff

Ambassador

The Honorable Henry Morgenthau, Jr.

Secretary of the Treasury

Washington

Copy:lc:1/3/42

Regraded Unclassified

December 31, 1941

My dear Mr. Secretary:

I wish to acknowledge receipt of your letter of December 19, 1941 referring to the agreement dated October 10, 1941 relative to the purchase of 903,000 fine troy ounces of gold by the Secretary of the Treasury from the Government of the Union of Soviet Socialist Republics, against which an advance of $30,000,000 was made on October 11, 1941.

I take pleasure in thanking you for the enclosed two copies of the assay report of the United States Mint at San Francisco giving an analysis of the gold which arrived on the SS DONBASS and deposited by my Government on December 5, 1941, for the account of the Secretary of the Treasury.

I am, my dear Mr. Secretary,

Sincerely yours,

Ambassador

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

Regraded Unclassified

December 31, 1941

Dear Mr. President:

I am transmitting herewith for such use as you care to make of it a draft of a bill to cancel the indebtedness of the Governments of Great Britain and Russia to the United States Government which arose out of the first World War.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

DWB:ce

M. M. C
Mr Dan Bell has copies

Regraded Unclassified

A BILL

To cancel the indebtedness, arising out of the first world war, of Great Britain and Russia, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) all existing indebtedness, including unpaid interest, due the Government of Great Britain to the Government of the United States of America resulting from cash advances made or credits established by the Government of the United States of America under authority of the following acts of Congress, as amended or supplemented, is hereby cancelled:

The Act of April 24, 1917 (40 Stat. 35);
The Act of September 24, 1917 (40 Stat. 288);
The Act of April 4, 1918 (40 Stat. 502);
The Act of July 9, 1918 (40 Stat. 844).

(b) All existing indebtedness, including unpaid interest, owing to the Government of the United States of America on account of cash advances made, credits established, or supplies sold on credit by the Government of the United States of America to any Government of Russia under authority of the following Acts of Congress, as amended or supplemented, is hereby cancelled:

The Act of April 24, 1917 (40 Stat. 35);
The Act of September 24, 1917 (40 Stat. 288);
The Act of April 4, 1918 (40 Stat. 502);
The Act of July 9, 1918 (40 Stat. 844);
The Act of July 9, 1918 (40 Stat. 845, 859);
The Act of February 25, 1919 (40 Stat. 1164).

Regraded Unclassified

Sec. 2. The Secretary of the Treasury is hereby authorized and directed (1) to deliver to the authorized representative of the Government of Great Britain all obligations now held by the Government of the United States of America evidencing the indebtedness referred to in section 1(a) of this Act, (2) to deliver to the authorized representative of the Government of the Union of Soviet Socialist Republics all obligations now held by the Government of the United States evidencing the indebtedness referred to in section 1(b) of this Act, and (3) to make such adjustments on the books and records of the Treasury Department and take such other action as may be necessary to carry out the purposes of this Act.



Regraded Unclassified

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

239

December 31, 1941

## French Assets in Portugal

(1) A list had been drawn up in the French Legation at Lisbon of all French-owned concerns in Portugal. A record has also been compiled of all French capital invested in Portugal.

(2) French capital was invested in the Portuguese railways, and recently two board meetings had been held, attended by M. Guichenet, who had come from Paris.

(3) Further meetings were to be held attended by M. de Bernard. Both Guichenet and de Bernard were members of the Paris committee dealing with French holdings in Portuguese railways.

Regraded Unclassified

December 31, 1941.

MEMORANDUM FOR THE SECRETARY'S FILES

Conference in Mr. White's Office
December 31, 1941
4:00 P. M.

Present: Mr. White
Dr. Soong, Minister of Foreign Affairs

Dr. Soong called at his request. He stated that he had just been informed by his Government that a request via cable was coming to this Government for economic assistance because of the critical inflationary situation at home. He stated that the request was, to his understanding, set forth in rather vague terms, but that he expected in a few days to have something more specific to submit to us and he hoped that in the meantime we would be thinking about the possibilities for aid.

Regraded Unclassified

# TREASURY DEPARTMENT

290

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

In paragraph three of cable #542 received from the American Embassy, Chungking, reference is made to our telegram #293. This reference is undoubtedly an error and probably should be our telegram #299 dated December 15.

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DEPARTMENT OF STATE

Washington

In reply refer to
FF 840.51 Frozen Credits/4838

December 31, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith a copy of air mail despatch no. 6045 of December 15, 1941 from the American Embassy at Rio de Janeiro, stating that although Brazilian authorities had frozen credits in Brazil, Japan had not taken such action on Brazilian credits in Japan.

Enclosure:

From Rio de Janeiro,
no. 6045, December 15,
1941.

Copy:hmd:1/3/42

Regraded Unclassified

No. 6045.



Rio de Janeiro, December 15, 1941.

No. 6045

SUBJECT: Japanese Credits in Brazil.

ORIGINAL AND THREE COPIES BY AIR MAIL - CONFIDENTIAL
DEPT OF STATE.

CONFIDENTIAL

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to report that Mahuco told me yesterday that although the Brazilian authorities had frozen the Japanese credits here the Japanese authorities have not frozen Brazilian credits in Japan.

Respectfully yours,

Jefferson Caffery.

DJ/slc

File 851.51

In three copies of the
original.

Regraded Unclassified

293

DEPARTMENT OF STATE

Washington

In reply refer to
[illegible] Frozen Credits/4359

December 31, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith a copy of air mail despatch no. 1436 of December 13, 1941 from the American Embassy at Caracas, and its enclosures, a copy and translation of an Executive Decree published in the Official Gazette of December 16, 1941 (No. 20,671), and a translation of a resolution of December 15, 1941 issued by the Ministers of Interior, Foreign Affairs, and Finance, concerning the restriction of finance, trade and commercial activities of governments or nationals of countries at war with an American nation.

Enclosure:

From Caracas, no. 1436, December 13, 1941, with enclosures.

[illegible]:mml:1/3/42

Regraded Unclassified

Caracas, December 19, 1941.

No. 2436

Subject: Transmitting copy and translation of Executive Decree of December 16, 1941 and of the Resolution under the Decree of December 11, 1941, concerning control measures of an economic nature.

The Honorable
The Secretary of State
Washington

Sir:

With reference to my despatch No. 1423 of December 16, 1941, and to my telegram No. 313 of December 17, 1941, I have the honor to enclose a copy and translation of the Executive Decree published in the Official Gazette of December 16, 1941 (No. 20,671) for the purpose of carrying out the provisions of the Decree of December 11, 1941.

There is also enclosed a copy (in the same Official Gazette above cited) and translation of the Resolution of December 16, 1941, issued by the Ministers of Interior, Foreign Affairs and Finance jointly with reference to the application of the Decree of December 11, 1941, concerning the restriction of financial, trade and commercial activities of Governments or nationals of countries at war with an American nation.

Respectfully yours,

Frank P. Corrigan

Enclosures:
1. Copy of Official Gazette No. 20,671.
2. Translation of Decree of Dec. 16, 1941.
3. Translation of Resolution of Dec. 16, 1941.

851
Peter

A true copy of the
original.

[illegible]/RA

Regraded Unclassified

ENCLOSURE NO. 2 TO DESPATCH NO. 1436 DATED DECEMBER 19, 1941 FROM THE AMERICAN AMBASSADOR AT CARACAS, VENEZUELA.

TRANSLATION FROM OFFICIAL GAZETTE OF THE UNITED STATES OF VENEZUELA DECEMBER 16, 1941 — NO. 20671

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PRESIDENCY OF THE REPUBLIC

"ISAIAS MEDINA A.

President of the United States of Venezuela,

In order best to carry out the purposes sought by the prohibitions and restrictions established in the Decree of December 11, 1941, and for the purpose of avoiding damages resulting from operations concerned with funds, credits and rights belonging to, or in which the Governments or nationals of States at war with an American Nation may have an interest, undertaken in the name of persons, enterprises or intermediary companies, or whose purpose or result be to conceal or remove them in any manner from the effects of the said Decree;

In the use of attribute 23 of Article 190 of the National Constitution; in conformity with Article 32 and in applying numeral one of Article 15 of the said Constitution; and in accordance with the advice of the Ministers in Council:

DECREES:

Article 1. The restriction of the exercise of individual guarantees provided for in numerals 2, 3 and 9 of Article 32 of the National Constitution, established in Article one of the Decree of December 11, 1941, is hereby extended in the terms and for the effects of the present Decree.

Article 2. The Federal Executive shall subject to measures of intervention, inspection and control the course of operations of all persons, firms, enterprises and businesses, of whatever nationality, provided in its judgment, the activities of these persons, enterprises or entities, might be operated injuriously in respect to national or continental security or economy, or might occasion an evasion of the purposes of the Decree of December 11, 1941.

Article 3. The following shall be specified by virtue of orders of the Federal Executive:

a) The persons, enterprises or entities subject to the application of the measures provided for in

Regraded Unclassified

the present Decree;

b) The necessary measures for inspecting the course and operations of those persons, enterprises or entities, so that their activities may not be exercised in detriment of continental or national security or economy;

c) Determination of the time when application of the measures should cease by reason of the absence of necessity to continue them;

d) The authorities or official organizations to which the carrying out the said measures shall be delegated.

Article 4. Among the measures stated may also be included the prohibition to withdraw funds, move or transfer banking or savings accounts, to withdraw articles on deposit or securities submitted as collateral or for custody. These measures may be applied to the persons, firms, enterprises or entities of any nationality, who the Federal Executive may consider included in the provisions of the present Decree.

Article 5. The Ministers of Interior Relations, of Foreign Relations and of Hacienda are especially charged with the execution of the present Decree.

Issued, signed, sealed with the Seal of the Federal Executive and countersigned by the Ministers of the Executive Branch, in the Federal Palace, in Caracas on the 16th day of the month of December, nineteen hundred and forty-one. 132nd Year of Independence and 83rd of Federation."

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ENCLOSURE NO. 3 TO DESPATCH NO. 1436 DATED DECEMBER 19, 1941 FROM THE AMERICAN AMBASSADOR CARACAS, VENEZUELA.

TRANSLATION FROM OFFICIAL GAZETTE OF THE UNITED STATES OF VENEZUELA, DECEMBER 16, 1941, No. 20671

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Ministries of Interior Relations, Foreign Relations and Hacienda. United States of Venezuela -- Ministry of Interior Relations -- Political Division -- Ministry of Foreign Relations -- Political Division -- Ministry of Hacienda -- Division of Economy and Finance.

Caracas, December 16, 1941

132nd and 83rd

RESOLVED:

In accordance with the provisions of article 4 of the Executive Decree of December 11, 1941 and article 3 of the Executive Decree of this same date, authorizing the Federal Executive to dictate by means of Special Resolutions the required measures for the control and supervision of individuals, entities or enterprises comprised within the restrictions of the said Decrees; and by which the Federal Executive is also authorized to establish the formalities or requisites which may be deemed necessary for the granting of permits as provided in articles 2 and 3 of the first of said Decrees and to establish the rules and formalities for the operation of such services, the President of the United States of Venezuela resolves that everything related to said services be ruled under the following provisions:-

First - In accordance with the provisions of Resolution of the Office of Hacienda, dated the 13th instant, the permits provided for in article 2 of the Decree of December 11, 1941 will be issued by the Banco Central de Venezuela or by the branches and agencies of the Banco de Venezuela in the interior of the Republic, or by the other organizations or entities designated for this purpose by the Federal Executive, through an application which in each case will be made by interested parties. Said application shall contain a sworn declaration that the exportations, drafts, transfers or remittances are destined to non-American countries not actually at war with American nations or not occupied by powers at war with American nations; that the consignee or beneficiary of the

Regraded Unclassified

exportations, drafts, transfers or remittances is not a government or a national of any state at war with American nations, or that he does not reside in a country occupied by powers at war with American nations. The application must show also the purposes and ends of the transaction.

Second - The permits referred to in article 5 of the same Decree of the 11th instant must be requested, in each case, from the organizations which the Federal Executive has designated in said Resolution or shall designate in the future. General permits may be granted up to a fixed monthly amount to certain individuals or entities for the transaction of their business, within the limits fixed by the Decree.

To obtain these permits, either the special or the general ones, the interested parties must present with their applications a sworn declaration that they bind themselves to comply with provisions a), b), c) and d) of article 3 of said Decree.

Sole paragraph - To the end of obtaining a permit in connection with the special transactions referred to in b) of the same article 3 of the Decree, it will be absolutely necessary to duly justify the payment for which permit is requested; as well as to give proof of the sincerity, real need and convenience of the operation.

Third - The permits referred to in said Executive Decree, covered by the aforementioned numbers, are essentially revocable or modifiable at any time.

Fourth - Faculty is granted the Banco Central de Venezuela and the branches and agencies of the Banco de Venezuela to authorize the withdrawal of funds from immobilized accounts by monthly sums prudently fixed in each case, to provide for the subsistence of the applicants and their families if they have no other means of support, subject to proof of the latter.

Fifth - The functions of supervision and control as provided in the sole paragraph of article 4 of the Decree of December 11th and in articles 2 and 3 of the Decree of this same date, will be exercised by the Superintendency of Banks. To carry out said control and supervision of individuals or entities obtaining permits or subject to the provisions of article 2 of Decree of the same date and to check up whether their operations are normal and legitimate, the Superintendency of Banks is authorized to name inspectors for the service. The retribution of these inspectors will be for the account of the person or entity under supervision, and the amount of said retribution will be carefully estimated by the Superintendency of Banks.

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Sixth - The inspectors are obliged to inform the Superintendency of Banks whenever requested by the latter or required by circumstances, and at least once a week, as to the movements, activities etc. of the individual or entity under supervision; and at any time, immediately and by the quickest possible way of communication, to inform of any activity which might be considered contrary to the purposes of the aforementioned Decrees.

Seventh - The prohibition to mobilize bank or savings accounts, contained in article 3 of the Decree of December 11, 1941, refers to withdrawal operations, surrenders or transfers of the total or part of the funds of the accounts; and does not cover deposits or cash deliveries, checks or other commercial drafts in connection with the same accounts by their owners or by third parties.

Eighth - Among the transactions foreseen in the prohibitions of article 3 of the Decree of December 11, 1941 and article 4 of the Decree of this same date, are the following:-

1. Drafts drawn against funds deposited in bank or savings accounts, in favor of governments or nationals of States at war against any American country or of persons or entities domiciled or residing in territories occupied by said States, whatever the nationality of the person drawing the draft.

2. Drafts drawn against the same accounts by persons included in said articles, in favor of others of whatever nationality, including Venezuelans.

3. The other operations which, by separate Resolutions or by orders of the Minister of Hacienda may be considered by the Federal Executive as included in those provisions.

Ninth - The Banco Central de Venezuela, the branches and agencies of the Banco de Venezuela and the other organizations which may be designated by the Federal Executive to exercise the functions referred to in article 4 of the Decree of December 11, 1941 are authorized to dictate with prior approval of the Ministry of Hacienda, the measures for the organization and internal regime required for the operation of the services designated to them.

Tenth - The Superintendency of Banks is authorized to prescribe, with prior approval of the Ministry of Hacienda, any other necessary regulations which must be complied with for the application and execution of the measures for control, supervision and intervention under this present Resolution and that of the 13th instant.

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Eleventh - There are exempted from the formality of previous licenses the payment orders issued in favor of any individual by the Federal Executive Departments, by the Governments of the States of the Union or of the Federal District, or of the Federal Territories, by the other political or administrative entities or by autonomous national institutes, or those issued in favor of said organizations.

Twelfth - The applications in connection with the aforementioned Decrees and their Resolutions will be made on regular paper without stamps.

Thirteenth - All doubtful or unforeseen cases will be submitted to the Superintendency of Banks who will make a decision after consultation with the Ministry of Hacienda.

To be communicated and published.

By the Federal Executive.

(S) FULIO CHIOSSONE

(S) C. PARRA-PEREZ

(S) A. MACHADO HERNANDEZ

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Mar.

Copy to: 1/3/42

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DEPARTMENT OF STATE
WASHINGTON

December 31, 1941

In reply refer to
FF 840.51 Frozen Credits/4865

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith a copy of air mail despatch no. 1715 of December 19, 1941 from the American Legation at Tegucigalpa, together with a copy of its enclosures, decrees numbers eight and nine, passed on December 17, 1941 by the Honduran Congress, and a copy of a Notice to Naturalized Citizens, all treating with Honduran legislation concerning economic control of Axis nationals.

Enclosure:

From Tegucigalpa,
no. 1715, December 19,
1941, with enclosures.

Copy:lc:1/6/42

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Tegucigalpa, D. C., December 19, 1941.

No. 1715

Subject: Transmitting Honduran Legislation Concerning Economic Control of Operations of Axis Nationals.

AIRMAIL

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to refer to my telegram No. 128 of December 17, 1941, and to enclose herewith ten copies of Decrees Nos. 8 and 9 passed on December 17, 1941, by the Honduran Congress, which become effective today, and refer to the controls established by the Honduran Government over the financial and commercial activities of Axis nationals.

The legislation has been compared carefully with the measures described by the Department's circular telegram of December 15, 10 p.m., and has been found with regard to economic controls, to conform, in general, to the five-point program suggested by the Department, which was yesterday transmitted to the Honduran Foreign Office.

Regraded Unclassified

Decree No. 8 has already been reported by despatch No. 1698 dated December 10, 1941 (File No. 850). It is of particular interest to note the following points concerning Decree No. 9: a) that no specific measures are provided for gaining possession of or inventorying any valuables or documents now in the possession of Axis nationals, in their residences (Cf. Par. 7 of Article I); b) that a receipt from a local bank will serve as legal proof to cancel the obligations of any person owing money to Axis nationals and depositing it in the banks (Par. 11 of Article I); c) that the President, acting through the Ministry of Finance, may extend the freezing orders to all persons or firms appearing on either the Proclaimed and Statutory Lists, and may likewise apply the measures against the nationals of any other country on which Honduras may declare war in the future (Article 2); d) that exports by Axis persons and firms are permitted, provided the proceeds are frozen and the transactions subject to Government control (Par. 17 of Article 1); and e) that all naturalized citizens of Axis origin, whether of Honduran or other nationality, must present proof of such nationality to the Ministry of Finance so as to obtain proper certificates thereof for use in banking and other transactions (Cf. enclosed notice).

Regraded Unclassified

It is assumed that the Department will wish to send detailed instructions to this Mission with regard to the above measures as soon as possible.

Respectfully yours,

John D. Erwin

Enclosures:

1) 10 copies of Decrees 8 and 9 of December 17, 1941.
2) 10 copies of Notice to Naturalized Citizens.

851-Freezing

RDG:LMH

A true copy of
the signed original
(Init.) LMH

NOTE: Enclosure, written in Spanish, sent to Mr. Pehle along with the original of this despatch.

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# TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE December 31, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

# CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

| | |
|---|---|
| Sold to commercial concerns | $47,000 |
| Purchased from commercial concerns | $34,000 |

Open market sterling remained at 4.03-3/4, and there were no reported transactions.

The Canadian dollar, which closed at a current low of 14-5/8% discount last night, recovered to a final quotation of 14% in a very thin market today.

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

| | |
|---|---|
| Argentine peso (free) | .2345 |
| Brazilian milreis (free) | .0516 |
| Colombian peso | .5775 |
| Mexican peso | .2065 |
| Uruguayan peso (free) | .5710 |
| Venezuelan bolivar | .2850 |
| Cuban peso | 1/8% premium |

By order and for account of the Central Bank of the Uruguayan Republic, the Federal Reserve Bank of New York purchased 242,000 Swiss francs at .2330, and 204,700 Swedish kronor at .2385 from a New York bank.

It purchased $1,504,000 in gold from the earmarked account of the Central Bank of the Uruguayan Republic, and $1,353,000 in gold from the earmarked account of the Bank of Mexico.

No new gold engagements were reported.

In London, spot and forward silver were fixed at 23-1/2d, equivalent to 47¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢, and Handy & Harman's settlement price for foreign silver was also unchanged at 71-1/2¢.

We made no purchases of silver during December. In the full year 1941, our purchases amounted to 36,014,000 ounces, as against 118,431,000 ounces in 1940.

Regraded Unclassified

The report of December 24 received from the Federal Reserve Bank of New York, giving foreign exchange positions of banks and bankers in its district, revealed that the total position of all countries was short the equivalent of $3,550,000, a decrease of $977,000 in the short position since December 17. Net changes were as follows:

| Country | Short Position December 17 | Short Position December 24 | Change in Short Position* |
|---|---|---|---|
| England** | $ 150,000 | $ 552,000 (Long) | - $702,000 |
| Europe | 2,616,000 | 2,582,000 | - 34,000 |
| Canada | 701,000 (Long) | 786,000 (Long) | - 85,000 |
| Latin America | 57,000 (Long) | 195,000 (Long) | - 138,000 |
| Japan | 159,000 | 159,000 | — |
| Other Asia | 2,386,000 | 2,321,000 | - 65,000 |
| All Others | 26,000 (Long) | 21,000 | + 47,000 |
| Total | $4,527,000 | $3,550,000 | - $977,000 |

* Plus sign (+) indicates increase in short position, or decrease in long position. Minus sign(-) indicates decrease in short position, or increase in long position.

**Combined position in registered and open market sterling.

CONFIDENTIAL

Regraded Unclassified

BRITISH EMBASSY
WASHINGTON, D.C.

31st December, 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,

Halifax

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

Regraded Unclassified

Copy No. 12

BRITISH MOST SECRET

(U.S. SECRET)

Operation No. 56

Following is supplementary resume of operational events covering the period 18th to 25th December, 1941.

(I) NAVAL

Our operations against U-boats in the ATLANTIC, West of GIBRALTAR and in the Eastern Mediterranean have been conspicuously successful. H.M. Aircraft carriers ILLUSTRIOUS and FORMIDABLE arrived in home waters after undergoing repairs in the UNITED STATES. The sixteenth Canadian Troop Convoy also arrived. Heavy air attacks on the German ships at BREST appear to have been unlucky and damage probably only superficial. At ARCHANGEL the ice situation is becoming serious, but more extensive use of MURMANSK can improve import conditions. "Hunt" class destroyers and anti-submarine craft escorted convoys which have been running regularly to TOBRUK and a night patrol by Greek destroyers has been maintained off BARDIA and SOLLUM. Four or five ships of about five thousand tons are known to have made the crossing from ITALY to LIBYA during the week. A group of U-boats was operating on the convoy route northwards from GIBRALTAR in co-operation with Focke Wulf aircraft, and it is probable that German submarines may be moving towards the Western Atlantic. There has been no indication recently of any operating in the Atlantic south of 30 degrees North. Prisoners state that some refuelled from merchant ships lying in VIGO about the middle of December. Several are now operating in the MEDITERRANEAN, of which four or five were near ALEXANDRIA during the early part of the week. Shipping losses were considerably higher than of late, largely due to enemy mine-laying off the East Coast.

TRADE. During the week ending twenty-fourth 949 ships were convoyed. Imports into the United Kingdom during the week ending 20th amounted to [illegible],000 tons, including 290,804 tanker imports. November non-tanker imports were - for Ministry of Food, 954,400 tons; Ministry of Supply, 1,099,500 tons.

(II) MILITARY

LIBYA. The enemy, after failing to hold the DERNA-MAKILI Line, attempted to make a stand East of BENGHAZI to cover the evacuation of that Port, but later withdrew Southwards. General Rommel's two armoured divisions, comprising now only some 40 to 50 tanks, are in the JEDABYA area, and our object is to bring them to battle before they can escape to the West. Our pursuit is, however, being hampered by the rain and mud on our supply routes. The enemy is suffering from shortage of transport and mechanical repair difficulties. The future of the

Regraded Unclassified

battle now depends largely on our ability to transport and maintain our supplies in sufficient volume.

RUSSIA. The German retreat is continuing on the whole MOSCOW front from KALININ to OREL, and Russian pressure is preventing the enemy from executing a planned withdrawal. There is no immediate prospect of the Germans succeeding in stopping the Russian advance and in stabilising the front.

JAPAN. In the CHANGSHA area, on the CANTON-HANKOW railway, a strong Japanese force is attacking the Chinese positions. In MALAYA, the Japanese advance has for the moment slackened, but reinforcements are reported to be arriving by sea and land in the Kra Isthmus. Present Japanese strength is estimated at four Divisions and one Tank Regiment.

SPAIN. No German troop movements have been reported to substantiate the numerous rumours of an imminent attack on SPAIN.

BALKANS. The German rumour campaign is as active in TURKEY as it is in the Iberian Peninsula. There have been several reports of German preparations for future military action based on BULGARIA.

(III) AIR OPERATIONS

UNITED KINGDOM. The principal operation was the daylight raid upon the German warships at BREST. Night bombing was carried out on four occasions, during which a total of about 200 tons of high explosive and 15,000 incendiaries were dropped. Our aircraft damaged with bombs or torpedoes about 25,000 tons of enemy shipping.

MEDITERRANEAN.

CYRENAICA. Relentless attacks by bombers and fighters upon retreating enemy columns contributed to their disorganization. Enemy aerodromes and landing grounds were also heavily bombed, several aircraft being either destroyed or damaged on the ground.

TRIPOLITANIA. ZOUARA was attacked by day and TRIPOLI (L) was bombed on five nights of the week. Our aircraft sank or damaged about 16,000 tons of enemy shipping. Apart from one heavy but ineffective night raid on TOBRUK little was seen of Axis bombers in LIBYA.

MALTA. Enemy activity increased both by day and night.

FAR EAST. Our fighters carried out one successful attack on an enemy aerodrome in SIAM, and Dutch light bombers were in action against Japanese naval forces off N.W. BORNEO. Enemy bombers raided RANGOON, made several attacks on KUCH in MALAYA and twice visited KUALA LUMPUR aerodrome without causing much damage. In BORNEO they heavily bombed PONTIANAK and made sharp attacks on KULHING and SINGKAWANG aerodromes.

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(IV) EXTRACTS FROM PHOTOGRAPHIC AND INTELLIGENCE REPORTS ON RESULTS OF AIR ATTACKS ON ENEMY TERRITORY IN EUROPE

BREST. In recent night attacks, no bombs have fallen on the town and damage has been confined to the docks area. On 11th/12th December, one bomb fell about 15 metres from the end of one of the dry docks.

NAPLES. After the raid on 27th/28th November, trains from NAPLES arrived in ROME more than 15 hours late. Photographs confirm various items of important industrial damage since eleventh November. Among them further damage to Royal Arsenal, half the arsenal completely destroyed. Further severe damage to the torpedo factory. Damage to Alfa Romeo works, an Oil Depot and to roofing of the Airframe Works. A large hole in the roof of the main railway station.

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Copy No. ___

BRITISH MOST SECRET

(U.S. SECRET)

OPWI No. 44

Information received up to 7 a.m., 30th December, 1941.

(I) MILITARY

LIBYA. The bulk of the enemy forces are still in position in the JEDABYA area with their armoured forces covering the southern flank. Continued pressure had not yet succeeded in dislodging them. On the 28th a force of approximately 60 enemy tanks supported by artillery attacked one of our armoured brigades. After six hours fighting our troops withdrew eastwards. An unconfirmed report states that the enemy suffered 30 tank casualties. Our troops at BENGHAZI state there are reliable reports that about 5,000 of our prisoners have been evacuated by sea to GREECE.

RUSSIA. On the MOSCOW front the Russians are continuing their advance southwest of KALININ. In the CRIMEA, the Germans and Roumanians are continuing to attack SEVASTOPOL and are offering strong resistance to Russian attempts to land at KERCH.

MALAYA. South of IPOH our forward troops have made a steady withdrawal in face of enemy forces estimated at one division supported by artillery and tanks.

SARAWAK. The Japanese have occupied KUCHING. According to Dutch sources part of our garrison has reached Dutch BORNEO.

(II) AIR OPERATIONS

WESTERN FRONT. 28th/29th. WILHELMSHAVEN. No cloud, visibility excellent, town and docks clearly seen. 77 tons H.E. and 6,500 incendiaries dropped. Bursts and fires seen in the centre of the town, near the main railway station and across the docks. Only one aircraft out of 77 on this objective did not return.

HULS. 65 aircraft dropped 55 tons of H.E. and 3,000 incendiar Visibility good, target clearly identified, direct hits obtained and photographs taken. Bursts followed by fires and one large explosion were seen on various parts of the objective.

EMDEN. 54 tons of H.E. including five 4,000 pounders, and 2,00 incendiaries dropped. Visibility excellent and slight ground snow helped identification. Several bursts were seen chiefly in the docks area. On the whole a very satisfactory night and the best for some weeks. 18 R.C.A.F. and 7 R.A.A.F. aircraft took part. One Canadian aircraft missing.

Regraded Unclassified

29th/30th. Bombing operations cancelled. About 55 enemy aircraft were operating chiefly over Northeast England. About 25 crossed the coast. Our fighters destroyed one enemy bomber and two other aircraft are believed destroyed.

MEDITERRANEAN. LIBYA. 28th. Weather being bad in the JEDABYA area our light bombers concentrated against enemy positions in BARDIA. 4 Blenheims attacked tanker near MILS (L) and on 28th/29th 4 Wellingtons bombed TRIPOLI (L).

GREECE and CRETE. 28th/29th. Wellingtons were sent to attack SALAMIS Naval base and oil installations at the PIRAEUS. Owing to bad weather only three aircraft attacked their primary objective with unobserved results and 8 others bombed the aerodromes at SUDA BAY and HERAKLION where the runway was hit.

MALTA. 28th/29th. 10 aircraft attacked, one was shot down by A.A. fire. 29th. 9 attacks were made by a total of 36 aircraft. One German fighter and probably a second were destroyed. 3 Hurricanes were lost. 2 Blenheims were damaged on the ground.

FAR EAST. MALAYA. 28th/29th. 4 Blenheims attacked SUNGEI PATANI aerodrome causing fires and a large explosion. One Blenheim is missing. 29th. An attack by 18 enemy aircraft on KLUANG aerodrome caused little damage.

NETHERLANDS EAST INDIES. 28th. MEDAN aerodrome, North-east SUMATRA, was heavily bombed. Report of enemy parachute troops dropped is not confirmed.

(III) AIRCRAFT CASUALTIES IN OPERATIONS OVER AND FROM THE BRITISH ISLES.

German - One destroyed. Two probable.

(IV) HOME SECURITY

Bombing apparently directed upon the NEWCASTLE-ON-TYNE area was heavier than of late, but scattered. There was some damage to house property and some casualties.

(V) JAPANESE AIR FORCE

Reference summary of 21st, paragraph six. The forces operating from INDO-CHINA, SIAM and MALAYA have now been increased to about 500 aircraft of all types. In addition the number of land based heavy bombers in the Pacific Islands has been increased by a second squadron to a total of 24 aircraft.

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BULLETIN NO. 3 CONFIDENTIAL

COORDINATOR OF INFORMATION

# THE BURMESE AND THE WAR

The Burmese are anti-British, anti-Indian, and anti-Chinese, and might be pro-Japanese if promised independence. They could be effective allies of the Japanese, as their 1930–31 revolution proved.

DECEMBER 31, 1941

Regraded Unclassified

# THE BURMESE AND THE WAR

Now that the Japanese are moving on Burma, it is desirable to know whether the Burmese will cooperate with the British or the Japanese. The question is sharpened by the fact that China's resistance to Japan largely depends on the free passage of war materials through Burma to the Burma Road. It is desirable to know whether the Burmese will help or hinder the passage of materials—and this again is part of a larger question.

Burmese nationalism is young and energetic. Its first really violent expression was in December 1930, when the people demonstrated their unwillingness to pay the capitation tax which they had been protesting against for years. But the tax issue was part of a larger issue. According to the Secretary of State for India who spoke before Parliament in June 1931, the movement was organized to overthrow the government.[1] Burmese nationalism, under the strain of the depression, became actively aware of four groups of foreigners in Burma, the Indians, Chinese, British, and Japanese.

## *Attitude Toward the Indians*

As long as the Burmese found it easy to make a living they tolerated Indian laborers, who had a

[1] *Report on the Rebellion in Burma up to May 3, 1931* (London, 1931), pp. 1–19.



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lower standard of living, and Indian merchants, who were engaged in occupations generally not sought by Burmese. When the depression of 1929 and 1930 forced them to compete with Indian laborers and Indian merchants, they found themselves in an impossible situation. Their higher standard of living militated against successful competition with the laborers while their lack of business acumen made them inferior to Indian business men. As a consequence, the Burmese developed a substantial hatred of the Indians and attempted by various means to discourage Indian immigration. Their first act of discouragement was mass murder when they rioted in 1930 and killed or injured several thousand Indians. This led to consideration of the Burmese problem by Parliament and the drawing up of a Constitution which became effective in April 1937. The Burmese were now in a position to deal legally and effectively, as they thought, with the Indian labor problem.

*Attitude Toward the Chinese*

Hardly had the Burmese begun to take steps to limit Indian immigration than the opening of the Burma Road led to the development of a Chinese problem. The Chinese held the lion's share of the rice-milling and timber trades, and they shared profits with the Indians in retail trade. Most of them lived in Rangoon. As waves of Chinese came out of war-torn China along the Burma Road the Burmese began to fear them as an economic threat. Most of them drifted to Rangoon, strengthening the Chinese community there. How the Burmese

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felt about the Chinese was shown by their boycotting collectors for China relief funds. The Burmese even began to sympathize with the Japanese, not because they loved the Japanese, but because they felt that the Japanese might possibly help solve their Chinese problem. The Burmese would like to get rid of the Chinese by closing the Burma Road.

*Attitude Toward the British*

The Burmese feel that British democracy has not been extended to include the Burmese. When discussion of a constitution for Burma arose the British attitude was that the Burmese should receive a less favorable constitution than the Indians because they considered them unable to govern themselves. The Burmese profoundly resented this attitude and became all the more determined to gain a clear title to self-government.

The English have conducted the ordinary affairs of life in Burma in such a way as to uphold British prestige and to put the Burmese in their place. The Englishman has taken it for granted that he can run through red lights and damage Burmese persons and property and escape with no official hurt beyond a fine and a reprimand. But a Burmese involved in a similar situation is regarded as a criminal and dealt with severely. When driving along a dusty highway, the Englishman is enraged if he is unable to overtake a Burman and escape his cloud of dust, but he thinks nothing of driving slowly and blocking the road to force Burmese drivers to keep to the rear in his dust. The Burmese Governor, Sir Joseph Mann Gyi, is not permitted inside the



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English clubs to which the English Governor always belongs.

An English magistrate gave it as his opinion that: "We had done two things there which we ought not to have done. In spite of declarations to the contrary, we had placed English interests first, and we had treated the Burmans not as fellow creatures, but as inferior beings."

The rebellion of 1930–31 had but one motive and one object—hatred of the British Government and intention to destroy it. So the government itself said. Although the British have vaguely promised consideration of dominion status for Burma after the war, the Burmese realize that the time to get concessions is when the British need their cooperation—and that is now.

*Attitude Toward the Japanese*

In commenting on a speech made by Sir Archibald Cochrane, former Governor of Burma,[1] Mr. F. Burton Leach said: "The Japanese were newer arrivals and had not made a place in the country to the same extent [as the Chinese]. It was quite natural that Burma should admire the qualities which the Japanese displayed, and when politics became a matter of interest in Burma many of them looked toward Japan for inspiration." He went on to say: "Did they [the Burmese] realize that if they did not throw in their lot wholeheartedly with the British Commonwealth they would find it extremely difficult to stand alone . . . that the Japanese had good grounds for looking upon Burma as a useful acquisi-

[1] Burma in War Time, *Asiatic Review*, October 1941, p. 694.



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tion?" He implied that many Burmese were dangerously pro-Japanese. But probably nothing can be said on this subject except that the Burmese are interested in any tool or agency that might help them achieve the national freedom they covet.

*How Effective Could the Burmese Be?*

The Burmese Premier, U Saw, on his recent visit to the United States, gave W. Norman Brown and Conyers Read of the COI the impression that not only were the Burmese exceedingly dissatisfied with the British attitude toward their demands for political autonomy, but also that they might resort to action of some sort. Naturally the Premier gave no hint of what this might be. Two obvious measures are failure to cooperate with British defense measures and sabotage of the Burma Road.

The opinion of Edgar Ansel Mowrer, reporter for the Chicago Daily News, recently returned from a tour of the Far East, is that the Burmese are both dissatisfied with the British and capable of some sort of strong action against them.

The official British opinion is that the Burmese are unable to obstruct Burma Road traffic or to interfere seriously with empire defense in Burma. This opinion was confirmed by correspondence with Prof. John L. Christian of the University of Washington, author of *Modern Burma* which is to be published in January 1942, by the Institute of Pacific Relations. Mr. Christian says that he doubts very much whether there could be a Burma revolt, or effective sabotage of the Burma Road. He feels that the Burmese, in general, are not that ambitious.



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However, it needs to be remembered that in their rebellions of 1930 and 1931 they showed their ability to freeze up internal commerce and trade. The British had to put considerable forces, about four brigades, in the field before the Burmese were quieted. The rough terrain and heavy jungle areas of Burma make it possible for poorly armed men to carry on guerrilla warfare with a minimum of personal danger.

But this is speaking of the effectiveness of the civilian population of Burma and not the armed troops. Burmese troops exist to the extent of about 15,000. The question may be asked as to whether Burmese troops in British employ would fight against the British. The British are confident they would not, even in the event of a Burmese revolt. Their officers are largely British. They and the police are identified in Burmese minds with the British. There is always the possibility of their joining a popular Burmese movement, but there is no evidence that they would do so.

## SOURCES

In addition to those mentioned above:

Maurice Collis, *Trials in Burma* (Faber & Faber, 1938).

*Asiatic Review*, especially July and October 1941.

Memorandum recording interview with U Saw (prepared in the British Empire Section of COI).

Statement of the Impressions of Japanese Desires, Capacity, and Intentions Obtained by Edgar Ansell Mowrer during recent trip in Southeastern Asia at the request of Col. William J. Donovan.



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**COORDINATOR OF INFORMATION**

WASHINGTON, D. C.

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COORDINATOR OF INFORMATION

December 31, 1941

My dear Mr. Secretary:

I am transmitting herewith a copy of the supporting studies of Monograph No. 3, "The German Military and Economic Position, December 1941", which I hope may be of service to you.

Sincerely yours,

James P. Baxter 3d

James P. Baxter, 3d
Director, Branch of
Research and Analysis

The Honorable,

The Secretary of the Treasury.

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COORDINATOR OF INFORMATION

MONOGRAPH No. 3

# THE GERMAN MILITARY AND ECONOMIC POSITION

## SUMMARY AND CONCLUSION

DECEMBER 12, 1941

COPY No. ____

Secretary of the Treasury

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# THE GERMAN MILITARY AND ECONOMIC POSITION DECEMBER 1941

## *Summary and Conclusion*

### A. GERMAN MILITARY POSITION

Upon the outbreak of hostilities, in 1939, the German armed forces totaled about 2 million men. In June 1941 they totaled 9 million, of whom about half have been engaged on the Eastern front. A tentative estimate places German battle casualties in the war against Russia at 1,500,000 killed, wounded, and missing to December 10. This figure excludes what is probably a considerable loss due to disease, exposure, and other nonbattle causes. To some extent these losses have been filled by new recruits.

The following table summarizes the limited available data on the German position with respect to materiel.

| | On hand, June 1941 | Production rate (monthly) | Estimated losses (June-December 1941) |
|---|---|---|---|
| Airplanes (combat) | 24,000 | 1,960 | 4,500 |
| Tanks | 30,000 | 1,000–1,700 | (1) |
| Artillery: | | | |
| Antiaircraft | 9,000 | 150 | (1) |
| Other | 13,500 | 235 | (1) |
| Trucks | (1) | 10,000 | (1) |

(1) No estimate.



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The most serious consequences of the Russian war for the German position have been the following:

1. Manpower losses, especially within the age group 21–28.
2. The strain on transport, especially the railways.
3. The reduction of petroleum stocks, as a result of the high military consumption rate on the Eastern front.

## B. GERMAN ECONOMIC POSITION

Prior to June 1941 the German industrial machine exhibited few signs of strain, having been bolstered by the stocks and resources acquired in the campaigns of 1940. These minimized the consequences of the Allied blockade.

The large scale and prolonged operations in the East, however, have evoked three types of strain on the German economic system. First, pressure on total manpower and transport resources has been measurably increased, causing further incursions into the supply of civilian goods and services and some net decrease in the efficiency of the industrial machine. Second, the continuance of the war at its present level of intensity has accentuated the problem of depreciation, with respect to the railways, industrial equipment, and durable consumer's goods. Third, the large demands of the present campaign have exposed and accentuated certain specific German weaknesses:

1. The further withdrawal of manpower of military age, from agriculture and industry, has necessitated the substitution of less efficient over-age workers, women, foreigners, and war prisoners. In addition to this general dilution of the labor supply, shortages exist for special types of workers, notably industrial technicians, railway workers, and administrators of all types.

2. The large foodstuff demands of the Army have accentuated somewhat the underlying German weaknesses with respect to meats, fats, and oils; although the consequences of that weakness will be greater in 1942–43 than in the current harvest year.

3. The necessity for maintaining military production at a maximum level has caused withdrawals from stockpiles in the following instances: Tin, copper, antimony, and the steel-hardening alloys taken as a whole.

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4. The current rate of petroleum consumption is being maintained out of stocks; and there is some evidence, although the data are inadequate, that the petroleum stock-pile may be exhausted within the year 1942. On the whole, this seems unlikely.

5. The present transport situation has caused local shortages in civilian and some industrial supplies. The present strain would be markedly accentuated if the current winter is severe, and the internal water-ways frozen for prolonged periods.

6. German morale has been somewhat impaired by the prolongation of the Russian war. Heavy manpower losses and the increasing remoteness of ultimate victory have necessitated a defensive shift in the nature of official German propaganda.

## C. CONCLUSIONS.

The data are inadequate to assess these weaknesses fully. The following tentative conclusions, however, appear justified:

1. The strains induced by the Russian war have reduced the absolute strength of the German military machine and economic machine; and further limited the supplies at the disposal of civilians.

2. Some of these strains, such as those in manpower and transport facilities, can perhaps be alleviated by a period of respite from military operations on the present scale. Others, however, reflect the gradual exhaustion of stock-piles of strategic raw materials—a process which is not greatly affected by the scale of military operations, except in the case of petroleum.

3. German leadership is thus faced with a dilemma in timing: whether to hold military operations down to a defensive minimum, while maximizing preparations for new offensives next spring; or to push on during the winter into areas possessing supplies of needed raw materials in order to strengthen immediately the basic position. Many facts unknown to us, or known imprecisely, will influence the decision. It seems likely, however, that in the coming months German military operations, whether directed towards strategic or economic goals, will be on a much reduced scale.

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# THE GERMAN MILITARY AND ECONOMIC POSITION DECEMBER 1941[1]

## I. *Military Manpower and Materiel Position of Germany, June 22, 1941*

### A. MANPOWER

Roughly 9,000,000 men were organized in German military and semimilitary formations at the outbreak of the Russian war. This excludes the troops of Italy, Finland, Rumania, and other allies, totaling roughly 44 divisions.

Ground forces totaled 7,500,000 organized in 300 divisions of which 25 were armored and 35 were motorized.

The German air force personnel totals about 1,200,000 including pilots, signal corps, antiaircraft forces, parachute troops, and other attached services.

It is estimated that 179 divisions has been the maximum engaged at one time in the Russian campaign. This may have amounted, including all supporting and service forces behind the combat areas, to 4,500,000 men.

---

[1] The purpose of this study is to consider the fragmentary information available concerning German military gains and losses in the Russian campaign in relation to the German economic position as of December 1941. Its conclusions are subject to revision in the light of a special report, now being prepared by the Eastern European Section, on German gains in the Russian campaign.



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## B. MATERIEL

1. Combat planes. It is estimated that Germany had approximately 24,000 combat planes available at the outbreak of the Russian war, as follows:

| | First Line | Reserve | Total |
|---|---|---|---|
| Bombers, heavy (including long-range reconnaissance) | 220 | 220 | 440 |
| Bombers, medium (including reconnaissance) | 4, 250 | 4, 250 | 8, 500 |
| Bombers, light (Stukas) | 1, 190 | 1, 190 | 2, 380 |
| Pursuit, single engine | 2, 400 | 2, 400 | 4, 800 |
| Pursuit, twin engine | 2, 250 | 2, 250 | 4, 500 |
| Observation and cooperative | 900 | 900 | 1, 800 |
| Flying boats, navy fighters and amphibians | (?) | (?) | (?) |
| Total | 11, 660 | 11, 660 | 23, 320 |

Approximately 50 percent of the German first line plane strength has been employed on the Russian front; i. e., about 6,000 planes.

2. *Tanks.*—It is estimated that Germany had 30,000 tanks on hand at the opening of hostilities. It is to be noted that Germany is favoring the use of medium and heavy types of tanks.

3. *Artillery.*—An average estimate of 13,500 guns is submitted as between a British estimate of 15,000 and an American of 12,000. Heavy antiaircraft guns amounted to an additional 9,000. The number of antiaircraft (47 mm.) on hand is not known, but it is to be noted that these are employed for antitank purposes as well.

4. The percentage of total equipment used on the eastern front is approximately in proportion to the number of divisions operating there.

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## C. MILITARY MATERIEL PRODUCTION RATES

1. *Planes.*—The present estimated monthly production rate of German combat airplanes by types is as follows:

| | |
|---|---|
| Bombers (including heavy, medium and long-range reconnaissance) | 770 |
| Light bombers | 230 |
| Pursuit | 730 |
| Army cooperation, coastal, etc | 230 |
| Total | 1,960 |

2. *Tanks.*—Monthly production rate is estimated to be between 1,000 and 1,700 tanks, with heavy and medium types predominating.

3. *Artillery, light, heavy and antiaircraft.*—It is estimated that field guns and howitzers were being produced in April 1941 at the rate of 235 per month; while heavy antiaircraft guns were produced at a rate of 150 per month.

4. *Trucks.*—Production in Germany and occupied countries may amount to 10,000 per month.

# II. *German Military Losses in the Russian War*

## A. MANPOWER.

Two announcements have come from German official sources regarding German casualties in the Russian war. The first, emanating from the High Command, estimated losses to August 31; the second, made by Hitler, December 11, presented figures up to December 1. These estimates, together with a derived estimate of the losses from August 31, to December 1, are presented in the following table:

| | Killed | Wounded | Missing | Total |
|---|---|---|---|---|
| June 22–Aug. 31 | 85, 896 | 296, 770 | 20, 299 | 402, 965 |
| June 22–Dec. 1 | 162, 314 | 577, 767 | 33, 334 | 773, 515 |
| Aug. 31–Dec. 1 | 76, 418 | 280, 997 | 13, 035 | 370, 550 |

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The two official estimates are roughly consistent, in that the proportions among killed, wounded, and missing are similar. They would indicate, however, a much lower casualty rate for the latter three than for the first two months of the campaign. Average daily casualties, from these official German figures, would be roughly 5,750 to August 31, only 4,072 from August 31 to December 1. While it is certainly true that with lengthened supply lines and weakened Russian resistance, the numbers of German troops actually engaged has decreased, it must be remembered that in the period August 31 to December 1 the following actions against heavy resistance have taken place: capture of Kiev, Kharkov, Odessa, Rostov, the Crimean campaign, the closing of the ring around Leningrad, the Dnieper crossing and two major drives on Moscow, the first of which (Vyasma-Bryansk) was announced by Hitler as the "greatest military onslaught in history."

Various arguments, nevertheless, have been advanced in favor of accepting the German published figures as accurate. It is said (a) that since the war against Russian communism is popular in Germany the army has no particular inducement to understate losses; (b) that a gross understatement would be too easily detected by the German people; (c) that in the case of earlier statements by the High Command which can be checked, the statements have proved to be accurate; (d) that the German figures are not unreasonable from what is known of German tactical methods, making due allowance for the character of the engagements and the size of the forces involved.

None of these arguments is conclusive. If losses are heavy there is always a strong inducement to understatement; nor is detection of such understatement an easy matter. The accuracy of past statements of losses *may* be explained by the fact that these losses were small. Though there is every evidence that German tactical methods have been designed to minimize manpower losses, this does not necessarily mean that losses in fact have been small.

The only alternative, however, to an acceptance of the German figures appears to be a choice among the estimates of a number of official and unofficial "observers". These range all the way from



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an estimate of 800,000 in the first 5 months of war to the Russian "estimate" of 6,000,000 as of early December. None of these estimates appear to be based on a method of calculation which commands respect. Any estimate of German losses in excess of 3,000,000 for the first 6 months of the Russian war would have been incompatible with the magnitude of the German effort in this area, up to the time that the German offensive was broken off. On the other hand, a figure considerably in excess of the German reported losses is probably compatible with this effort.

A calculation based on German losses in the Polish campaign may afford a clue. Germany officially admitted 665 killed per day in the Polish campaign of 1939. Five armies were involved as against 13 on the Russian front. Assuming the same rate of loss for all armies, over a period of 170 days (i. e. to December 10) yields a figure of 294,000 killed. Using a World War ratio of 1 killed to 4 wounded indicates total casualties of approximately 1,500,000.[1] Resistance on the Russian front has undoubtedly been more serious than in Poland. On the other hand, with lengthening supply lines, the German forces engaged in combat have declined. In view of these considerations a figure of 1,500,000 total battle casualties to December 10 seems not unreasonable.

If the figures on plane losses given below are correct, the loss of pilots in the 5 months ending November 22 may be well over 2,000.

---

[1] This calculation represents total battle injuries; and makes no allowance for possible losses due to other causes. The following statement from the Office of the Surgeon General is revealing: "It may be presumed that the type of warfare in Russia affected by tanks, motorized infantry, aviation, excessive cold, rapid movements, supply difficulties, fatigue, etc., will produce high mortality rates. Typhus fever, always endemic in this area, is probably running wild, as there is little opportunity for delousing and bathing. Dysenteries may be taking a heavy toll and pneumonia, meningitis and other respiratory borne infections are probably on the increase. Without definite figures, it may be presumed that mortality rates for specific age groups of German males are higher in the Russian front than they would be for same groups at home during normal conditions. As to German soldiers in quiet areas the rates should not be higher than normal."

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## B. MATÉRIEL LOSSES

Losses include both matériel destroyed in battle and the considerable percentage which must be replaced under the hard conditions of active service.

1. Best available reports seem to indicate that the German Air Force lost approximately 1,500 planes in the first two months of the Russian campaign. If subsequent losses have been proportionate, then total losses in the first six months of war have probably been about 4,500 planes of all types. It is estimated that perhaps 10–15% of this equipment could be made serviceable through repairs. It will be noted that the monthly rate of loss appears to be less than the monthly plane production rate, for all types; although a considerable additional loss has undoubtedly been suffered due to accidents, break-downs, and other non-combat causes.

2. Estimates of loss of other types of equipment are not available. Military advice is to the effect that matériel losses, from all causes, can be replaced from existing stocks and current production. German losses have been mitigated, as well, by the fact that Germany has gained control of most of the battle fields, and thus held a good part of its own and Russian damaged equipment.

3. Total military petroleum consumption since the outbreak of the Russian war is considered to be in the neighborhood of 620,000 tons per month of which approximately 75,000 tons are consumed by the air service. This rate of consumption involves some incursion into petroleum stocks.

### OTHER FACTORS

Reflection on the fragmentary material available concerning German losses suggests that although replacement of lost manpower and equipment has not presented serious difficulties to date, the following considerations may be important:

1. If German casualties are concentrated in the age group 21–33 (but particularly in the age group 21–28), replacements of losses by soldiers drawn from the same age group may become difficult, due

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[redacted]

MEN

age groups

46-65

[redacted]

28-45

23-27

16-22

2-15

1½ million casualties in the Russian campaign

out of 9 million men in the German armed forces

TOTAL MEN 38,800

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# WOMEN

■ Greater Germany

Germany
Austria
Sudetenland

age groups

46-65

28-45

23-27

16-22

2-15

TAL WOMEN 40,600000

400,000 PEOPLE

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# 1941 GERMA

## MEN

age groups

46-65

28-45

23-27

16-22

2-15

1½ million casualties in the Russian campaign

out of 9 million men in the German armed forces

TOTAL MEN 38,800

GRAND TOTA

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# POPULATION

## WOMEN

■ Greater Germany

Germany
Austria
Sudetenland

age groups

| | |
|---|---|
| .6 MILLION | 46-65 |
| 7.3 MILLION | 28-45 |
| 4.1 MILLION | 23-27 |
| 4.4 MILLION | 16-22 |
| 4.4 MILLION | 2-15 |

TOTAL WOMEN 40,600000

400,000 PEOPLE

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to the unnaturally small size of that group within the German population.

2. The extension and maintenance of a 2,000-mile front, at increasing distances from German centers of production, has created a disproportionate demand for railway equipment and other transport facilities.

3. Since German plane losses have been principally in bombers, they are somewhat more serious than the over-all figures would indicate. In view of reserves and the current production rate, however, plane losses are not to be regarded as a major German cost in the present campaign.

4. The magnitude of oil consumption in Germany and occupied countries when combined with military consumption, seems definitely to create, at least temporarily, a situation in which consumption is at a greater rate than production.

## III. *The German Economic Position*

### A. GERMAN MANPOWER RESOURCES

1. As early as 1935 the present regime in Germany began to extend a system of controls over employment; by 1936 a large-scale plan for the control of employment and the inventory, training, re-training, and allocation of labor was in effect. As a result of the carrying out of this plan Germany is in an extremely good position to make the most flexible and efficient use of her labor supplies.

2. At the outbreak of the war in 1939 the potential manpower resources of Greater Germany were already utilized to an extraordinarily high degree. It is estimated that employment in 1939 was 20 percent higher than in the prosperous year 1929.

3. Before the outbreak of the war in 1939, 2,500,000 men were withdrawn from employment into the armed services. At the outbreak of the Russian campaign this number had been increased by approximately 7 million.

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4. Estimates based on German sources indicate that, in partial replacement of the 7 million withdrawn from employment, Germany since 1939 has made the following additions to its labor force:

| | |
|---|---|
| Foreign civilians | 1,600,000 |
| Prisoners of war | 1,500,000 |
| Women | 500,000 |
| Men | 500,000 |
| Volksdeutsche | 150,000 |
| | 4,250,000 |

5. Qualitative impairment of the labor force has been as important as the net reduction in numbers. Prisoners of war, Polish and Italian civilian workers, men called back from retirement, and women workers do not provide adequate replacement for the men of active age drawn into military service.

6. Industrial output per hour worked showed no net increase between 1933 and 1939, and has undoubtedly declined since 1939, even among those employed in their normal occupations. This decline has been accentuated by the qualitative impairment of the labor force. The decline in average productivity per man-hour has been only partially offset by an increase in the number of hours worked per week.

7. As a result of the reduction and dilution of the labor force, together with some material shortages and transportation difficulties, there has occurred a decline in the volume of industrial output in Germany since 1939 which has been estimated by the BMEW to be as much as 20 percent. While evidence is lacking to support this figure, it is clear that total output has fallen. This decline was concentrated in the goods and services available to civilian consumers, while production of war materials probably increased.

8. Previous to 1939 the shift in production from civilian to military output had been such as to reduce per capita production and consumption of civilian goods by 10-15 percent below the 1929 level. Since 1939 this shift has been accentuated. Perhaps the most illuminating evidence of the concentration of effort in war production is the increase in employment in the metal trades by approximately 2,200,000, an increase of roughly 50 percent.

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# GERMAN LAB

**MAY 1939** Before the outbreak of the war in 1939 the 40 million workers in Greater Germany were practically all employed.

There were **2** million men in the armed forces

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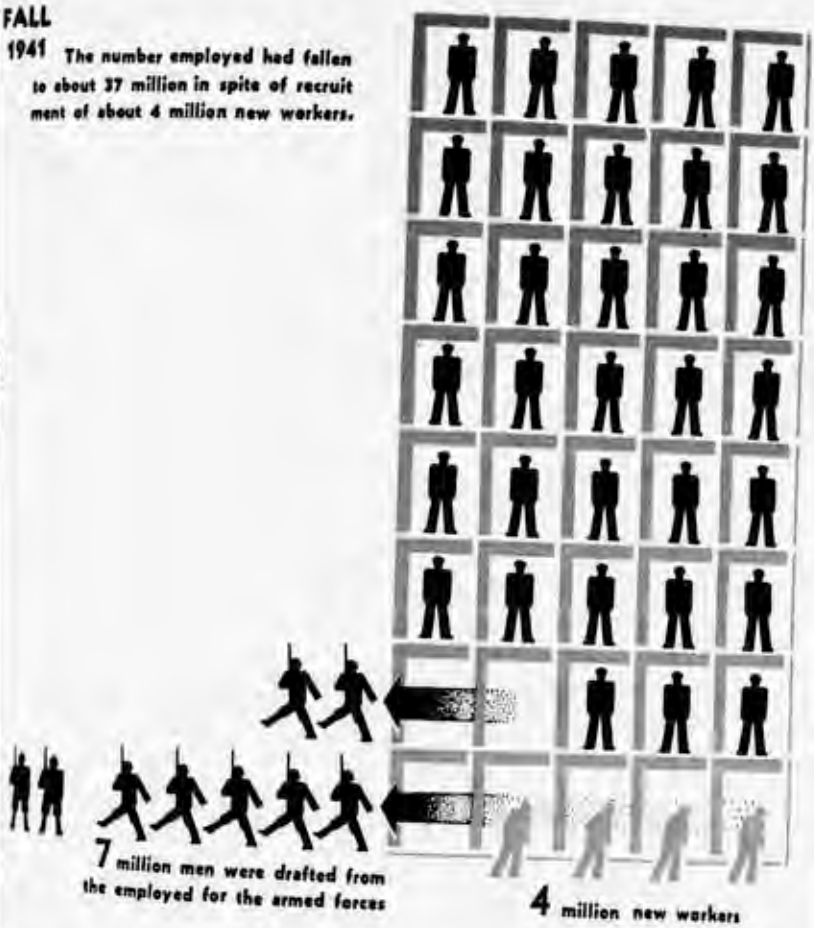
# SHORTAGES

**FALL 1941** The number employed had fallen to about 37 million in spite of recruitment of about 4 million new workers.



7 million men were drafted from the employed for the armed forces

4 million new workers

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9. Judgment as to the existence of a general manpower shortage in Germany is a matter of definition. It is obvious that manpower resources under German control are not sufficient for the maintenance of normal output for German civilians plus the requirements of the present war effort. A more reasonable criterion would be the maintenance of the present war effort plus a tolerable level of civilian output. There are evidences that this standard is becoming increasingly difficult to maintain in Germany, especially since the outbreak of the Russian war, despite the exploitation of Continental manpower and other economic resources.

It is, however, impossible to allocate exactly the extent to which a manpower shortage, as opposed to shortages in transport, raw materials, and productive capacity, is responsible for present strains. Specific evidences of manpower shortage, by this definition are the extraordinarily long hours of work demanded of German labor; and the extreme efforts made to employ special types of foreign labor; e. g., Polish miners, Belgian and Dutch engineers, etc. A general manpower shortage, however, must be regarded as one of several over-all limits to German output, rather than as a bottleneck capable, in itself, of precipitating crisis.

10. Germany's most decisive and least manageable manpower problem is the shortage of men suitable for active combat troops. Here foreign manpower can be used to a strictly limited extent, and war prisoners are useless.

Due to the great fall in the number of births in 1914–18, Germany has only 2,244,000 men between the ages of 23 and 28—about 1,500,000 fewer than if the pre-war birth rate had been maintained. Even including those now 21 to 23, and those 28 to 33, there are only 7.2 million men from 21 to 33, and this is the best age group for active combat.

Losses from this group, undoubtedly heavy already, are virtually irreplaceable. This shortage may prove serious in the face of protracted Russian resistance and may be decisive should the manpower resources of hitherto noncombatant areas ever be fully mobilized against Germany.

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## B. THE GERMAN FOOD AND AGRICULTURAL POSITION

1. Except in meats (rations for which were reduced 20 percent in June 1941) German food rations have remained about unchanged since early spring 1940. In order to assure most efficient use of available supplies, the German rationing system makes allowance for the differing requirements of various classes of consumers. They are largest for soldiers in active combat, and are larger for workers performing arduous labor than for other civilians.

2. Present German food rations can be most readily compared with pre-war consumption in the three important food groups—flour, meats, and fats and oils. For front-line soldiers, the rations of each of these items are somewhat larger than in 1936–37. For civilians as a whole, average flour rations have been reduced by 6 percent, fats and oils by 33 percent, and meats by 46 percent. The June 1941 cut in meat rations was announced as temporary. Restoration of the pre-June allotments would still leave consumer rations one-third below pre-war. German potato production is far in excess of human requirements, even though this consumption—which is not rationed—has increased by at least 50 percent for the old Reich as a whole. These increased shipments have further aggravated a transport situation which has, from time to time, created acute shortages of potatoes in some districts.

3. In terms of caloric, or energy, intake, present German diets appear adequate or nearly so; in terms of longer-run nutritional requirements for vitamins and calcium, diets are deficient. Besides lowering resistance to infection, these shortages will, if they persist, result eventually in deficiency diseases such as pellagra and rickets.

4. Without drawing on the Ukraine and without significant encroachment on existing stocks, Germany can maintain present flour rations during the crop year 1941–42. The 1941 grain crop appears to have been normal in Germany, and larger exports than in 1940–41 can be expected from the Danubian countries.

5. Present low meat rations can be maintained in Germany during the crop year 1941–42 without reduction in German livestock herds. This will involve, however, continued drastic restrictions on meat

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consumption in German dominated countries as well as additional slaughter of herds in Denmark and the Netherlands. Supplies of animal feedstuffs are, in any event, inadequate to maintain livestock population in these countries. Restoration of German meat rations to the pre-June level would necessitate a reduction in German livestock numbers.

6. Fats and oils are the weakest element in Germany's food position. In the year 1940–41, the German fats and oil stockpile had to supply over 20 percent of her domestic human utilization of such foods. Stocks on August 1, 1941, were estimated at little more than one month's consumption. Domestic production can supply only about 60 percent of requirements at the current level of rationing. Further curtailment of consumption during the coming winter and spring is definitely called for, unless additional supplies not now in prospect can be obtained. The present supply position, however, permits a level of consumption above that of 1916–18.

7. The German standard of living in items other than food has undergone substantial curtailment since the outbreak of war. New clothing rations have been introduced in October which involve a reduction of 50 percent from those previously in effect. Leather has virtually ceased to be a civilian consumers good. Fuel for domestic heating has been available only in limited amounts. Most durable consumer goods, already sharply curtailed before the outbreak of war, have become unavailable. In general, however, these shortages are not as dangerous, potentially, as those in nutritional foodstuffs.

8. Only the German position with respect to meats, fats, and oils emerges, as of possible strategic importance in the area of the economy examined here. Supplies for the 1941–42 year, however, may not present any insuperable difficulties. But, Germany will enter the 1942–43 year with depleted stocks of these commodities. Her present sources of imports will be able to provide less than in the current year, and it is unlikely that a victory in Russia can appreciably add to her prospects. Germany will have to depend more upon home production, particularly of livestock—which supplies the bulk of domestic fats and oils, as well as meats.

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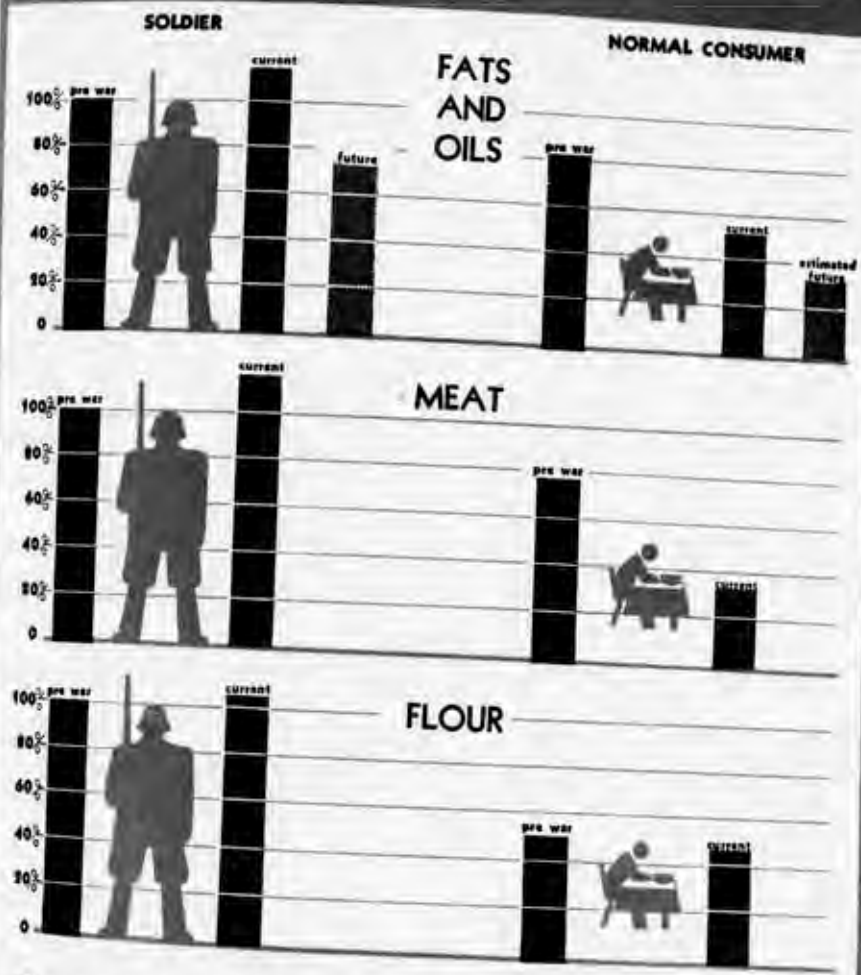
# GERMAN FOOD CONSUMPTION




To some extent caloric deficiency resulting from reduced consumption of fats, meats flour and other commodities has been met by increased consumption of potatoes which are not yet rationed.

Percentages are based on consumption of average soldier in pre-war period (1936-'37) = 100

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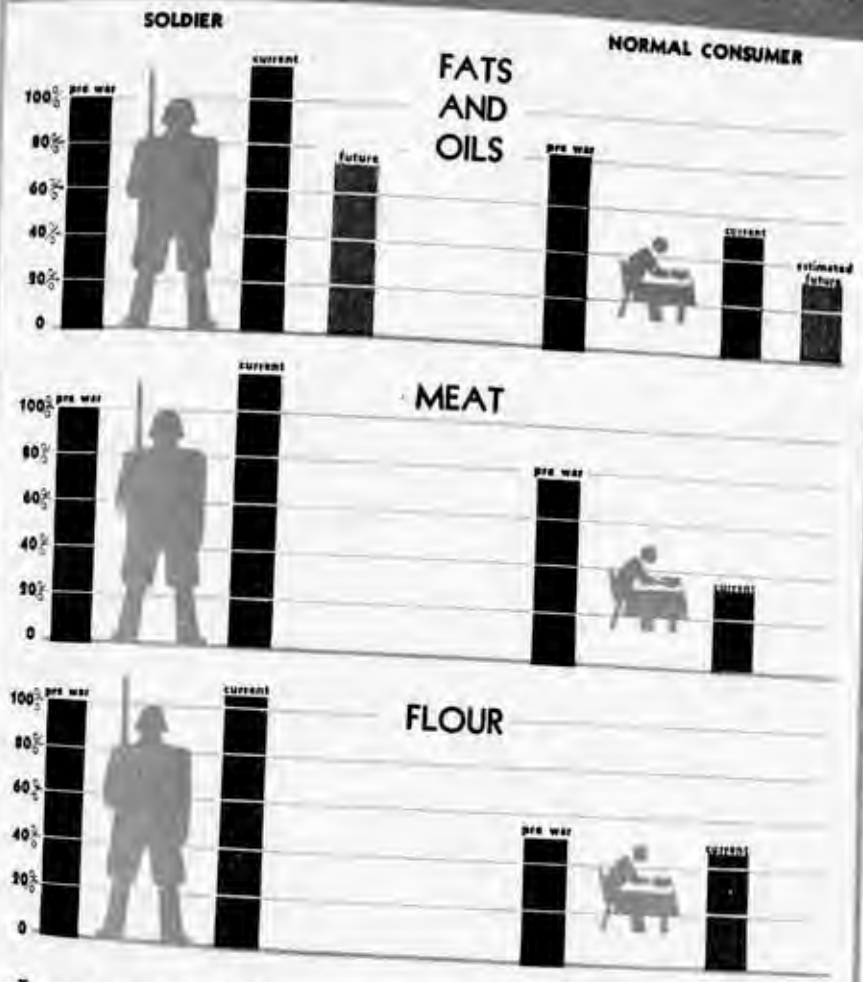


To some extent caloric deficiency resulting from reduced consumption of fats, meats flour and other commodities has been met by increased consumption of potatoes which are not yet rationed.

Percentages are based on consumption of average soldier in pre-war period (1924-'27) = 100

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9. Allotments of phosphate fertilizers in 1940–41 were about 40 percent of those in 1937–38. Crop yields in Germany may be adversely affected if increased supplies do not become available for next year's crops.

## C. THE GERMAN MINERAL SUPPLY POSITION

1. In the period 1933–39 Germany prepared for a major war by taking the following types of action with respect to minerals in which her domestic supply was deficient:

(a) Large scale imports for stockpiling.

(b) Rigid controls and, later, restrictions on civilian consumption.

(c) The provision of facilities for the manufacture of substitutes on a large scale (notably oil).

(d) The substitution of abundant for scarce materials (notably the light metals and zinc for copper).

The German mineral position was materially strengthened as a result of the campaigns of 1940 by the acquisition of additional stocks and of new mineral resources.

2. Deficiencies in certain commodities have, nevertheless, persisted, and the Russian campaign has probably accentuated them, insofar as it calls for increased output in the aircraft and armament industries. Excluding the steel-hardening alloys, examined below, the present position of the German mineral supply may be summarized as follows:

*German Position Secure:* Bauxite and magnesite, coal and lignite, iron ore, manganese (assuming Nikopol mines available), zinc ore, lead ore, and mercury.

*German Position Strained But Not Yet Critical:* Copper, tin, antimony, phosphates, and coke.

3. A shortage in the steel hardening alloys has persisted, despite extreme efforts at conservation and substitution. Wherever possible the alloys have been eliminated and the percentages used, reduced. In general, molybdenum and, to a lesser extent, vanadium have been substituted for the more scarce nickel and tungsten. A sum-

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mary of the German position with respect to each of the major alloys follows:

*Tungsten.*—Portuguese output being expanded and going increasingly to Germany. Despite this development and extensive substitution of molybdenum, the German stockpile is probably being reduced, since the Russian war cut off the Chinese supply.

*Molybdenum.*—Yugoslavia, Norway, French Morocco and other areas probably yield about 15% of world output to Germany. Extreme effort being made to expand Continental output. Stockpile position probably better than for tungsten, but being slowly reduced.

*Nickel.*—Perhaps most serious of all alloy shortages. Stockpile probably being reduced quickly. Limited crisis may develop unless Petsamo mines can be set to work in Finland. This seems unlikely in near future.

*Chrome.*—Conflicting evidence on amount of Balkan supply coming to Germany. Stockpile probably being reduced, although full exploitation of Balkan resources might check trend.

*Cobalt.*—Necessary for both steel and hydrogenation. French Morocco only major source of supply. Probably sufficient if freely exploited and transport made available.

*Vanadium.*—Probably sufficient supply to be drawn from steel slag and burnt oil residue.

*Manganese.*—Ample supply, if Nikopol production successfully mined and transported from Ukraine.

4. It is impossible to evaluate precisely the net significance of the various shortages within the German mineral supply position. There is no reliable evidence that either the quality or the quantity of German military production has yet suffered in consequence of such shortages; although it should be borne in mind that output could be maintained for a considerable period out of stockpiles. Stockpiles are being reduced in the case of copper, tin, antimony, nickel, chrome, and tungsten. The moment of their exhaustion can not be deduced from available evidence, although crises have been predicted by the British in copper and chrome in the course of 1942.

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## D. THE GERMAN PETROLEUM POSITION

1. To ensure an adequate petroleum supply in case of a major war has been a prime objective of German policy since 1933. Between 1933 and 1939 the following types of action were pursued:

(a) Large stocks were accumulated from abroad.

(b) The domestic output of crude oil was sharply increased.

(c) Large plant facilities were provided for the manufacture of synthetic petroleum products.

(d) Less essential uses were curtailed.

2. The acquisition through conquest of the prime oil producing areas of Europe has probably constituted a net accretion to Germany's petroleum supply, although that accretion was limited by the simultaneous acquisition of responsibility for satisfying the minimum petroleum needs of Italy and the occupied areas.

Quantitative appraisals are subject to a wide margin of error, but the situation in the year between the end of the campaign in the West and the beginning of the campaign in Russia appears to have been roughly as follows:

(a) With the completion of the Western campaign in 1940 and with the Continent-wide application of stringent economies, it would appear that the relation between consumption and production was such as to permit at least a balance, at a level of 14–16 million tons annually, and probably some accretion to military stocks.

(b) This relatively secure situation, however, depended not only upon widespread use of substitute fuels and stringent economies but also upon the fact that the German armies were not used actively and on a large scale in the year following June 1940.

(c) Within the rough equilibrium or surplus that appears to have existed, there may have been shortages of particular products, notably Diesel fuel and lubricants; and some surplus, under existing economies, of certain types of gasoline. Some observers hold, however, that there is almost complete flexibility as regards the proportion of particular products available to Germany, provided the total basic petroleum supplies are adequate.

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3. The Russian campaign has altered this situation in the following respects:

(a) Total consumption of petroleum has undoubtedly increased substantially, despite further curtailment in less essential uses.

(b) Difficulties of oil transport from Rumania to Germany, which had inhibited the effectiveness of this area as a source of supply, are reported to have been somewhat alleviated; and it has proved possible to send Rumanian oil directly North and East, to the Axis armies in the field.

(c) Russian petroleum supplies, previously available at the rate of about a million tons a year, have been cut off and this has been only partly offset by the acquisition of the Galician fields.

(d) Heavier R. A. F. bombings have probably impaired the operating efficiency of refineries and synthetic plants in Western Europe and destroyed some oil stocks.

Almost all estimates of current consumption indicate that Germany is at present maintaining its war machine partly out of petroleum stocks, accumulated before June 1941. Estimates of the rate at which depletion is proceeding vary; the extreme calculations, chiefly British, indicate that the present rate, if maintained, would exhaust German petroleum resources within the next calendar year.

4. The following factors make complete exhaustion unlikely within the next year:

(a) More moderate estimates of continental consumption suggest that the drain on stocks may be as little as 10 percent per year.

(b) The intensity of warfare, and therefore the oil consumption rate, will probably not remain steadily at its present high level.

(c) The possibility that Germany will gain control of the fairly accessible oil fields of the Northern Caucasus. In that case, substantial quantities of oil will probably be obtained, regardless of Russian sabotage and the difficulties of transport.

(d) There is still a small margin by which civilian consumption can be reduced; and the possibility of using producer and bottle gas equipment in motor vehicles and other industrial and commercial uses has not been fully exploited.

(e) New synthetic oil plants may be brought into production.

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(f) The Rumanian oil fields may be exploited more fully.

5. On the basis of present evidence, therefore, it cannot be predicted that Germany will suffer a critical petroleum shortage in 1942.

## E. THE GERMAN TRANSPORT SITUATION

1. Upon the outbreak of war in 1939 the German transport system was probably in good physical condition. At that time, however, the limit of intensive utilization of rolling stock had about been reached; subsequent transport demands have been met largely by curtailing civilian services.

2. From 1939 the traffic burden of the railways has been increased by the reduction in coastwise shipping and in trucking, due to the gasoline shortage. The relocation of industry and the increased use of coal, wood pulp, bauxite, and potatoes in the development of substitutes have also increased the transport load. The acquisition of transport responsibilities in east and southeast Europe has probably involved some net liability to the German transport system. France and the Low countries, on the other hand, probably contributed an important accretion of rolling stock and locomotives.

3. Until the Russian campaign the transport facilities under German control proved adequate generally for the requirements of the war economy. This rough equilibrium was achieved by curtailing civilian services, by avoiding coincidence between the harvest peak load and large scale military movements, and through the above-mentioned accretion of rolling stock. The greatest period of strain occurred during the winter of 1939–40, when the unusually severe freeze immobilized the inland waterways (which carry 25 percent of all freight).

4. The additional burden imposed by the Russian campaign has been sufficient to cause symptoms of a transport shortage, potentially capable of reducing the total efficiency of the German war economy; coal has accumulated at pitheads in Silesia, crop movements have been delayed, measures to increase the use of waterways have been taken, and efforts have been made to speed the loading and unloading of trains. Local shortages of consumers goods have accentuated

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an already difficult civilian position, both in Germany and in occupied areas.

5. The significance of the present transport shortage is difficult to evaluate on the basis of present limited information. Thus far civilians have largely borne the impact of the new strains induced by the Russian war. Coal shipments to Italy and Sweden have been reduced and shortages of supplies for German war industries have been reported. The extent and the rate at which the output of military equipment and their supply to the fighting fronts may be affected can not be stated. The immediate seriousness of the situation can readily be exaggerated, but at the very least, the shortage means that organizational and material resources, which are vitally needed in uses that contribute more directly to military success, must be devoted to the alleviation of the transport difficulties. It may be possible to measure the degree of strain more closely during the coming winter, when pressure on the German transport system would, in any case, be expected to increase.

## F. THE PRESENT STATE OF GERMAN MORALE

1. From 1933, and even before, German morale was prepared for the responsibilities and hardships of offensive military action. The advent of the National Socialist regime was accompanied by the institution of elaborate efforts to control and direct public opinion to this end.

2. Nazi propaganda theorists have realized that during a modern total war efforts to control public opinion work within narrow limits: The real underlying factors remain, as elsewhere, the success, actual and prospective, of military operations and the hardships and discomforts borne by the people.

3. From the outbreak of hostilities in 1939 until June 1941 the strength of German morale was unquestioned. This may be regarded essentially as a consequence of the great German victories and, perhaps more important, the feeling that total victory was certain and within sight.

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4. The prolonged and difficult campaign in the East has affected German morale in the following respects:

(a) Civilian supplies of all kinds have been diminished due, in part, to the pressure on transport facilities and on the labor supply.

(b) British bombing has been intensified.

(c) Manpower losses have been sufficiently heavy to impress themselves upon the public.

(d) Perhaps most important, total victory has ceased to be an immediate prospect for Germany.

5. The official response of the propaganda ministry to this situation has been to present total victory against total annihilation as the only real alternatives for the German people.

6. This suggests that the necessary condition for a "collapse of German morale" is the universal realization, as a result of serious military set-backs, that ultimate defeat is inevitable. Further drastic reductions in the civilian standard of life are capable of weakening morale in such a way as to make it more susceptible to military reverses and to collapse.

7. Another possibility must be recognized, however. Should the tide of the war run strongly against Germany it is possible that German public opinion will shift from its present offensive attitude to one of last-ditch defense; and the full power of the propaganda ministry will be directed to that end. In that case, a distinct "collapse of morale" may not occur. But even this possibility is contingent upon a belief in some chance of German victory, coupled with a conviction that Allied victory would bring vengeance and disaster to the German people rather than peace and better living.

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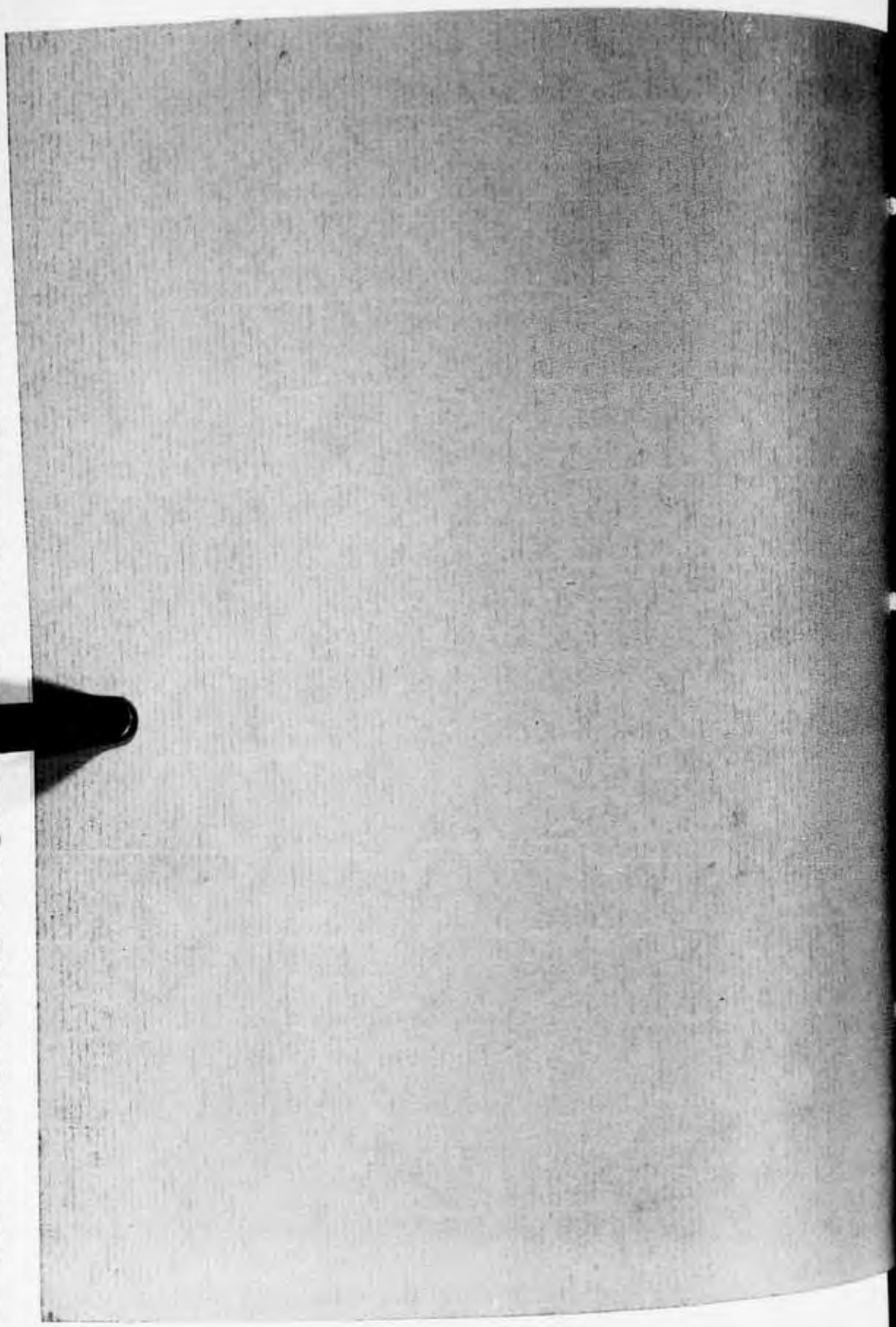

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NUMBER 12

SECRET

COORDINATOR OF INFORMATION

# THE WAR THIS WEEK

December 24–31, 1941

*Printed for the Board of Analysts*

Copy No. 3

Secretary of the Treasury

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# THE WAR THIS WEEK

December 24–31, 1941

On the crucial eastern front the general counteroffensive of the Soviets is perceptibly slowing and a winter stabilization of the Russo-German line may not be far distant. At the same time the Cyrenaican offensive has reached a climax in the capture of Bengazi, and advance patrols of the British are already harrying remnants of the enemy into the broad stretches of the Tripolitan desert. From present indications, the British successes may evoke a German counterthrust in French North Africa and very possibly a consequent stabilization once again of the war along the North African littoral.

In the Far East the wide-ranging Japanese offensive has swept as far south as Sumatra and now extends over an area as deep as that from Canada to Mexico. Some highly placed military authorities are inclined to emphasize the fundamental weaknesses of the Japanese and to characterize their initial and spectacular successes as "short-run." The long-run view has been implicit in a series of conferences seeking coordination of the Allied war effort and bringing together in the course of the past ten days the President and Churchill in Washington, Stalin and Eden in Moscow, and Chiang Kai-shek and Generals Wavell and Brett in Chungking.

*Situation on the Eastern Front*

In their retreat to the west the Germans have suffered heavy casualties and loss of equipment, high military sources state, and in some sectors the Nazis have been severely harassed and prevented from retiring according to plan. At



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the same time, the withdrawal from Finland of Nazi specialist troops, to be sent to Russia as the cadre for new units, is viewed by the French Military Attaché in Helsinki as a significant commentary on the high German casualty rate in the recent Moscow offensive.

Meanwhile the Soviets have initiated an over-water offensive against the Crimea where the prompt capture of Kerch and Feodosiya reveals notable striking power on the part of the Russians. It is too early to estimate the importance of this new drive, but continued Russian successes along the Crimean littoral would provide further insurance for the Caucasian oil fields, tend to lift pressure from the Don-Donets industrial region and strengthen the Russian hold on Sevastopol. In so far as the Russians strengthen their naval position in the Black Sea, they encourage Turkish resistance to the Nazis.

Despite these recent successes, there are evidences of the slowing of the Russian offensive, and the London radio appears to be going so far as to prepare its audience for a halt by the Soviet armies, perhaps after they have recaptured the whole of the Leningrad-Moscow railway and possibly also the north-south line from Moscow to Kharkov and Rostov. The elimination of German salients and the general "flattening" of the line also suggests an early stabilization.

*Russian Versus German Advantages*

Winter conditions appear to have reduced the campaign on the eastern front to a more primitive level and to have given certain advantages to the Soviets, according to a close observer of the Russian scene: The Russians are more accustomed to cold and snow—and ski troops, horse cavalry, and



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horse transport seem to have given them a superior mobility. For the duration of the winter and of the spring thaw, the chances are that they will hold a certain military advantage over the Germans without, however, being able to defeat them.

On the other hand, in view of Germany's original advantage in productive capacity and the critical decline in Russian production resulting from the German invasion, it is almost certain that the productive capacity of Germany now greatly exceeds that of Russia. Hence, if the Germans do not exhaust large amounts of material in heavy operations elsewhere, they will apparently have by spring a large advantage over the Russians in planes, tanks, and other military equipment for the renewal of the war on the mechanized level.

*The Importance of Supply to Russia*

With Russia and Germany each possessing certain advantages, and with the latter increasingly threatened by American power, the stage might be set for a new compromise on the 1939 model, notes our observer. This danger and the statement by Churchill—that the great British and American battle effort can be made only in 1943—focus attention on the importance of supplying Russia and China in 1942 and of conducting secondary naval and military operations for their support. A basic problem is that of available routes, and the Coordinator of Information has just completed a study of supply routes from the United States to Russia (see map).

In any large scale attempt to supply the Soviets, the Allies face a most difficult task. The basic problem is not one of selecting *the most satisfactory route* but one of utilizing and developing to the fullest extent *a number of unsatisfactory routes*.



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*Routes to Russia From the United States*

The normal routes by way of the Baltic, the Black Sea, and the European land frontier are closed. Vladivostok is not available to enemies of Japan, although some goods from the United States may percolate through Siberian ports on Russian or neutral ships. Ice-free Murmansk is exceedingly vulnerable to enemy attack and at least until recently was not being used for shipments to the interior. Arctic ice and the threat of enemy action seriously handicap the utilization of the route through Archangel. The northern sea route to the Siberian rivers is open for a brief season in summer only.

The principal routes through the Middle East are already heavily taxed by British demands, and yet, despite that fact, the two roads across Afghanistan from India may still become the "Burma Road" to Russia. These roads are based on the modern port of Karachi in India and after minor improvements—which can best be undertaken, in Afghanistan, by an American agency—these roads should be capable of delivering about 15,000 tons per month each at the Russian railheads in Central Asia.

The most promising single measure for the quick development of large year-round deliveries to Russia, however, is to establish the military security of Murmansk and its railroad connections via the Murman and Archangel railways. If this route could be made secure, it might well be able to handle at once roughly 100,000 tons per month of imports.

All these routes to Russia are very long. It is 4,673 nautical miles from New York to Archangel; 12,010 miles from New York via Cape Town to the head of the Persian Gulf. And at the present moment the safest route from San Francisco to the same destination via Melbourne is 13,208 miles, some 2,000 miles longer than the usual route by way of Singapore.



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*Uneasy Sweden*

Caught between Germany and Russia, and fearful lest an overt act by either side draw her into the war, Sweden doubtless hopes for the exhaustion of both her troublesome neighbors. At the same time there are indications of increasing Swedish sympathy for the Anglo-Saxon cause.

The Swedish Minister in Helsinki deprecates Finnish subservience to the Nazis and states roundly that the Swedes have likewise chosen sides and that the period of their neutrality is drawing to a close. Sweden's destiny, he says, depends less on diplomacy than on strategic necessity, and he intimates that Sweden could put up a good fight against the invading Nazi provided she were given air assistance by Britain and the United States.

The Minister's statement reflects a steady shift in Swedish public opinion. On December 17, the Riksdag, far from accepting a German hint that Swedish manpower could be better employed elsewhere than in the army, adopted a law increasing the period of conscript military training to 450 days, and raising the age limit to 45 years. Russian resistance has helped dispel the myth of Nazi invincibility, and anger at the brutal treatment of the Norwegian people, outspokenly reported in the Swedish press, has replaced the original dissatisfaction at British bungling in the Norwegian campaign.

Since the Finnish signature of the Anti-Comintern pact, Swedish sympathy for that country has significantly cooled. And the declaration of war by the United States has brought into the Allied fold a nation toward which the Swedes feel much good will. More and more the Swedes hope for the liberation of the whole of the Scandinavian North, an attitude reflected recently by the Swedish Foreign Minister when he said, "We cannot imagine a future for Scandinavia without every part of it recovering its national liberty."



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*Victory in Cyrenaica*

The Battle of Cyrenaica is coming to a successful close and that of Tripolitania may soon begin. The victory was due to British superiority in planes and tanks over greater Axis manpower, and it was won even more quickly than that of General Wavell a year ago. The Axis is landing reinforcements in Tripolitania to bolster General Rommel's army, but the Mediterranean passage has become a difficult one, and the British go so far as to claim that they have sunk seventy-five per cent of Axis ships leaving Italy for Tripolitania by the direct route.

Future moves in the Mediterranean are necessarily dominated by the problem of supply. Land-based aircraft at Crete are seriously interfering with the maintenance of supply routes by sea to Bengazi, according to a completely trustworthy source, and greater dependence on motor supply routes may mean a slowing of British operations after the mopping up in Cyrenaica. The difficulties of supply, together with heavy Axis air attacks from concentrations in Crete and Italy, may prevent extension into Tripolitania of the British offensive and might even render precarious the British position in western Cyrenaica, military authorities believe.

*Increased Activity in the Mediterranean*

The logic of the present situation in North Africa suggests an early German counter-move, and there is a definite probability that the Axis will attempt to assert control over French North Africa and the western Mediterranean, moving either by the Straits of Sicily or by that route and simultaneously through the Iberian Peninsula.

Increased German activity in the Mediterranean area is already in evidence. Abnormal U-boat action in the western



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area has been reported in past few days. Air-raid warnings in Malta were fifty-two in number last week, a record.

The Nazis are again reported to have sent heavy air reinforcements to southern Italy, and units of ten different German wings from Russia and one from Norway have been seen on northern Italian airfields. Air units in Greece are also being strengthened.

There is cumulative evidence that a Mediterranean base for supplying fuel on a big scale is being established under German control, apparently at Port Saint-Louis at the mouth of the Rhone. Shipments from Germany of 40,000 tons of oil destined for the tanks of the Raffineries Françaises are reported, including both diesel oil and gasoline, suitable for submarines and motor torpedo boats.

*Renewed Pressure on Vichy*

The corollary of early German action in North Africa is increased pressure on Vichy. General Juin has just now been ordered by Vichy to deliver to the Libyan border for Axis use 3600 tons of gasoline. It is believed that this gasoline is to come from French supplies in North Africa, a breach of the economic accord between the United States and Vichy. Since Vichy has obviously acted under pressure, General Juin proposes to obey the order "technically" but remarks that the gasoline will be a long time in arriving. In the case of the "delivery" of 1100 trucks, Vichy has already taken more than seven months and the job is not yet done.

The total impression created by the evidence is that a crisis in Franco-German relations is definitely in the making. A member of Admiral Darlan's entourage believes that a Nazi ultimatum will arrive shortly after the beginning of the new year and that then there is "no telling" what will happen.



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At the same time we have fresh evidence that Pétain has no intention of resigning and believes himself destined to lead the French people out of the wilderness. Some observers certainly are able to envisage his accepting even onerous Nazi demands in the interest of "rescuing" further thousands of French prisoners from Germany and of "sparing" his country complete occupation by the enemy. Whatever the Marshal elects to do, it is very difficult to believe that the Germans will not have their way with Vichy whenever they decide to act.

*The Widening Japanese Offensive*

In the Far East the past week has witnessed the fall of Hong Kong; the capture of Kuching, capital of British Sarawak; and Japanese bombing attacks as far west as Medan in Sumatra. Of greater significance is the fact that the Japanese are relentlessly drawing in the pincer jaws on Manila from the northwest and southeast, while the city itself is being softened by air attacks alike on civilian sections and docks and on the fortress of Corregidor. Simultaneously the Japanese have thrust the western prong of their Malayan offensive far down the peninsula and past Ipoh, which lies less than 300 miles from Singapore by railroad and excellent highway.

In the whole Far Eastern theatre the Japanese enjoy at present the great advantage of being able to move their forces from one front to another in comparative freedom. But this advantage Japan must capitalize before British and American strength is built up and before Japan feels the serious pinch of her own economic difficulties, according to a highly placed military source. Time and Russia, the latter believes, are on the Allied side in the Far East.



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*What the Philippines' Loss Would Mean*

Whereas Hong-Kong might have been blockaded and by-passed by the Japanese, the Philippines are so strong and extended that it would have been dangerous not to have attempted the conquest of the Islands by direct assault. In the hands of the Japanese, the Philippines would, if adequately prepared for defense, provide an impressive rampart for the South China Sea and a series of stepping stones on the way to further conquests in the Netherlands Indies.

From an economic point of view, the loss of the Philippines would be a blow to this country, which gets notable percentages of certain vital imports from the Islands: 25 percent of its chrome ore, 95 percent of its copra, and 97 percent of its abaca.

In the Philippines it would not be easy to resort to the policy of the "scorched earth." It would be difficult to disrupt the functioning of the iron and chrome mines by reason of the limited amount of capital equipment used. Agricultural crops, such as rice and tobacco, are difficult to destroy. Nor is it likely that the Filipinos will be keen to destroy crops in islands already short of foodstuffs and whence they have no place for retreat.

*The Japanese Drive in Malaya*

Details on the Japanese successes in Malaya are still scarce, but it is clear that they are capitalizing to the full the advantages offered by this difficult terrain. A reliable military source describes the Japanese forces in northern Malaya as a highly trained army equipped with a high proportion of tommy guns and mortars and employing all kinds of ruses in an attempt to lower the morale of the British troops.



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*The Value of Singapore*

Despite the rapid advance of the Japanese toward Singapore, no prediction is yet in order as to the probable fate of Britain's primary stronghold in the Far East. The loss of Singapore would, however, constitute a blow of great magnitude to the fortunes of the Allies in the western Pacific.

Strategically, the whole defense of the Netherlands Indies is based on Singapore. The destruction or evacuation of the British army defending Singapore would remove the one important land force opposing a Japanese attack on the Burma Road. It is extremely doubtful whether this road could then be defended.

For the defense of the Indian Ocean the British Navy would be thrown back on distant bases—Colombo and Trincomalee in Ceylon (1,500 miles from Singapore) and Durban in East Africa (about 5,000 miles from Singapore). Under these conditions, it would prove difficult to protect Allied shipping lanes to the Persian Gulf, and cargoes destined for Russia or for the British forces in Iraq and Iran would be extremely vulnerable to submarine attack.

In Japanese hands, Singapore would become a base for hostile operations against all the areas which it had been built to protect. From bases at Sydney, Melbourne, Brisbane, and Auckland the British Navy would of necessity fight a delaying action. At all costs it would attempt to defend Port Darwin in north Australia, a potential base for Japanese bombing of the great cities to the south and west.

*Moral and Economic Repercussions*

The moral effect of such a reverse would be stunning—both to white and native populations under the British flag. Not only would the symbol of Imperial defense in the East be



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gone. Public opinion in India might ask for the return of Indian troops from the Near East and Africa for home defense. Australia and New Zealand would find in the capture of Singapore a confirmation of their concern at the losses sustained by Anzac troops in Libya, Crete and Greece. Similarly pro-Japanese sentiment among the native populations of Burma and the Philippines would be strengthened.

From an economic standpoint the United States would have lost the sources of 60 per cent of its tin and 85 per cent of its rubber—also significant amounts of cinchona bark (for quinine), manganese, and palm oil. Britain would similarly be deprived of these strategic materials. China, Australia, and India would find their export trade in raw materials seriously curtailed, and vital imports of motorized equipment, machine tools, etc., threatened. The 60 million barrels of petroleum annually produced in the Indies would double Japan's oil stocks, and the 2.5 million tons of iron ore mined there annually would prove a magnificent war asset.



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SUPPLY ROUTES TO THE RUSSIAN FRONT

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Censorship summary

SECRET

# R E P O R T

## ON

# GERMAN MORALE

## Winter 1941/1942


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# R E P O R T

# O N

# G E R M A N  M O R A L E

## October 1941/1942.

## I. THE HOME FRONT AND THE RUSSIAN WAR.

### (1) Late September.

German morale which seems to have reached its lowest ebb during the last weeks of August and the beginning of September began to show an appreciable stiffening as the autumn progressed. Although the magnitude of the toll of life in Russia was coming to be increasingly realised by people at home, recognition of the hazards and grimness of this war in the East seems to have brought with it a growing fortitude.

"Only now are we beginning to feel what war really means; in Russia we are losing more men than in any of the previous campaigns"(1)

"Even if many do not return, the Fatherland cannot exist without this sacrifice, and we must therefore bear it" (2)

"Do you understand? It is deadly earnest here now....Times have changed. History is in the making here, and suddenly the individual is of no account" (3)

Meanwhile, anxiety remained tense, and concern at the ever fading prospects of early peace showed few signs of diminishing until the Fuhrer's speech of October 3rd. and the announcement of victory on the Sea of Azov one week later. But if suspense was the keynote of letters written about the end of September, it was accompanied for the most part by bitter reflections against the inhumanity of the Russian soldiers, the complicity of America and anger at this fresh delay in the settling of scores with England.

Opinion is so conflicting in letters written at this time, there is so often an intermingling of acute depression and arrogance within the space of the same letter, that it is indeed difficult to assert which note prevailed. On the whole, however, one gains the impression of a gradual hardening towards the beginning of October - certainly there is less sheer despair - unless of course this is to be attributed to a tightening up of German censorship. Constant praise is expressed throughout for the heroism of the German army. The following comments are representative of letters written during the period immediately preceding Hitler's speech of October 3rd.

"The Eastern Campaign is terrible. It is certainly the worst yet. The Russians do not know what honourable warfare is. They are the biggest band of murderers that exist. Thousands of our young soldiers are being brutally slaughtered. It is simply inexplicable. If you can still see the German newsreels please do so. Many of our friends have already fallen. It makes one so desperately sad. Do you still say America is not mixing herself

(1) O.K., Hamburg to T.B. Puerto Cabello, Venezuela,30th.Sept.1941.
(2) A.,Cologne to F.B., New York,13th.Sept.1941.
(3) K.K., Baden to J.M.S., Los Angeles, 24th.Sept.1941.

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...in this war? Indirectly she has been doing so for a long time. ...if they want to break us they'll have no luck. This is a ...rtion of our Fatherland and we shall fight to the last man"(4)

"You write that you believe we have no idea of the sacrifices ...the East is costing us", writes a German from Hamburg to his ...ther in Philadelphia. "Unfortunately I must tell you that we ...ow only too well. Through the radio we hear of the frightful ...ilds and listen to descriptions of the Eastern front - often one ...ust listen, it's too gruesome, and our soldiers when they come ...e are ordered to keep their mouths shut. One simply can't ...ay what they have been able to accomplish - they have suffered so ...rribly and cruelly. They say it is like a living Hell on the ...ussian front, every foot of ground is fiercely contested and our ...oldiers fight resolutely like lions against those brutes. In ...e cinema seeing the weekly news reel from the front one almost ...ses out of one's mind from sheer horror. Often I have to shut my ...yes. If everyone could only see the awful misery and the hordes ...f these soldiers who don't know why they're fighting, driven and ...hipped forward by their commissars! But England will one day get ...her reward - That is the wish of all of us - then only can there ...e peace" (5)

"If only the war were over. I am firmly convinced that ...itler will lead us to victory....We often sit near the radio full ...f omitted expectation and almost in tears in order to hear the ...pecial bulletins. But how many must give up their lives for ...ermany. Juliane's eldest son has fallen, he was just going to ...e twenty" (6)

"There are occasional references to hardships on the home ...front, to the hours spent in food queues and nights in air-raid ...shelters, but the general view often reiterated is that "all this ...is nothing when one thinks of the sufferings of our brave soldiers" ...Confidence in the Fuhrer and in victory are almost inevitably linked ...together and many writers seek to convince their friends abroad of ...the solid unity of the German people, of the excellence of organ-...isation and distribution, and of the equality and comradeship of ...rich and poor. "The German nation is welded solidly together now ...that the former class distinctions exist no longer and every German ...knows that the Fuhrer only wanted to live in peace" (7)

In letters written about this time many people show a ...strange stoicism in face of the sacrifices which they realise must ...be theirs.

"Momentous times call for sacrifices, and these we will ...gladly make if only the dread spectre of Bolshevism can be laid for ...ever" (8)

"We are chosen by destiny and must hold out no matter how ...great the individual suffering" (9)

"If only peace would soon come and then the sacrifices ...will not have been in vain" (10)

Over 10% of all letters written at this time brought news ...of casualties, already some letters tell of three and four deaths ...in one family alone. Reactions towards these losses naturally ...differ greatly, from heroism to complete abandonment, but the latter ...are comparatively few.

On receiving news of the death of his son, one writer says: ...he fought and died as only a German soldier can. This heavy

...L., Leipzig to I.B. Watertown, Wisconsin, U.S.A.
...W., Mannheim, to A.W. Philadelphia, 10th.Sept. 1941.
...V., Hamburg to I.B., Sao Paulo, Brazil 10th.Sept.1941.
...D., Mannheim to K.S. Los Angeles 29th.Sept.1941.
...K. Nurnberg to A.K.S., New York 22nd.Sept. 1941.
...B., Elberfeld to H.B. Detroit, 10th.Sept. 1941.
...., Bonn to F.A., New York 10th.Sept. 1941.

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...rifice must be paid so that Germany may continue to live. We are ...d that we enlisted with complete inner conviction in the struggle ... freedom of Greater Germany" (11)

After telling of the death of his second son, another German ...er writes: "It is for us an obvious duty to hold fast to our ...gth - whatever sacrifices may be demanded of us - even the heaviest. ...must endure whatever comes in all circumstances for it is a matter ... life and death" (12)

"If one did not know that it was all so absolutely necessary ...one would despair" (13)

"He died in hospital of the dreadful wounds he sustained at ...lmark. A sacrifice towards the annihilation of Bolshevism unnecessarily not made in vain" (14)

There seems to be more evidence of despondence and war ...riness in letters telling of casualties amongst friends outside the immediate family circle than in those about the death of a close relation.

After enumerating eight casualties amongst people known to ...er sister in New Orleans, a German woman writes from Kassel "what ...rrow and anxiety mothers here feel for their sons. There is a never ...easing cry to God to end the war quickly and to send our loved ones ...home" (15)

"Happy are the dead who no longer hear and see anything of this misery. One could write much, so much " (16)

But the following curious passage from a German woman attached to the Consulate in Shanghai to her brother in Berlin, is interesting in so far as it is unique: "I am so distracted, so broken, that life no longer has any purpose. Why have I toiled and striven for years for my Heinz - only that he should in the end become cannon-fodder? How can they send children of 18 into battle! How can one have faith in a man who has always said that the youth should be preserved for the good of the Fatherland. No-one can help me, this blow has shattered me...How often I think of what Heinz said when he was only thirteen years old and I was taking him for his music lesson. 'What's the use, Mutti, you'll see, I'll only be used for cannon fodder" (17)

But in letters from Germany itself, courage undoubtedly predominated. The lowest morale was encountered amongst those anxiously awaiting news from the front - more often women - on whom the horror and atrocity stories of German propaganda had worked too well. The following is a typical example:

"We have already had two years of war, and for how much longer? We personally haven't much to put up with at home, apart from the anxiety about our dear sons at the front. Before wars were different and could be endured - but now? If only we had honest adversaries, but these beasts - this scum of humanity - woe betide if a German wounded fell into their hands. Here in our hospital there are already enough men lying with their eyes put out, and their noses and ears cut off. If you saw that and knew that a dear one was there where these outrages are taking place, then you would forget how to laugh again. It is so with me, the old Dorothea exists no longer. It is only when after ...ks of waiting one gets another letter to say that he is still ...ive in spite of all he has endured - and I see that he still has a ...se of humour - that I can be glad again. If only it would ...all come to an end!" (18).

...W., Hildesheim to O.W.D., Alameda, California 23rd. Sept.1941.
...W., Munich to O.F. Flushing, N.Y.)
...W., Ettingen, Bavaria to J.G., New York 28th.Sept. 1941
...., Leipzig to E.V. Richmond, Virginia 2nd.Oct. 1941.
...P. Kassel to T.H. New Orleans, 17th.Sept. 1941.
...., Hamburg to W.H., New York 18th.Sept. 1941.
...E., Shanghai to H.E. Berlin, 8th. Sept. 1941.
...T., Goerlitz, Silesia to M.L., N.Y. 18th.Sept. 1941.

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An interesting feature of September mail was the nature of ... evoked by the new police regulations forbidding Jews over six ... of age to appear in public without wearing the Star of David ... the word JUDE written across it on the top left-hand side of ... outer garments. This measure, first announced in the press ... September 19th, and officially portrayed as just retribution for ... evils of Jewish influences in RUSSIA, found unusually little ... tion in letters written at the time.

Whereas a number of reports from Jews and Jewish organisations ... and SWITZERLAND tell of frequent instances where the ... tion of the German people has been one of sympathy and kindness, ... the following isolated comment comes from the Reich itself in ... of marked approval:-

"After 19th September all Jews living in GERMANY must wear the Star of David; this is of course very bitter for them, for up to now they could always conceal themselves in a crowd of German Aryans. But it was the German soldiers on the Eastern front who demanded it, after they had seen and learnt what these Jewish devils have done to the poor defenseless Ukrainians and others." (19)

In the main there were surprisingly few references to the new measures and in those letters which did mention them it was generally to ask their friends in the UNITED STATES whether reprisals had been instituted there:-

"Last week Father was in Frankfurt. There were still a lot of Jews there. They must all wear a yellow star on the left side of their coats. Now we have been told that in return the Germans in the U.S.A. must wear a 'D'. Is that true?" (20)

Or, as others have it:- "Is it true that over there the Germans have to wear a Swastika on their backs?" (21)

Another tendency which makes itself apparent towards the end of September is that people are just beginning to write of the wished-for New Order in Europe. This is doubtless largely to be attributed to the press propaganda campaign on this subject occasioned by the anniversary of the signing of the Three Power Pact on Sept.27th. Hitherto thought on the subject of the New Order has almost become conspicuous for its absence. Comment is vague and seldom well considered, nor is the idea often elaborated, but it seems as if people were beginning to look more to the future and there are a number of references to the enormously enlarged field of opportunity which will be open to German industry after the war.

At the same time the longing for peace is as unabated as ever, ... fear is not absent that the war may last a long time yet:-

"Up to the beginning of August I had firmly believed that the war would be over by Xmas at the latest," says a writer in Berlin, "but now I begin to feel somewhat doubtful. For although ... can possibly snatch the victory from GERMANY and a United ... begins already to take shape, it is impossible to foresee when ... all be over." (22)

(19) G.S., Hanover to I.S.; N.Y., 14th Sept.1941
(20) W.B., Ober Roebach to L.D., Chicago.
(21) M.M., Bremen to L., N.Y., 30th Jan.1941
(22) A.F., Berlin to A.F., N.Y., 26th Sept.1941

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(13) THE MOUNTING HOPE OF OCTOBER

After a silence of five months, HITLER's speech on the official opening of the Winter Relief campaign on October 3rd inflamed a mere optimism and renewed enthusiasm into the hearts of the German people.

"I had to stop to listen to the Führer. What a pity you couldn't hear his speech. I am always full of enthusiasm whenever I hear him speak for there is no-one like Adolf HITLER. Let us hope that we may keep him many a long day, for he will certainly do his utmost to make his people happy..... Perhaps you will not understand me when I say I love our Führer with all my heart and I will certainly bring up my two boys to be true Germans." (23)

On the following day a German recently repatriated from AMERICA writes:-

"Yesterday the Führer spoke for the opening of the Winterhilfe. I hope you were able to get his speech in AMERICA. The Russians are practically done for. The achievements of our men have been superhuman and we have an extra special surprise up our sleeves for the British. Everybody here is firmly united behind the Führer. When he speaks it warms the heart, for he always keeps his word." (24)

Hitler worship indeed seems to have reached its peak in the days following October 3rd. Typical of its more advanced stages are the following two extracts from letters written on October 5th:-

"I always feel that he can be no ordinary man, but one chosen of God - hence my firm belief that we alone can be victorious. When I think of the day that an attempt was made on the Führer's life and he was protected by God so that not a hair of his head was harmed, I always say that God had more work for him to do yet on earth so he was not allowed to leave. Even though his ideas would have continued to live, a leader such as we have found in him we would have no longer."(25)

"His speech again expressed everything which should be said to the whole world. It certainly means more than all the Atlantic Charters and Moscow Conferences put together. Through the Führer, with God's help, Europe may now realise the danger of Bolshevism. This war is a war for humanity directed by a higher Power, and this Power has chosen his Witness and blessed him with all prosperity. Otherwise how could it be possible that everything that our Führer has done in the last two years could have led to such enormous successes? This hard war will be fought out that our Führer may bring peace to the German people and all the nations of Europe... Such men only arise when they are sent by God." (26)

To a number of people, although they seem to have been in a small minority, HITLER's words were of little avail in dispelling depression and anxiety about the war. A Bavarian writes on Oct.6th:

"The World War was only child's play compared to the present misery and the poor wretches who have to take part in it are already in Hell though they are still alive.... Why is GERMANY doomed to such misery and to such a low standard of living. What we get here now but potatoes - and not everyone has enough of them.... I get nearly distracted when I think of the poor innocent children. If it goes on much longer I shall lose my reason - and now winter is near. A soldier wrote home the other day that Christ had indeed suffered much, but he had not taken part in the war in RUSSIA"(27)

But the above is exceptional and while there were still a few who continued to bewail their lot, the High Command communiqué of Oct.10th announcing victory on the Sea of Azov and encirclement in the Central area created a new high level in German morale.

(23) L.K., Munich to M.L., N.Y. 3rd Oct.1941
(24) K.M., Luxhaven to G.L., N.Y., 4th Oct.1941
(25) O.F., Bremen to E.E., Salt Lake City, 5th Oct.1941
(26) E.E., Metzingen, Württemburg to E.E., N.Y., 5th Oct.1941
(27) K., Waldfischbach,Palatinate,Bavaria to F.McC., Brooklyn, 8th Oct.194

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HITLER's Order of the Day to his troops of ten days earlier, the publication of which had been skilfully delayed in order to coincide with the sensational announcement of the victory he had predicted, was fully exploited in the press. In his Order of the Day on October 1st, HITLER had said that all preparations were now complete "for the last mighty blow which shall shatter this enemy before the onset of winter... Today is the beginning of the last great decisive battle of the year." Headlines in the press of October 10th read "Campaign in the East decided" - "The whole Soviet Front shattered" - "Germany's Victory in the East - Defeat of England".

The fillip to public opinion was naturally considerable: people spoke as though they believed the war in the East was virtually over, although it was realised that the fighting was not yet at an end. Hopes of peace - "perhaps earlier than we had expected", are frequently expressed and many people seem confident that no help in the world can save RUSSIA.

"The successes in RUSSIA are so prodigious that one can only hope that sensible people will sue for peace. But where are there sensible people among our enemies? The morale of the German people which was strong in the beginning today is even higher. Everyone is waiting for the next move." (28)

"In the last few days there have been great victories on the Russian front. The enemy in the East will be smashed to pieces. I can assure you that the High Command communiqués scrupulously correspond with the truth... The knowledge that the final and unlimited victory is ours - that is the incentive that spurs us on to still greater endeavour." (29)

A schoolmaster writes from DRESDEN:- "Don't you worry about us - Just now the greatest and perhaps the final decisive battle is being fought against RUSSIA, for RUSSIA is done for and any help, no matter whence it comes, is now too late. Perhaps peace is even nearer than we imagine." (30)

"You ask if the war will soon be over. We don't know that, but what we do know is that we shall be the conquerors - that is quite certain. Both ENGLAND and AMERICA will live to see the unbelievable come true. RUSSIA can certainly not hold out much longer." (31)

In a report on the war situation from BERLIN, written on October 15th, the Mexican Chargé d'Affaires, after first doubting the truth of GERMANY's claims to have broken the Russian armies, states:

"Government circles in this capital are filled with pride over what they already regard as the great victory on the Eastern front. A high official in the Foreign Office told me: 'there is no power or coalition of powers in the world capable of destroying GERMANY; her conquests are final and form the basis of the New Order which GERMANY will establish on this Continent.' I pointed out to him that the war potential of the UNITED STATES is very great and must be taken into account, but he replied that the U.S. would never come into the war and they are simply putting up a big bluff of threats and rearmament which they will not have time to carry out or finish. The New Order is a fact, he added, especially now, after the defeat of RUSSIA."

Two letters describing the reactions of the people of BERLIN to the October victories are interesting in the light of foreign accounts of German apathy:-

(28) D.K., Kassel to A.K., N.Y., 14th Oct.1941
(29) M.K., Regensburg, to A.K., Stockertown, Pa., 11th Oct.1941
(30) F.A., Dresden to D.A., N.Y., 14th Oct.1941
(31) L.M., Stuttgart to F.M., Philadelphia, Pa., 14th Oct.1941

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"Throughout GERMANY there is an intense seriousness. All one of our victories, however great, has been celebrated. But at the same time no-one is despondent. We now stand before the third winter of the war. The Berliner is certainly not enthusiastic about the long blackout nights and the air-raid warnings. And not everyone has the warm winter clothing he would have liked. The Hausfrau will often get cold feet waiting in the food queues... Anyway a war winter is no fun, and the very thought of it is apt to make one discontented. The Führer spoke to us recently - he threw no dust in our eyes, promised us no better times, but called for further sacrifices, to harden ourselves still more.... He drove away our discontent, spoke of the earnestness and the greatness of the times and told us that it is not our well-being that matters but that of the youth - that the life of GERMANY hangs in the balance. HITLER gave back to us our self-control. Everyone felt his duty to history..." (32)

In the second letter a Berlin University Professor writes:-

"You would not find any wild enthusiasm, or gloating over military successes unparallelled in history. The pride of this people is manifesting itself in their readiness to sacrifice many small comforts for the benefit of the victims of the gigantic campaigns. You would find the firm determination to see this ghastly business through to a successful end, you would find an unlimited confidence in the man at the helm." (33)

A Swiss doctor writing a few days later, however, says of Germany that "The general outlook since last year is apathetic, this is now perhaps more deeply rooted. In intellectual circles those who speak languages and listen to foreign broadcasts and who sometimes go abroad, no longer speak of victory. Their only hope lies in a negotiated peace." (34)

German censorship and fear are, of course, factors which must be borne in mind throughout, nevertheless there is little to suggest the accuracy of such a statement in German letters written about the end of October. On the contrary, doubtless stimulated by The Vitriol of Hitler's words and the ecstasies of the press, there seems to be a wider range of ideas current about the purpose of the war and the future than for a long time past.

Confidence that the vast new territories conquered in the East will now assure Germany's supply situation no matter how long the war should last, indignation at the alliance of Great Britain and America with the Soviets, and belief in Germany's mission in Europe, all find varied expression in the letters of this time.

"Up to the present 10% of rye had to be mixed with flour; now that regulation has been suspended. With the conquest of the vital territories in the Ukraine our food supply is assured for all time, and not only ours, but also that of Europe generally. The end of the Soviet System is approaching. A fortnight ago the Führer declared 'The adversary is prostrate and will rise no more.' ". (35)

Speculating on the chances that the Russian army may yet spring a surprise the Mexican Charge d'Affaires writes in the report quoted above: "Meanwhile Germany is losing no time in preparing to combat the economic blockade. The occupation troops in conquered Russian territory are all making great efforts to restore the districts laid waste by the war or destroyed by the retreating Soviet troops. Houses,

K.G., Schwarzendorf to M.G., Milwaukee, 10th Oct. 1941.
F.E., Berlin to M.M.A., Washington, 17th Oct. 1941.
L.F., Zurich to Professor O.J., Ohio, 31st Oct. 1941.
A.M. Augsburg to J.F.M., Hammond, Ind., U.S.A. 16th Oct. 1941.

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...ges, railways, roads, factories are all in the process of repair ...materials brought from Germany. Feats of engineering such as ...reconstruction of an iron bridge 800 metres long have been com... ...ed in ten days by the workmen of the TODT organisation..... The ...nstruction work accomplished by Germany in Russia up to date is ...y marvellous."

Three letters from Frankfurt, Hannover and Berlin, from a ...essor of Anthropology, a Storm trooper, and a circus owner, provide ...erent aspects of the German mission.

"The war has now lasted for two years," writes the anthropologist, "Germany is fighting as the champion of Christianity against bloodthirsty ...olshevism which during the last 23 years of its fearful reign ...has wiped out the Christian creed in Soviet Russia and slaughtered the ...clergy or sent the priests and monks into gruesome concentration camps ...on the Solovetsky Islands and in the Arctic. Germany's cause is a ...just and sacred one and she will fight on to victory for the deliverance ...of Europe and mankind. The truth of this feat will one day dawn in ...the minds of Christians all over the world, including those of Great ...Britain and America." (36)

The Storm trooper writes of the German Ascendancy and says, "We have absolutely no doubt whatever that we shall overcome all the difficulties in this tremendous battle of strength. I have had a special opportunity to judge and above all to help in the work of victory. It is, as the Fuhrer himself has said, a hard fight, but shall we lose courage because of that? Never! No, fate will not allow us to go back to the ways of the Middle Ages..... Today the words apply to us more than ever before 'Heute gehort uns Deutschland, und morgen die ganze Welt'". (37)

Carl Hagenbeck, proprietor of the famous circus, writes to his son in America of the atmosphere of enthusiasm in Germany for the achievements of the soldiers and says: "The whole world should be grateful to our Fuhrer for His foresight in recognising the peril of Bolshevism and for being able to combat it successfully. Thank God. You cannot imagine the horrors which our soldiers have to relate of the 'Workers' Paradise'. All those who were in sympathy with Bolshevism have been cured once and for all, without exception. Even our greatest enemy, England, ought to be thankful". (38)

Many writers are occupied with variations of the same theme:-

"God grant that the whole world may realise that Germany is ...ting for Right and Freedom." (39)

"The war in the East is drawing to a close. Oh, why is everyone so antagonistic to our beloved Germany? This enmity we have certainly ...deserved." (40)

"All their (the Russians') faith in Bolshevism must be forced ...from them they will soon learn to appreciate the joys of Kultur."

...Jew Rosenfeld (the President) and H.C. otherwise Hainstein ...berg (the Prime Minister) come in for their fair share of hard words

...Germany is ours today and tomorrow the whole of the World).

...F., Frankfurt a.M. to E.M.E., Chicago, 8th Oct. 1941.
...L., Hannover to W.W., Aasland, Ky., U.S.A., 6th Oct. 1941.
...E., Hamburg to E.E., Sarasota, U.S.A. 8th Oct. 1941.
...E., Bochum to G.M., Flint, Michigan, 3rd. Oct. 1941.
...E., Leipzig to E.E., Long Island, N.Y., 30th Oct. 1941.
...E., Pforzheim to E.A., N.Y., 10th Oct. 1941.

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regret is expressed at the breathing space which the Russian war ...needs afford the English, the selfish instigators of this terrible ...slaughter."

"This frightful war! It weighs us down like a mountain and our most ardent wish is for the bells of peace to sound. One can't imagine anything more wonderful than peace again in Europe. And now our brave soldiers have to endure unspeakable horrors in their struggle against the Russians - those beasts in human form! Worst of all, the Commissars, the scum of humanity. What one hears makes one's hair stand on end, and the English are on the side of these hellish brutes and your President writes to his 'dear friend Stalin.' What do the Americans say to this humiliation? I cannot believe that decent people can agree with it. We have ten nephews at the front, all well at present". (45)

"I do not think our soldiers will ever forgive the fact that there are still countries today that help the Soviets, if even only morally. And their talk of Freedom and the Rights of Man and Prayer!!" (43)

Anxiety for the winter was temporily abated in October by the announcements that provision had been made in advance and the hope that "they will finish off Russia before the winter begins". "The fact that all preparations have been made and that the coming winter will afford no obstacles reassures us. Then the most fearful reckoning with England will follow, more terrible than anything in the history of the world. And rightly too, for never has a government gambled with the lives of millions in so despicable a fashion". (44)

A different view is put forward by a retired German Foreign Office official in a letter written in English to his wife in New York.

"The utter destruction of Bolshevism," he writes, "is a European necessity. It was Godsend, indeed, that in the midst of this English war Hitler had the foresight to realise the Bolshevist danger and promptly acted accordingly. But there is no such necessity with England if she is willing to come to terms, as sooner or later she will be obliged to anyhow. As for the U.S., she is welcome to the inheritance of British possessions in the Western Hemisphere but is she so dead anxious to inherit the accumulated antagonism which London has won in practically every capital in Europe during the days of British predominance?! There will be a brand new Europe the outlines and features of which are already clearly visible and in which the U.S. can only hope to recapture her valuable lost markets if she scraps the insane Rooseveltian policy of interference and provocation as soon as possible and realises it to be the most unprofitable enterprise the American taxpayer has ever been called upon to finance...." (45)

Towards the end of the month a more sober tone makes itself felt in German morale. No outcome of the war is possible, it is frequently repeated, but a German victory. "Even if it should last ten years or more we will prevail." But anxiety over the Russian winter and the question of American intervention is clearly growing.

"God grant that the final victory will soon be ours and that our dear ones will not have to pass the hard winter in Russia in the close and ice with death before their eyes." (46)

"Yesterday I had a letter from Heinz. They have got far into Russia, near Moscow. Now that the cold weather has begun the soldiers are suffering a great deal, the German soldiers are not accustomed to the cold of Russia". (47)

(43) Unsigned, Ulm to Kansas City, 18th Oct. 1941.
(44) W.L., Hohenwestedt, Holstein to A.L., Brooklyn, N.Y. 2 nd. Oct. 1941.
(45) K.P. Stuttgart to E.P., N.Y., 5th Oct. 1941.
(46) A.F., Berlin to A.F., N.Y., 2nd Oct. 1941.
(47) H.H., Schonungen/Main to A.A., Pittsburgh, Pa., U.S.A., 30th Oct. 1941.
(47) T.T., Munster to C., Saint Louis, Mo., U.S.A., 28th Oct. 1941.

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"A united National Socialist Germany will never allow her- if to be defrauded of her well deserved victory for the second time. Today the home front stands as grim and determined as the at the front." (48)

Sometimes a more wistful tone prevails. "Please God you won't get dragged into our terrible mess; if you could see everything you would all say never war." (49)

"Another passes - if only everything is not still worse afterwards..... If we could only be together again, how we would talk - and eat, eat to our hearts' desire." (50)

Another letter marked by the German Censor to be returned to sender, but which was forwarded in error says: "If only the war would soon end, such wholesale destructions, and yet nothing can be done. How can such things come to pass between civilised nations.... I hope America does not join in all this warring; everywhere hatred spreads and the people must bleed because things are not left in peace to take their natural course. Has one nation any greater or lesser right to its place in the sun in this world than another?" (51)

But for the main, the letters written during the last days of October are beginning to revert back to the familiar strain of 'willing sacrifice' of those at home being worthy of the soldiers at the front, and of holding on till final victory is won, a tendency which becomes increasingly marked throughout November in the last weeks of which it is characterised by a grim and unhappy spirit of tenacity and resolution.

Santiago Lopez, Colombian Charge d'Affaires in Berlin, sums up the position at the end of October as follows. "As regards the internal situation, we are therefore passing through a phase of tranquility which is very natural following a series of military successes. Nevertheless one perceives a certain disquiet when it is stated that the war with Russia may not end with the capture of Moscow and that moreover the war with England will be pursued with even greater intensity. Today more than at any other time one perceives or senses the feeling that with the slightest reverse or with too long a delay, events of the greatest importance might take place within the country. We nevertheless seem to be still far from arriving at such a point." (52)

But the writer is a pronounced Germanophobe and his reports, although comparatively objective, must be taken with reserve.

Other features of the south are intermittent grumbles at clothes and food shortage, the effects of British air-raids (both of which subjects are referred to in a later section), and frequent praise for the excellence of National Socialist organisation and Social Service and Winter Relief. Of the latter one writer says: "You have no idea what fervent patriotism exists among the German people, especially among the youth; it was proved again by the second street collection for the Winterhilfe on the 28th October. [illegible] raised R.M. 131,000,000 40% more than in 1940..... Germany's front and homeland are inseparably bound together and each person gives willingly out of love for our Fuhrer." (53)

Only one letter examined made any reference to Goebbels' special article to Berliners published on the anniversary of his appointment as Gauleiter of Berlin. In this rather tortuous account, given in English, the writer says: "The Hans Fritzsche's report yesterday, in somewhat of a muddle because it gets no reliable information and makes up nonsense which, as Dr. Goebbels described in

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H.F., Dinsberg, Hamborn a/Rh., 23rd Oct. 1941.
F.D., Berlin to J.L.R., Washington, 30th Oct. 1941.
W.E., Leipzig to M.S., Lansing, Mich, U.S.A. 26th Oct. 1941.
H.F., Petersen, Holstein to Bellport, Long Island, 27th Oct. 1941.
S.L. to Ministry for Foreign Affairs Bogota, 30th Oct. 1941.
K.K., Furth, Bavaria to J.H., N.Y., 28th Oct. 1941.

Regraded Unclassified

his article two days ago, is so idiotic that it stinks through and through. They still imagine in their foolish arrogance that they will be asked their opinion in the new organisation of Europe which is already in progress..... The English people in their narrow-mindedness, believe everything their bigwigs tell them and take in the dishonourable sham Godliness which goes with it in a way which cannot be described. Those men really so brand the whole of Christendom with infamy that they will have to make themselves up if Christiandom itself is to endure. Unfortunately there are all sorts of questions over which our clergy too must come to see clearly. It is high time." (84)

There was only one comment on the German October shooting of French hostages. "Your press will have been roused to fury because we have shot a number of Frenchmen as a reprisal for several murders. We were sad and are sorry that we had to do that, because we respect the French, in spite of all the stupidity inherent in their make up. It is this mental laziness of the French which has permitted the Jews and Communists to become masters..... But we cannot let ourselves be killed off one after the other and submissively await death. So we are bound to take measures of self defense. We know how to differentiate between the guilty and the innocent among the French. They were not shot indiscriminately. I will I make excuses for nothing; we claim our rights; the guilt lies with the world for provoking us." (85)

(iii) Persecution of the Jews.

The revival of Jewish persecution heralded by the branding of all Jews with the Star of David reached its height during the month of October with large scale dispossessions and mass deportation to Poland and White Russia. A considerable volume of Jewish mail has passed through the Bermuda censorship. Faced with the loss of their homes, the uncertainty of the future and winter in the East or the prospect of forced labour in the German war machine, many Jews, often husbands and wives together, have committed suicide.

Germany, it was first proclaimed, was to be 'Judenrein', clear of Jews, by the end of the year. Later the date seems to have been postponed to April, and latterly to the end of the first half of 1942. The position of numerous Jews who though not facing immediate deportation to Poland, have been turned out of their homes to make room for bombed out Aryans, and crammed into ex-convents, camps or 'homes' is some the more enviable. The majority of information available comes from Jewish sources abroad and is rather contradictory; a great deal can however be gleaned, from the letters of Jews still within the Reich.

"We were all forced to leave our homes without distinction, and are housed, 8 people in one room, in the Obestrasse Almshouse." (86)

"Here everyone over 70 has to go to a home in order to leave flats free for other people. Such is the housing shortage". (87)

And from Vienna, a Jew writes: "My poor friend is very miserable, owing to the regulations she has had to give up her room in the Pension and now she is living with 18 women on straw sacks in a school. She doesn't know if or when she will be allowed to return and is growing weaker every day." (88)

"We must leave Cologne in four days to be sent to Litzmannstadt (Lodz). Here there are four families in the house, all must leave.. One can't imagine what it all means." (89)

(84) E.K.S., Hamburg to J.H.B., Valencia, Venezuela, 20th Oct. 1941.
(85) H.D., Bad, Hamburg to Philadelphia, 28th Oct. 1941.
(86) M.H., Hannover to E.B., N.Y., 29th Sept. 1941.
(87) E.M., Frankfurt a.M. to M.L., N.Y., 2nd Oct. 1941.
(88) M.K., Vienna to M.N., N.Y., 1st Oct. 1941.
(89) E.M., Cologne to E.L., N.Y., 8th Oct. 1941.

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"Jews in Berlin," writes a German Jew recently arrived in America, "are not allowed to buy fish, poultry, game, fruit, onions, cereals, peas, beans and many other things..... They cannot earn because from 14 to 60 they must perform the heaviest and hardest labour for a minimum wage, and if they have any private means and a savings account, then their miserable wages are not allowed to be paid out but are entered into the account so that the poor devils don't get a penny extra." (60)

Other letters from abroad tell of Jewish requests for an overcoat or a warm pullover as "up to the present they have not been issued any clothes cards".

"Grandpapa writes that he would rather have food or clothes than anything else, he says that today he would eat pork if he could get it." (61)

From the special distributions of chocolate and marzipan throughout Germany of October 3rd and November 19th, 125 grams in each instance, the Jews were of course excluded. A report from Switzerland tells of Jews being prohibited to travel by tram as from November 1st and a letter from New York says: "My mother-in-law, who is 78 years old and ill, had her meat card confiscated for four weeks because she received a pair of curtains from Lisbon in August. (sic) That is worse than bestial!" Such reports are numerous and seeing that they frequently contradict each other, their reliability is doubtful.

Francisco Navarro, Mexican Charge d'Affaires in Berlin, writing on October 15th, describes the situation as follows:-

"The campaign against the Jewish population, not only in Germany, but throughout the occupied territories, grows more bitter every day. After branding the Jews as if they were dangerous beasts, the authorities have informed them that they must be ready to leave their homes the moment they are ordered to do so by the police. They will not be allowed to take with them anything but the clothes they are wearing. Their furniture, valuables, and all the necessities of life must be left behind.

"It has been learned from a very reliable source that in order to solve the problem of new lodging for all the Jews who are to be turned out of principal German cities, the Reich lunatic asylums have been emptied by a very simple method: all the lunatics in them have been killed. The Jews who cannot be accommodated in the ex-lunatic asylums will be herded together in ghettos or special Jewish quarters.

"The houses which the Jews are obliged to leave will be occupied by the friends of Herr Himmler, and will be considered as their property. The plunder which the German Government stands to gain under this measure will be gigantic, for there are a great number of Jews still in Germany and many of them live in very fine houses which they own. I may cite, as an example, the residence which the Military Attaches to the Chilean Embassy have just rented; this is in fact a palace with a large park and a lake in the grounds. This costly residence which must be worth over a million Marks belongs to a Jewish woman who will lose it in the near future. Perhaps one of Himmler's lieutenants will receive this sumptuous palace as a reward for his services."

Letters from German Aryans for the most part continue to ignore the subject of Jewish persecution. One writer, however, after expressing his astonishment at the number of Jews still in Frankfurt revealed by the Star of David, adds 'and they wear their star with

(60) [illegible], N.Y. to F.[illegible], Sao Paulo, Brazil.
(61) K., Montevideo to J.L., N.Y., 29th Sept. 1941.

Regraded Unclassified

real pride!' Otherwise when reference is made to the Jews, it is generally in the time-honoured theme 'This war that the Fuhrer would so willingly have avoided. Again and again he held out his hand to his enemies but they were set upon war. For behind them stand the Jews." (62)

A Lisbon telegraphic report on the subject of German reactions towards the branding of the Jews says that it "excites sympathy rather than otherwise on part of non-Jewish population. A man patted a child on the head, pointing to its badge saying 'better times soon coming.' Catholic priest stopped Jewish family and pointing to badge said 'Wear it with dignity' Together with appearance badge thousands new signs distributed to shops saying 'Jews not admitted.' Quite established custom for Aryan shoppers to wait outside shop until they see Jewish mother buying in for children, go in and get for her what she needs". (63)

The first part of the above report is confirmed by other foreign sources, one of which relates that it has been a frequent occurrence for people travelling in trams or buses to get up and give up their seats to aged Jews or Jewish mothers with children; the latter part, however, is not borne out by any other references.

Estimates of the numbers of Jews deported to the East vary greatly. A Jewish Telegraphic Agency report of 21st October from Stockholm states "Deportation of Jews from Germany to Poland continued this week as several thousand more Jews from Berlin and the Rhineland were sent to Lods preparatory to being deported to the Government General area of Poland. It is expected in Berlin that 56,000 of the 66,000 Jewish inhabitants of the city will be deported within the next week or so. Similar action planned for other German cities will result in a mass expulsion of some 200,000 Jews."

A Hicom report of 15th Nov. from Lisbon states: "From a trustworthy source we have received the following information. In the course of the last few weeks over 20,000 Jews of Greater Germany proceeding from

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|---|---|
| Berlin | 4,800 |
| Frankfurt | 1,500 |
| Cologne | 2,000 |
| Other cities | 1,700 |
| Vienna | 5,000 |
| Prague | 5,000 |
| | 20,000 were sent to Poland. |

After these deportations and according to the Reichsvereinigung statistics, there only remain in Germany 281,570 Jews distributed as follows:

| | |
|---|---|
| Old Reich | 181,370 |
| Austria | 46,800 |
| Protectorates | 53,900 |
| | 281,570 |

"Lods was mentioned as the destination of these people but it would appear that they are going to be sent on from there to White Russia (Minsk)." The writer adds that not a single Jew native of Luxemburg or other has been allowed to remain in the Principality.

Other letters from outside Germany tell of 10,000 Jews having been deported from Berlin by 27th October, 25,000 from Hamburg by 1st December, 30,000 leaving from South Germany, and 1,000 Jews leaving nightly from Berlin. "Those who have not yet been transported were lying on straw in the ice cold burnt down synagogues...

(62) W.H., Gera Thuringia to L.H., Philadelphia, 29th October, 1941.
(63) W.L., Lisbon to H.W. N.Y. 27th October 1941.

Regraded Unclassified

The decent Germans pity the Jews, the brutal ones and the out-throats, out of which unfortunately the greater part of the German people is composed, spit on the Jews and insult them". (64)

References to prospective deportation in letters from Reich Jews themselves are mostly calm and brief. "On December 8th we are moving to Riga. It is very quiet here now; so many have gone away. My husband and Hans are still working. It was especially difficult for Hans to get away. The firm did not want to release him as he is so hardworking." (65)

Many foreign reports speak of the reluctance on the part of industrialists to part with their Jewish employees. Writing from Stockholm on November 8th a Jewish Telegraphic Agency correspondent predicts that in the long run labour demands will take precedence in Germany over anti-semitism. He relates how leading German industrialists insisted that the authorities should halt the evacuation because the half-trained Balkan workers who came to replace skilled Jewish labourers are unable to perform the tasks assigned to them. "The defiant attitude taken by the industrialists resulted in Jews who were already in trains for deportation being taken off and sent back to the factories." (66)

Naturally enough nothing can be found to confirm this report in letters from the Reich itself, nevertheless the rate of evacuation slowed down very considerably during November, December and January, although in recent weeks (end of January and beginning of February) there are again signs of renewed activity. Certainly there is abundant evidence that Jews of all ages as yet remaining in the Reich are made to work hard. At the same time all emigration Westwards has been stopped, German authorities refusing to grant exit permits even to persons already in possession of Cuban or U.S. visas. "He has to do very strenuous work in the Spindler laundry. He has to get up at 5 a.m. if not earlier and stand the whole day with very insufficient food.... all that is not absolutely necessary to maintain life is forbidden to Jews". (67)

"Rosi wrote from Berlin saying she had joined her 72 year old husband and is working in a factory there nine hours a day, standing." (68)

A Vienna Jew writes, "Hugo is working for the military authorities in Schwechat (?). They say he is liking it fairly well, like all the rest." (69)

(64) E.N., Enemmasht, Zgwich, to H.H., N.Y., 28th Oct. 1941.
(65) M.I.K., Cologne, to M.S., N.Y., 22nd Nov. 1941.
(66) J.T.A., Stockholm to J.T.A., N.Y. 8th November 1941.
(67) (Unsigned, Fribourg, Switzerland to M.O., Los Angeles, 2nd Oct. 1941.
(68) F.I.C., Essen to S.B., Chicago, 19th Nov. 1941.
(69) M.I.K., Vienna to K.L.F., Memphis, Tennessee, 18th Nov. 1941.

Regraded Unclassified

But with the permanent threat of deportation hanging over their heads, two recent emigrants write from Lisbon "an epidemic of suicides of unbelievable dimensions has broken out." (70)

"There we come from life has become a martyrdom - it is quite a common occurrence for people to be hauled from their beds in the middle of the night, and, with only a small handbag, to be taken along to a waiting room to be sent - where?" (71)

And lastly a report from Zurich.

"The orders to the Jews to abandon their homes began on a large scale at the end of September... The time allowed for evacuation varies between 18 minutes and a few hours. With the order to leave, a form is handed to the Jews on which they must enter their entire possessions in money, furniture, household effects and clothes. Simultaneously they also receive a list which prescribes the NORMAL POSSESSIONS which a Jew may have at his disposal: namely:- two suits, one overcoat, three shirts, two vests, three pairs of underpants, 2 pairs of pyjamas, six pairs of socks, six handkerchiefs and 2 pairs of shoes. After having been transported from their dwellings the Jews are subjected to interrogation at the District Police Office. In most instances they have to sign a document in which they declare that they are emigrating voluntarily; others again are given a paper to sign in which they acknowledge themselves to be enemies of the State and renounce, of their own free will, all rights to property, pensions and any other sources of income....

"The evacuated dwellings are sealed by the Gestapo; furniture, clothes and household goods, which the exile was obliged to leave behind, are later put up for public auction....

"The Jews are detained overnight in a synagogue and conveyed next morning to suburban railway stations in closed police lorries where trains are in readiness to transport them Eastwards. Temporarily, the banished Jews are put on work of National importance in Poland. What the ultimate plans of the Government are in connection with the expulsion of the Jews is as yet unknown." (72)

(70) F., Lisbon to L.N., Montevideo, 1st Nov. 1941.
(71) A.G., Lisbon to L.D., Portland, Oregon, 30th Oct. 1941.
(72) L., Zurich to J.L., Detroit, Mich., 30th Nov. 1941.

Regraded Unclassified

Winter Morale

"There is only one consolation - that some time a solution will be found for it all. Still there remains HOLD OUT." (75)

The spirit of optimism and expectancy born of the victories of June 10th had already begun to wane by the end of the month. With the first days of November a few rare flickers of the earlier hopes lived on, but they seem to have been lost amid the unsettling greyness and grim determination which has come to characterise German morale this winter.

In different letters on a variety of different subjects:- the hardships of Russian winter, the bareness of the Christmas shops, the air-raids or the scarcity of warm clothing, - the resolving theme is always the same:- Aushalten."

"Some day the war will come to an end and then everything will be better. Courage! We have already won through many struggles. Now it is for us to hold on in defiance of every enemy. Our soldiers are so brave at the fronts, in the sea and in the air, why should we at home too not be strong." (76)

"Now for the third time we must face a winter at war, but what awful sufferings the soldiers have still to endure. We must stand firm and hope that 1942 will bring victory and peace." (76)

"Above all we pray to God that this dreadful war may soon end and our soldiers return victorious to their dear homeland, otherwise everything will have been in vain - all this fearful bloodshed. But we place our trust in our dear Fuhrer Adolf Hitler and the Almighty. We trust that the Almighty will stand by our Fuhrer and give him wisdom and understanding to direct his cause aright." (76)

The train of thought varies from ardour and resolution to extreme anxiety and gloom. There were those who would seek grounds for their determined confidence and find them easily enough in the assurance of supplies resulting from the conquest of the Ukraine, or alternately in vaunting the invincibility of the German armies. Others derive strength from the venting of old hates, but a growing number now speak of the war as a struggle for existence or extermination in which no matter how long it may last Germany must prevail. While the above extracts from letters of November 17th, 24th, 21st and 27th are those which seem most typical of the reactions of the majority, those which follow are representative of the rarer higher strains of the same theme.

"Germany in wartime is very different from the Germany of 1938. In keeping with the seriousness of the moment the whole nation is in a grimly determined fighting mood. They feel 'We can do it and we will do it.' Everyone is perfectly aware that the struggle will be long and hard. But it is quite a minor question whom this war ends, the important thing is that we come out of it as victors, and that that will be so is now assured thanks to the recently conquered territory in the East with its inexhaustible provision of raw materials." (76 a)

"... we have already had over two years of war, but a different ... from the last. Then England succeeded by her blockade in bringing ... to the point of starvation. This time it is quite different. ... Germany today conditions are such that no-one is hungry. We ... first class bread, both rye and wheat, also cakes." The writer goes ... to describe the excellence of German wartime organisation. ... control, double rations for heavy workers, etc.

(75) ...C., Wiesbaden to A.C., Guatemala City, 17th Nov.1941.
... Hold Out.
(76) ...A., Schifferstadt, Westmark to D.K., N.Y., 24th Nov. 1941.
(76) ...K., Hamburg to G.C., N.Y., 21st Nov., 1941.
(76) ...B., Selm bei Fang. Kreis Ludinghausen to H.B., N.Y., 27th Nov.1941.
(76) ...K., Berlin to K.K., Washington D.C., 9th Nov.1941.

Regraded Unclassified

"Every German," he continues, "is completely convinced of final ..., even if it will not come this year. But how do we stand as ...red with 1914-18 ?. In only three months as large a part of ...ia has been occupied as both England and Germany put together. ...may be quite certain that those enormous tracts of land are not ...nely occupied. Where we are concerned everything is organised ...to the smallest detail so that England will never succeed in her ...of starving us out. Directly behind the sword comes the plough. ...more prisoners of war in abundance (over 3,6000,000 Russians alone) ...put these things in order." (77)

"We are determined to hold on, for we are convinced that Germany, ...the resources at present at her command is now militarily unconquerable and that the food situation will improve both at home and in ...part of Europe in the course of the coming year through the occupation ...the granaries of the East, the Ukraine and the Crimean regions." (78)

Interesting in this connection is a letter from Switzerland, the writer of which - seemingly impartial, and certainly no Nazi - has just returned from a visit to Berlin. He tells of his meeting he had with Herr Backe " "one of the three leading men responsible for Europe's grain supply. He receives delegates from the different countries and hears their wishes concerning grain requirements, etc..... Of course he is an ardent National Socialist. Backe told me that he had been in the Ukraine. He said the Russians had only burnt about one third of the harvest, chiefly the corn growing near the main highways, further away it was still untouched. Of last year's harvest stored in the granaries much had been captured. On the other hand the sowing of new seed will present difficulties. For one thing the land had been a battlefield and for another so many people had fled. Also the Russians had destroyed all agricultural machinery. The German machines are too light for the enormous Ukranian fields with their heavy soil so that it will be next spring before everything is got into order again. In any case Europe's grain needs are assured for the duration." (79)

Most writers seem to have a more articulate hate for Great Britain than for the United States, although it is taken for granted by many that sooner or later 'Roosevelt will have his war.'

"John Bull will see what he has gained from having conjured up this war. No one can save him now. A righteous fate is on the way." (80)

"We are all convinced that the war will lead to victory. It is unthinkable that as the English say there could be revolution here, for we all stand firm behind our leader." (81)

"Churchill lies won't help the damned English any more, they must realise that themselves by now." (82)

The American Revision of the Neutrality Act did not give rise to ...h comment as might have been expected,perhaps because fears regarding U.S. intervention had been prevailed so long.

"The war has spread, unfortunately your Roosevelt does everything ...to involve America into it too. I wonder how the people will take ...of his latest war measures concerning the passage of American ...through the war zone. Here it did not shock the masses in any way. America can no longer change England's future no matter how long the war lasts." Many letters express regret that the German cause ...be so travestied and misrepresented by American war mongers. ...writer continues: "It is only a pity that the people are so ...ly deceived. The newspapers over there must lie black's white!" (83)

...N., Nordhem, Hannover to S.W.,-Indianapolis, 9th Nov.1941.
...Unsigned, Friedmann to L.L. Dungan,N.Y. 18th Nov.1941.
...ably Russian, the word is practically illegible.
F.S.F.B. Sugerberg Switzerland to I.S., N.Y., Nov. 9, 1941.
...S. Grenzbarnim ober Mrie zum Oder to E.H., N.Y., 22.Nov.1941.
...S. Friedman Berlin, to I.N.,N.Y., 21.Feb.1941.
I.Y.,Berlin to F.Y., Costa Rica, Feb. 21, 1941.
...I., Bremen to E.O. Brooklyn, N.Y., 10.Nov.1941.

Regraded Unclassified

A former Reichs-Minister and Ober Burgmeister writes: "With Roosevelt sailing into the war zone we can reckon with war with the United States any day now. Good for us that all our adversaries did not join in the war at the same time but always waited till the preceding one had perished first." (84)

And in a humbler hand, a German woman writes from Dresden: "If only the war were over - but we have great faith in our Fuhrer and his men. He will guide everything aright. If only they would realise in America that our Fuhrer only wants to do what is right. The world is so beautiful and if only everyone could get on well an together everyone could share in happiness. How well we are cared for. Every worker has the right to enjoy nice things. In peace time we had the lovely 'Strength through Joy' excursions. Quite cheaply we were able to get to know our beautiful Fatherland. Now during the war everyone is working hard, but in spite of that we get our holidays. If only the war would come to an end; because our Fuhrer will then do so much for us. You should see him! A simple plain modest man. He has himself been through a lot. He only wants everyone to live in unity. Oh if only the other nations could understand this." (85)

But Hitler's second speech of the winter on November 8th passed almost unmentioned. There was no spate of Fuhrer worship or any appreciable bolster to morale. Admittedly his speech given to a private audience of the Old Guard of the Nazi party in Munich was not broadcast or given the same sensational significance by the press as its predecessor. It gave no immediate forecast of victory but contained the statement made by Hitler for the first time affirming that Germany would never capitulate.

Two letters commented on this declaration . The first from a Jew recently escaped to Funchal says: "The Arch-gangster is not as strong as he sounds. His speeches were always controlled so as not to upset the people. In his last speech he let himself go and said 'Germany will never capitulate.' He has never used this expression before. The speech was revised by the German propaganda officials and declared to be a private one. In spite of that it leaked out....The words cannot be taken back." (86)

The second from a Hamburger: "Everything has turned out as the Fuhrer said it would. His prophecies have always come true. On Nov. 8th he said Germany would never capitulate. The last division would be German and so it will be ! I have never heard that anyone had said we must capitulate. Even the most stupid and least informed of our opponents should be able to grasp the fact that it is impossible because then everything would be finished for Germany."

Although there were few direct references to Hitler's speech, snatches from his analysis of events find their way into quite a number of letters written at the time. References to 350 million people in Europe all working for the Reich, 'Never again another 1918' and estimates of Russian losses put at 10 million men,"although they are not numerous are doubtless to be attributed to his inspiration. Likewise at least part of the following [illegible] passages written by a German girl from Berlin:

"The time will come when we will say over the dead bodies of our [illegible] and the graves of the last war. 'Kameraden Ihr habt doch gesiegt' as [illegible]. Our enemies have so far only had 'victorious retreats'. The English [illegible] masters of that art, and their Russian confederates too.

(84) [illegible].D. Freiburg to V.D.G. Guatemala City.
(85) [illegible].T. Dresden to H.Y., N.Y., 25.Nov.1941.
(86) [illegible]. Funchal to I.C., N.Y., 10.Nov.1941.
(87) [illegible].B. Hamburg to H.P. Paterson, N.J., 11.Nov.1941.
[illegible] the press had published less exaggerated estimates. D.N.B. on the same day put Russian losses at between seven to eight million men.
[illegible] 'Comrades you were after all victorious'

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bear with pride all sacrifices demanded of us in these days in belief the triumph of our just cause. Germany tried to hinder the coming this war with all her might, all our leaders efforts were rejected. plain that we made war without; this is a mere lie but truth always won in the end.

"Winter in Russia does not dry our sports hardened men so much as Russians. They run around in the summer with their furs on and in winter sit around the stove and work as little as possible out of ... The German soldier conquers cold as he does every other obstacle ... And it is due to the Germans that such order reigns in Poland with every field under cultivation as I could see when I was over there. Its the same with you Americans; no American or coloured man comes up to those of German origin." (88)

The foregoing examples of above average November morale find their counterpart in the following from the other end of the scale, where anxiety for sons and husbands at the front dominates all else; thoughts of Christmas without them, with nothing to buy in the shops and little hope of the longed for peace give rise to utter dejection where nothing seems to matter or be worthwhile.

"The war brings so much trouble and worry that you can't settle to anything: If you have a member of your family at the front you can't get the thought of it out of your head - it is with you early in the morning and when you go to bed at night, and if you wake up during the night the first thought that enters your head is where is he? How is he? Is he still alive? If only they could get away from Russia this year! " (89)

A Saarlander writes from Zweibrucken. " Again we have to go through another Christmas at war. In Germany great sorrow and suffering prevails. May God grant us peace." (90)

Extreme cases of depression are more often to be found in letters from old people than from the young or middle aged who can mostly take in another hole in their belts.

A number of people too seem to have been depressed by the early onset of winter. An old mother writes: "It is frightful to have winter so early. Quite soon we shall have Christmas. What a miserable thought it is." (91)

"I wonder if we will ever see each other again? .... I am getting old, and one is so tired of everything one just longs to go to sleep and never wake up again." (92)

Writing to his nephew in America: "We are certainly glad that you and Alfred are spared this murderous business, for many sons of our friends will never return. And who knows what is still to come. The year 1941 was supposed to be going to bring us peace, but so many things yet remain unfulfilled.... You have everything over there that you could wish for, therefore be carefree and gay and spend your young years in continual happiness and contentment - then you will have had more out of life than if you were here today." (93)

"We have not the slightest hope that our dear Manfred is still alive ... we are often doubtful. We only hope that our dear boy met with ... death which is certainly preferable to imprisonment in Russia. ... might they not have done to him if they had taken him prisoner alone? ... can't bear thinking of. And now this terrible cold in Russia and the ... are without any winter clothing, how many will freeze to death there ... daily as the food will be very poor. We two old people so often think ... a bomb would hit us. We no longer wish to live after all these blows.

(...) F.K. Berlin to F.P. La Grange Tex. 20.Nov.1941.
(...) F.K. Kevenhull Post Heilbrein to C.H., N.Y., 23.Nov.1941.
(...) M.A. Zweibrucken to C.K. Los Angeles Cal., 25.Nov.1941.
(...) E.K. Graz to E.S. Chicago, Ill., 2.Nov.1941.
(...) H.F. Wasserburg, Lake Constance, to E.E.-F. N.Y. 19.Nov.1941.
(...) F.K. Hamburg to E.K. Long Is., N.Y. 20.Nov.1941.

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And yet, we say to ourselves, that we still have one son left and two grandchildren for whom we must live - this gives us fresh courage." (94)

(f) November Anniversaries

Writing on Totensonntag 23rd November, a Rheinlander says: "Today is the festival for the Commemoration of the dead, we were in the cemetery. How well off they are there, those who are at rest. And yet one would like to live a little longer, now that one has had to live through another war. One would like to live to see Peace on earth again. When? How? One cannot imagine how, yet one wishes, hopes that it may come soon. One does one's duty as before and even a little more in less pleasant circumstances..... Everything is so difficult." (95)

Another Rheinlander writing on the same day from Duesseldorf says: "I don't know if we will decorate a Christmas tree, I don't think so. Who is there to enjoy it. Yes, dear Werner, you experienced it before. Is there a family where they are not anxious about someone? Let us hope and pray God that he may protect our dear soldiers and above all those who are fighting against the greatest enemy of humanity, Soviet Russia. You cannot understand and would not believe what our poor fellows go through. It can be described only as inhuman. Your papers would not report it. That is understandable for it would be impossible to believe in a country where no modern war has taken place. I wish you could talk to a soldier who has fought against these beasts - one is horror-struck. One really shouldn't write about the war, and yet it is only natural to do so on a day like today. Church services - Remembrance Day for the dead - tears - weeping. How many lie in the cold earth. And yet be thankful. God thou hast protected us. Continue to help us. Help our people, our Fatherland. Help our Fuhrer. But also bring back vision to those men who perhaps in their blindness wish to stir up more strife and extend this war still further, for indeed we all desire peace." (96)

In contrasting strain two Germans write of their feelings on All Souls Day.
The first from Frankfurt 3rd November: "We went to the cemetary on All Souls Day. I must confess that I envied the dead. We who are still living have a terrible struggle to go through..... We try to feel some consolation from the fact that there are at present so many other unhappy families who have to sacrifice their loved ones. Oh what great tribulation has come over the human race." (97)

The second, a German nurse, working in a hospital in Hungary. She writes: "I went to the memorial service on All Souls Day .....All the Germans were there; the Hitler Jugend sang; an S.A. man " (storm trooper) "made a speech; the district leader of the Bauern read the names of those who had fallen and the Hitler Youth answered 'Here!' to each name. Then they sang 'Ich hat' einen Kameraden.' I could not see for the tears in my eyes. Dr. Hertzel's two sons are on the Eastern Front. Six volunteers from Verbasz have been killed - and more and more are volunteering. Germany and all she stands for is at stake. We are a truly united people and we must and will vanquish any opposing power. We have no fear. (98)

(g) Christmas

The number of writers referring to the sad Christmas before them was very great. In the early stages of the winter, people seemed to think that only married soldiers with families would be allowed Christmas leave. Later on it appears to have become an accepted fact that hardly any soldiers at all would get leave until the end of the Russian war. This seems to have given rise to many heartaches and there are a few open expressions of discontent among the women. A Bavarian mother writes: "Christmas will soon be here. Last year I wrote: 'Let's hope the war

/will

(94) M.F. Hamburg to F.F. Mexico D.F. 17.Nov.1941
(95) K... Koblenz to F.F., N.Y., 23.Nov.1941.
(96) F.K. Duesseldorf to F.E.F., Pittsburg Pa., 23.Nov.1941.
(97) D.F. Frankfurt to L.G. Chicago. 3.Nov.1941.
(98) S.G. Ujverbasz, Backa Hungary, to L.L. Brooklyn, N.Y. 5.Nov.1941

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ill be over next year' but it still doesn't look like it. What kind of a Christmas will it be again, when one knows one's dear children to be in somewhat danger. George hasn't been home for a year. He wants to get home to his dear ones and all of them long to get away from that awful Russia. I don't think it right that they cannot get away if they've been there since the very beginning." (99)

"If he keeps well, perhaps we shall see him for Christmas....."

"P.S. a letter has just arrived from Rudolf. He is alive after very hard days but completely unnerved. He has been awarded the Iron Cross 2nd Class - but has no prospect of being home for Christmas. (100)

"On the 1st May my Karl was transferred to the Air Force and has had no leave up till now. I don't believe he'll get off for Christmas either so for the first I shall be alone without him. It's so wretched to be left all alone as I am now ..... Last year he was allowed home after four months; but now there is very little prospect of his being given leave before the end of the war." (101)

Street collections for fur coats, blankets, underclothes and other things for the troops in Russia met with excellent response, and numerous writers speak of their anxiety for the army in the Russian snows. The percentage of letters mentioning casualties in German mail rose from 10% in October to 19% and 23% in the two last weeks of November.

"We are so grieved that Gerda has lost her fiancé in Russia. We have always been so proud to hear of our soldiers successes in the war news and on the radio, but now it is a torture to us. Eight Braddorf men have already fallen and two from Rhade". Nothing one can say can bring any comfort to those who are left behind, their lives are desolate and empty. Oh often I am so sick of life." (102)

"A relation of my Aunt who lives opposite lost both her sons last week - Now the old father has no one left." (103)

Besides the misery and anxiety caused by the war in Russia other war time factors such as food and clothes shortages, transport difficulties pale into insignificance. Indeed there are few serious grumbles on these scores, and from all accounts, both from within and without it appears that there is still no serious shortage of food in Germany.

On the other hand the coming of Christmas accentuated the complete absence of any kind of luxury goods and serves to illustrate the radical manner in which German industry is turned to war. Goods are often displayed in shop windows which have been already been sold, or are kept there just for show. Letters tell of no fountain pens, no skis, no ski suits, no boots, shoes, china, glass, clocks, films- many other things are lacking.

"I shall probably get nothing this Christmas, as there is absolutely nothing to be bought - even if one has the money. There is no comparison with last Christmas when we were still able to buy many useful things." (104)

"Christmas is at hand. What a pity there isn't anything in the shops".

"There won't be any presents this year."

"Two weeks ago grandmother and I were in Elberfeld and went through all the shops, but we couldn't find a thing." (105)

(99) M.B. Oberaltbach Bavaria to E.E., N.Y., 30.Nov.1941.
(100) G.F. Bonn to V.E. Elmhurst, Ill. 11. Nov.1941.
(101) M.J. Brux to J.S. Van Nuys, Cal. 22.Nov.1941.)
(102) A.G. Rhade b. Bremen 3.2 Bremen to G.D.,N.Y. 19.Nov.1941.
Braddorf and Rhade are small villages outside Bremen.
(103) M.v.A. Stuttgart to E.E., N.Y., 8.Nov.1941.
(104) L.S Hamburg to L.S Milwaukee 8.Dec.1941.
(105) F.L. Wuppertal Vohwinkel to W.G. Mexico D.F., Nov.30,1941.

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But the Christmas distribution of 60 grams of coffee caused great ...ilation. "How the eyes shine when the conversation turns to coffee", ...s one writer who is determined to put a good face on it and to prove ...t it is better to think of your cake than eat it. "Everyone has the ...r share of things", says another, "and those with a lot of money cannot ...ard."

"A sup of real coffee is indeed a gift of the Gods. What a pity it is going the way of all earthly things. But it doesn't matter - peace will come again some day and everything will be different. Our Fuhrer has none either, he wouldn't put upon his people what he does not bear himself." (106)

(vii) Communications

The question of transport difficulties rarely mentioned at other times is referred to more often in conjunction with plans for Christmas.

"Margarite who can't be with us for Christmas, all private travelling being prohibited, is coming on Mother's birthday." (107)

"For Xmas I am planning to go skiing in the Tyrol. BUt it will depend on the railway whether it is possible to get away. The passenger service has been very much curtailed as everything that is needed at the front must be transported by our engines and trucks. Our railway pioneers have already reduced 15,000 kilometres of track to European standard gauge. Now of course the Russian rolling stock is no good." (108)

"From 15th December to 6th January no one is allowed to travel on the railway in Germany except for those on leave from the services and labour corps with their relations. (109)

An anonymous report from Zurich dated 27th October states that:

"In the coming winter transport in Germany and the rest of Europe will prove a major problem. Through the new German advances in the East, thousands of kilometres of new railways must be changed over to the Central European gauge. The Russians have destroyed the tracks so thoroughly that only a small number of locomotives and trucks with wide gauge have fallen into enemy hands. The German State Railway and those of occupied countries have therefore to provide great numbers of their engines and trucks, thus placing an excessive strain on their remaining rolling stock. Belgian coal trucks roll today from Germany to Italy, and all kinds of French trucks circulate in the Baltic States. Goods from Scandinavia are being brought more and more frequently by coastal traffic to Dutch ports, and from there are taken into the middle of Germany by the inland canals. Consequently, the Dutch canal traffic has doubled and ...ed since 1939. New regulations have been enforced to shorten ... time taken for loading, to accelerate the speed of the barges, and ...ondardise the use of freight space. Maximum prices on the basis ... freight rates of September 1, 1941, have been decreed for German ... traffic. The Ministry of Transport has announced through ...ary of State Kleinmann, a provisional plan for the reorganisation ...opean traffic, which will be enforced until the sea-ways are again ... The traffic connections in the Baltic States, in the South-East, ...tween Germany and Italy, will be improved.... Traffic between ...ia and Turkey and in transit from Turkey through Bulgaria will ...ased towards the end of the year. Bulgarian harbours are being ...ed and since the railways are so congested, they are to be linked ...h other by regular waterboat services." (110)

A. Landskron to H.E., N.Y. 3.Dec.1941.
U.S. Rademacher to M.W., N.Y., 28.Nov.1941.
M.E. Leipzig to J.W.E. Union City, N.J. 23.Nov.1941.
H.E. Vadus Liechtenstein to F.E. Guatemala. 14.Nov.1941.
Unsigned. Zurich, to F.E., N.Y. 29.Oct.1941.

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In a letter of the 16th December the wife of the Haitian Minister in Berlin (a strong Germanophobe) describes the increasing difficulty of communication within the Reich. "It takes weeks for the smallest parcel to arrive in Germany. Everything has become troublesome, slow and very difficult. Letters from one part of Berlin to another, for instance, sometimes take several days, and correspondence to the provinces or abroad takes nearly as long as the mail to Haiti. Everything seems to be disorganised..... This is explained in Germany as being caused by the censor watching over the safety of the country! Lately an enormous number of letters have been lost. Recently the Consul at Nice had a letter forwarded to Berlin; it was never arrived. But what is really tragic is the mail for the German front. Little parcels sent to soldiers are actually stolen by Post Office employees, in spite of the severe penalties inflicted if they are found out..... In Berlin the number of trams and buses has been reduced by half, and the trains too. Railway tickets can only be obtained by application four days in advance and the reason for this journey, proving that it is absolutely necessary must be stated in writing." (111)

(viii) Entertainment

Many letters tell of crowded cinemas, theatres, cafés and restaurants, especially in Berlin, and of the necessity of reserving seats and tables a long time in advance. "The theatres and cinemas are so booked up that you can seldom get a seat. Very little money is saved nowadays, the young people live for the day and enjoy life as never before." (112)

And in this connection the latent German sense of inferiority which seems to lie behind so much of German arrogance comes up again.

"I go to the theatre now. There are a tremendous lot of shows on in Berlin in spite of the war! The English would be astonished if they could see what marvellous shows are put on here. One can only get tickets with great difficulty because the Berlin public is tremendously keen on the theatre. And yet we are called barbarians! But I maintain that a people's theatre reflects its culture and its soul - and the German's culture is certainly not bad. You should see yourself how aspiringly and sincerely we Germans live for art. But the best German is still the German soldier." (113)

(ix) The nature of the change

In attempting to arrive at any conclusion regarding the exact nature of the change which took place in German home morale during the month of November due consideration be given to the restraining influence of German censorship. Organised opposition will naturally not come to light in letters sent through the post nor can one expect to find any writers daring to voice considered or constructive criticism. People have been carefully schooled in what they may and may not say in letters; nevertheless ordinary humdrum troubles and worries are irrepressible. It is interesting to speculate then to how great an extent the two factors, fear of censorship and censorship itself modifies the picture of everyday life. Hardest to assess is the first, although the number of writers who begin by saying "There is so much misery amongst so many friends. I can't write it all to you as you know but still. ." (114) and who proceed to pour out all their woes at length is surprising. With regard to the second, some light is thrown on this question by the good examples of the German censorship itself.

Six letters written in November and marked for deletion but released in error by the censor with the offending passages not yet obliterated have been intercepted in Bermuda.

(111) L.F. Berlin to J.F. Haiti 16.Dec.1941.
(112) M.H. Landshut, Bavaria to M.M. Ingwiller, Alsace. 11.Nov.1941.
(113) F.L. Berlin Grunewald to E.M. Rheingrafenstein, Nahe. U.S.A. 30.Nov.1941.
(114) A.M. Allvingen Württemburg to Lydr, N.Y. 30.Nov.1941.

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Insofar as these letters provide valuable evidence of the nature ... censor normally suppressed, the full text of each indicated deletion is given below:

"When you consider the number of very young people who must soon die on the battlefield, a shudder goes through your very bones. How gladly they would go on living and return home again, but that wish is not granted them. Yes we too are putting our firm trust in God, and hoping for an early and lasting peace." (115)

"We are all well so far and we can be thankful for it. There are grave and difficult days not only for us but for the whole world. There is still war and no end in sight. It is so sad and hard when such young and healthy life is destroyed and so much unhappiness is caused - so many people and so much is destroyed." (116)

"It is very cold already so that I don't know how I shall last out the winter with so little fuel. Our house is terribly cold. Oh how miserable is this hateful war. If only somehow some day it could come to an end." (117)

"The nerve-wracking war drags on and the Lord only knows when this horrible bloodshed will come to an end. Enough for Marguerite and my nerves! The war 1914-18, inflation, the long depression and now another war lasting already now more than two years. We are fed up!" (118)

"If only this wretched war were over. It has already caused such heartache, and how long will it still go on." (119)

"Christmas is coming. Winter is already here, so grey and dismal are the days and everything. One dare not begin to think. We are all right, we are comfortably housed, but the other poor devils - Oh why must it all be? One must control one's nerves; one would want to weep and weep." (120)

It will be observed that the above passages differ very little if at all from other depressed letters which come to hand without the unwitting assistance of the German censorship. The question would seem to be therefore one of extent rather than degree. How great a proportion of letters showing low morale never reach their destination?

Statistics of mail read in Bermuda indicate that at the beginning of November approximately three times as many letters showed good morale as those which showed depression. Towards the end of the month the proportion changed to half and half. But these statistics in themselves are far from being infallible, particularly in considering the sombre resolution of November. Few writers who spoke about the war were not depressed by the magnitude of human suffering. Few were not determined to hold out whatever the cost till final victory. It was often a moot point whether to classify a letter as showing depressed or good morale.

After reading through all material derived from the censorship of German November mail, and taking into consideration many reports from foreign sources, together with statistics and travellers censorship reports, it is inevitable that some impression should be found of the relative conclusion reached.

Was German morale seriously weakened? The answer appears to be that people had set their teeth in unhappy resolution.

(115) U.K. Gerolstein Eifel Rhineland to R.A. Glendale Ca. 3.Nov.1941.
(116) Breslau to S.H.C. Marshfield, Mass. 2.Nov.1941.
(117) U.N. Vienna to F.H.L., N.Y., 20.Nov.1941.
(118) U.N. Bremen to H.C.T. Chicago, Ill. 2.Nov.1941.
(119) U.S. Nurnberg to M.v.S., N.Y., 8.Nov.1941.
(120) U.S. Vienna to R.F., N.Y., 10.Nov.1941.

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The following report by a Free German working for the downfall of the Hitler regime within the Reich not only ris a true appears to be remarkable objective, but it entirely confirms the impression gained from reading German mail.

The writer, an engineer, was released from the army owing to the intensive efforts of German industrialists. On a short visit to Switzerland he wrote on November 26th:

"General morale" (in Germany) "sorely tried but unwavering. Up to the present, even among relatives of the fallen, there is no war weariness. There is a general disinclination to think, especially among the working classes. Both employees and officials are too tired for mental exertion after the day's work is over; this is particularly the case with officials after their enervating war in the various departments of the Party. In fact the subtle and well-calculated tactics of Adolf. Morale in the bombed regions of North Germany is better than in South Germany. The results of England's bombing attacks are laughable - they appear senseless. Only the shipbuilding yards of the North Sea and coast of Holstein have suffered serious damage, apart from the residential quarters of the Rhineland towns - but this has not affected morale. On this point I have no great opinion of the tactics of the english, for they provide a subject of internal propaganda which would not exist if military objects alone were bombed.

"Strange to relate, or perhaps logically so, people attack the Hitler regime openly in Munich without running any danger of being reported....Alone the Catholic Church in Germany is openly opposing Adolf in his home policy. All the others remain on the defensive and trust no one. Food supplies at the moment are still sufficient, though for single people, barely enough. Families still do well. Certain things are, of course, non existent, as the capitalists behind the scenes have driven prices up to astronomical figures, for instance every kind of fruit, and this will have a very bad effect on the young. and discontent among the womenfolk is mounting - clothing organisations are as before, i.e. wangling is rife. The Party bosses are despotic. Shoes are inconceivably scarce. Materials are rotten and rations insufficient. In spite of everything, the man in the street believes in the infallibility of adolf. The Vabanque propaganda 'Conquer or perish' is successful. Standing in queues is now quite normal, even in the small South German towns. Housewives of the poorer classes grumble but this is not a serious matter at the moment. The strategy of reserved tables at restaurants has almost entirely disappeared. People note apathetically the instructions issued. As every family has soldiers at the front, victories are joyfully received but not loudly acclaimed. The contradiction between the boastful announcements of Adolf and the actual facts will doubtless become clear to the man in the street within the next few weeks. But Goebbels will be able to master the situation with lies and trickery, until hunger makes itself felt. Industrial production is,whatever may be said to the contrary, still at its height and in cases even on the increase. Have no Anglopropaganda illusions about this.

"The basis for propaganda will be good this winter, but England is going the wrong way about it, moreover wireless propaganda is worthless, as it is not heard, and rarely passed on. Leaflet propaganda up to date accurate and suited to the mood of the moment would be much better. It should be used by Germans like yourself for the English and the Jews talk sentimental rubbish and therefore lie. There should not be a trace of inaccuracy - then it would be effective. One must be able to examine it - if it agrees with facts it is acceptable and satisfactory. But there must be close cooperation with observers in the Reich. It should be broadcast and printed in unoccupied France and England. The reports of co-workers in the Reich should be passed on and inter-communication arranged for....."

The writer refers to acts of sabotage for which he has been responsible" which resulted in the loss of 12,000 German working hours, and his further concludes: "Propaganda needs money and more money. Will England [illegible] finally see this and thus spare people's lives. For every day through our work we bring Adolf nearest his downfall means saving of Heil Deutschland!"

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XI. THE MORALE OF GERMANY.

Since the last report was written on Germany in September, one of the most pronounced developments to be observed is the changed attitude of the German people towards air-raids. For one thing the Russian war has caused all other fears and suffering to fade into the background, for another, as one Hamburg writer puts it: "Der Mensch ist ein gewohnheits Tier." [1] "And there goes the siren, I was already prepared for it as the wireless had just closed down - nothing frightens us now." (121) Three other important factors have contributed to this hardening of air-raid morale. Growing confidence in anti-aircraft defence; skilful propaganda regarding the number of planes brought down; and the rapidity with which Clearance squads set to work, clear up or screen off the damage and begin reconstruction.

Comment is, of course, still varied and conflicting, but not nearly so much so as it was during the preceding winter when there was frequent evidence of genuine fear and little effort made to disguise it. While this has not entirely ceased (it is to be encountered mostly in letters from older people), it has at least come to be exceptional; there is also less talk about people feeling absolutely exhausted from sleepless nights, and "dead tired at work next morning."

Far the greatest number of references to air-raids in letters come from Hamburg; next comes Berlin. Not that there is anything to suggest that either Hamburg or Berlin have suffered more than the other ports and industrial centres - on the contrary, a report based on information secured from emigrants in Lisbon states "They agree that the worst bombed cities are, in following order, Cologne, Munster, Hamburg, Aachen, Bremen, Kiel, Mainz, Frankfurt and Berlin lags a long way behind." (122) But with a population of over a million, and the second largest town in Germany, it is only natural that Hamburg should provide the greatest volume of material and hence becomes the most favourable subject for consideration.

The following is a cross section of comment from Hamburg in which no special selection has been exercised beyond that of arrangement into chronological order and the weeding out of uninteresting and negative remarks such as "Today was over again last night" or "Yesterday we spent two hours in the cellar."

This method of presentation has been considered preferable in view of the extreme diversity of comment, and in order that the reader may be left to draw his own conclusion.

[illegible]ember 18th.

"In spite of the great difficulties and vast distances our [illegible] are advancing successfully...Against that the English can [illegible] no impression with their absurd raids. If they think they can [illegible]rbals us by them they are making a great mistake. They have [illegible]ctly the opposite effect. In spite of its great sufferings the [illegible]an people becomes more and more determined in its resistance as [illegible] anger increases." (123)

[illegible]ember 20th.

"The last air-raid on Hamburg on the night of the 15th was a [illegible] one; we shot down seven aircraft." (124).

[illegible]ember 22nd.

"A few days ago we had the worst raid...children, women and [illegible] people were killed - British objectives are only residential

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[1] Man is a creature of habit.

(121) O.B., Hamburg to L.B., Lakewood, Ohio, 30th Nov. 1941).
(122) R.L., Lisbon to H.M., N.Y., 17th Oct. 1941.
(123) F.L., Hamburg to H.M., Sheboygan, Wis., 15th Sept. 1941.
(124) I.T., Hamburg to H.L., N.Y., 20th Sept. 1941.

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districts. We saw it with our own eyes, a frightful sight, demolished houses - yesterday the homes of many families, today a heap of rubble..." (125)

September 20th.

"About 11 days ago we had a nightly air attack by British bombers, who caused some damage in quarters where they could not count with anything but civil population, but they had to book the loss of 9 bombers, if there had been any more of them, those too would most probably have ended in the sea as usual. That is why they dread the 'Hell over Hamburg' as they call it. The much vaunted non-stop attack of the British air force in these last 90 days of the war with the Soviets has cost them over 1400 machines, the Mediterranean excluded." (126)

September 29th.

"It is to be hoped that this murder will soon cease, we have dreadful air raids here, and the R.A.F. always strike dwelling-houses, wreck them from top to bottom, and the people perish miserably....That is not warfare, they want to exterminate humanity, it is frightful, terrible that such weapons should be used against peaceful human beings, what can the poor people do?...." (127)

October 3rd.

"One good thing now in the war is that we don't mind the air-raid alarms. Sometimes when the noise of gunfire gets too much we go into the garden and watch the Tommy being brought down." (128)

October 15th.

"Now comes the terrible night, you can think yourselves lucky that you can sleep in peace." (129).

November 10th.

A German mother, who has returned to Hamburg after having spent the summer with the children in Bad Kissingen, says: "It was simply heavenly and we are marvellously better for it. It was only when we began to feel rested that we realised how overwrought we had become...The air-raid warnings are not so frequent as last winter, although the raids are perhaps more violent. But we are not giving up hope that are long they will cease entirely." (150)

November 15th.

The Chilean Consul General states in a report to the Minister for Foreign Affairs in Santiago: "The most recent air attacks on Hamburg by English planes have been fairly heavy, killing and injuring many of the civil population and damaging many private houses. One of the bombs fell on the Central Station causing some damage but no interruption of traffic. Last week 54 victims were buried and at the beginning of the present week 52 more."

November 17th.

A writer who is terribly depressed, his son having been reported missing, says: "The bombing attacks on Hamburg have been much more intense recently. But they have become such a usual thing that we no longer think about them." (151)

November 18th.

"Here they are still building shelters, a sign that they are expecting still more and bigger air-raids." (152)

(123) M.J., Hamburg to M.S., Freeport, L.I., N.J., 22nd Sept. 1941.
(126) R.H., " to E.A., Boston, Mass., 26th Sept. 1941.
(127) U.H., " to A.H., N.Y., 29th Sept. 1941.
(128) B.H., " to A.E., Salt Lake City, 3rd Oct. 1941.
(129) M.F., " to W.F., N.Y., 15th Oct. 1941.
(150) D.H., " to M.D., Guatemala City, 10th Nov. 1941.
(151) M.F., " to K.F., Mexico D.F., 17th Nov. 1941.
(152) M.D., " to M.P., N.Y., 18th Nov. 1941.

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November 20th.

"It is a shame the English should bomb residential districts - surely Hamburg is big enough! However, we have little cause for complaint recently, for the raids are less frequent than last year, now is Hamburg a heap of rubble - though your papers no doubt carry tales to that effect." (133)

November 23rd.

"At the moment it is warm and foggy so we have a rest from Tommy." (134)

November 28rd.

"We have had peace for a fortnight....a heavy raid is a terrifying thing. But one becomes accustomed to it." (135)

December 1st.

"Yesterday there was airalarm. It was 5-30 p.m. bright moonlight with a slight frost - perfect weather for raiders. It was pretty bad, and again some bombs fell quite close to the house. On the whole the Tommies do not accomplish much. If they want to wear Germany down, they will have to go about it in a different way." (136)

December 1st.

"We are quite all right except that we are always anxious for fear the coming night may be disturbed by an air-raid alarm. We had peace for three weeks because it was very foggy at night and last night (Nov. 30th) it was not a very bad one - from half past eight to half past eleven...the terrible racket of the anti-aircraft guns... everything shakes...About 300 metres away from us 2 bombs dropped...It is quite terrifying when next day you see this devastation and ruin and think what a narrow escape you have had. What mankind suffers when pitilessly exposed to such machinery of destruction. Christmas, the festival of peace, is approaching, but when shall we have peace? If not this year then we all hope certainly it will be next year." (137)

It is difficult to arrive at any conclusion regarding the different reactions of the various bombed areas to R.A.F. raids as sufficient material is not available to permit a satisfactory comparison to be made.

After a particularly heavy raid on one of the towns less frequently visited there is occasionally some indication that people have been more seriously unnerved; Berlin, on the other hand, which seems to have had a relatively quiet time of it this winter, is rather more contemptuous as to the effects obtained, particularly with regard to the Russian raids.

In the main, however, little difference is to be discerned in the air-raid reactions of the various towns. Everywhere the growing efficacy of anti-aircraft defence and the successes of night fighters has had a heartening effect on morale.

Only two writers referred to pamphlet raids of the R.A.F. While such comment must needs be entirely valueless as an indication of the effects produced - all contrary opinion remaining, inevitably unrevealed - it is nevertheless of a limited interest. From Brandon, Victoria, 14th September: "This week the 'R' were here and dropped pamphlets. They will have to wait a long time before they catch me believe the worthless stuff they drop." (138)

From Kalnus bei Marsfeld, Kurhessen, 31st October: "A few weeks ago English planes dropped pamphlets near us. One actually

(133) O.S., Hamburg to R.S., Detroit, 20th Nov. 1941.
(134) O.S., " to M.D., N.F., 23rd Nov. 1941.
(135) K.S., " to A.S., N.F., 28rd Nov. 1941.
(136) C.E., " to C.S., Tacuaya, Mexico, 1st Dec. 1941.
(137) D.S., " to S.S., N.F., 1st Dec. 1941.
(138) F.S., Saunders to S.S., N.F., 14th Sept. 1941.

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...ail in our courtyard. They might save themselves the trouble - otherwise we are not bothered by enemy planes." (139)

Lastly the views of a German-Swiss from St. Gallen on the subject of air-raids: "Heller's sister was here too and she spoke briefly of the marvellous organisation in the Reich. Absolutely nothing is being neglected to improve people's morale; for example, all large stores in Berlin are forced to have 2-3 glass panes in reserve per shop window, so that everything can be repaired at once. Numerous communicating shelters have been constructed under the Unterstrassenbahn and the Clearance squads are immediately at hand. I said that that didn't impress us in the least and that in England everything was much better planned and on a larger scale!....I told her that she should just go back and tell that to her Huns." (140)

## III. THE WEHRMACHT.

In the eyes of the home front no praise is high enough with which to describe the heroism of the German army; to be worthy of its sacrifice and achievement is the constantly repeated aim of innumerable writers. In their letters to friends and relations in America some people enclose a sheet or copy out long passages of a letter received from sons or brothers at the front. These extracts, which are not as numerous as one might wish, provide practically the sole source of direct information to be derived from German mail on army morale. Indirectly there is a certain amount of civilian comment on the spirit of the soldiers returned from the fronts, wounded or on leave, while a great many writers tell of the enthusiasm of German youth, eager to volunteer and to be in the thick of it. This indirect information, least reliable - not only because it is evidence at second hand but also because writers doubtless prefer to write of courage than of trepidation - must be considered with some reserve.

"Our eldest son Gerhard is in the forces with the parachute troops; on 11th December he will be 19 years old. You cannot imagine with what enthusiasm the youngsters became soldiers. He was called up for the navy; but his one ambition was to join the parachute troops. He has grown tall and strong and is 1.72 metres tall and weighs 60 kgs. From that you can see that we are by no means undernourished as last time." (141)

"Alfred will be coming home as soon as his school breaks up. Much as he would like to be here for the holidays he is aching to go to the front, like all the rest of them. It is so unlike the last war, they feel it as a punishment if they get posted within the Reich, and certainly it is no fun now on the Russian front!" (142)

"This war has brought much sorrow to many families," writes a German woman from Berlin, "but if people only realised the spirit which animated their children their grief would diminish." (143)

"Hermann Fischer my brother-in-law's youngest son was called nine weeks ago. At first he was very homesick but that has to be endured; at 18 one is only a child, although he is firmly convinced that the war cannot be won without him. The boys are all full of enthusiasm and every other one of them wants to be an airman." (144) While there is a tendency amongst some writers to eulogise any boast of German youth, "You ought to just see our German girls! A country with such young people as we have could never lose a war." (145) "Our Werner has just come in from the Hitler Youth service. Yes, the youth of today is strictly disciplined and kept fit for the great future." (146), at the same time there is often a sigh of disillusionment to be heard between words used by older people describing youth's fervour and impatience.

(139) O.S., Kalbus bei Hersfeld, Kurhessen to H.V., Melrose Park, Ill. 31st Oct. 1941.
(140) H., St. Gallen to A.W., New Haven, Conn., 15th Nov. 1941.
(141) H.W., Nordhorn i Hann to D.W., Indianapolis, 9th Nov. 1941.
(142) B.F., Bromberg to A.S.S., N.Y., 20th Nov. 1941.
(143) O., Berlin to [illegible], N.Y., 21st Sept. 1941.
(144) B.A., Wiesbaden to C.H., Hollis, N.H., U.S.A., 22nd Sept. 1941.
(145) H.H., Bremen to O.B.W., N.Y., Nov. 23, 1941.
(146) W.F., Heidelberg to W.F., La Paz, Bolivia, 23rd Oct. 1941.

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"A few years more and our Adolf will be in it too. They all volunteer at 17; there is no holding them back." (147)

"Helmi has been on the Russian front since June 22nd - Heidy, too, is with the artillery now....The old people are anxious and sorrowful, but the boys are full of enthusiasm and write cheery letters." (148)

"We were so thankful to have Reinhard back from Russia - he was badly shellshocked on the Moscow front. He was home for four weeks, but now he wants to go back again." (149)

A Hamburg rector writes: "Erika's husband is joining up on December 5, and will go to Leer in East Friesland probably in the Navy. Joachim is with the gliders and full of enthusiasm and wishes to be a soldier after the war is over too....all the difficulties and anxieties of the present time weigh us down - at our age we find it hard to bear up." (150)

Of the keenness of German youth waiting to be called into battle, there would seem to be little room for doubt, but the picture as regards those actually taking part in the ordeal in Russia is rather a different one. It has changed a good deal from the gallant spirit of invincibility of the early summer.

"Werner has been in the East since the beginning of September - he's rather miserable I'm afraid....He must have to endure hard times, he was so delighted to become a soldier." (151)

"He is near Leningrad and writes that he is better now, although like all the soldiers he is rather afraid of the Russian winter." (152)

"Fritz is suffering great hardships in the Murmansk district where he is now. The country is full of innumerable lakes, rivers and great stretches of marshland. And this summer it never stopped raining so that for weeks the poor fellows didn't have a dry stitch to put on. Even in their tents everything went mould/. And now besides the cold and damp they have the darkness - it's no joke. He doesn't seem to be the only one to suffer from colds and kidney and bladder troubles." (155)

"Karl came back terribly thin from Russia, and they all look so old, the airmen have a frightfully hard time of it. We dared not speak at all about the war - they must go through so much in Russia. The Bolshevik fights like a wild beast...and those brutes of women." (154)

Bitter recognition of the fighting qualities of the Russian soldier is to be found in a great number of letters.

A German Foreign Office official says: "Contrary to many people's expectations the fighting at the front is proving hard and cruel. The generation of Russians which has grown up in the philosophy of Bolshevism is fighting with stubborn resistance for which their Asiatic mentality is accountable....My brother who is at the front is appalled at the conditions prevailing in the workers' paradise and he is amazed at the Slav stoicism with which the people look death in the face. He says 'A man who is thus so unmoved by death doubtless too [illegible] others die unmoved.'" (155)

"The Russians fight like beasts and savages, not human beings." (156)

"They are very brutal, and always goaded on by their Commissars." (157)

(147) G.K., Bamberg, Bavaria to A.B., N.Y., 25th Nov. 1941.
(148) M.K., Vilshofer to M.S., N.Y., 25th Nov. 1941.
(149) A.B., Sudevende auf Fohr Schleswig Holstein to M.M., Petaluma, Cal., 17th Oct. 1941.
(150) E.L., Hamburg to [illegible], Princeton, 21st Nov. 1941.
(151) E.K., Berlin to H.D., N.Y., 23rd Sept. 1941.
(152) A.R., Wildbad, Wurtt. to F.G.K., Monterrey, N.L., Mexico, 2nd Oct. 1941.
(153) O.T., Berlin to A.B., Mexico D.F., 23rd Oct. 1941.
(154) O.W., Sarrealfingen, Wurtt. to M.M., Chicago, 2nd Oct. 1941.
(155) H.J., Berlin to K.C., Washington, 9th Nov. 1941.
(156) G.S., Fribourg to L.V., Portland, Oregon, 8th Oct. 1941.
(157) L.H., Berlin to [illegible], N.Y., 19th Sept. 1941.

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"Axel got back yesterday. It is amazing how quickly young people get well again. He has been wounded four times. The tales from Russia are pretty awful, there was a sergeant major with him in hospital who had been a short time in Russian hands. They gouged both his eyes out. That's no Kriegsmärchen*." (153)

"He writes that he would rather fight five campaigns in the West than one in the East." (154)

In the earlier days of the Russian war during the campaign in the South, a number of writers told of the welcome given to the German soldiers by the Ukrainian villagers.

"He has advanced a long way into Russia near the Black Sea. In his last letter he said that wherever they went they found everything in flames - everything had been set on fire by the Bolsheviks. Whenever they stopped anywhere to rest Ukrainian peasants would come up and offer our soldiers milk. Apparently many of them know a little German and say how glad they are to be freed from the yoke of Bolshevism." (155)

"Fritz is in the Ukraine, the poor people there can't do enough to show their gratitude to our soldiers; what the Bolsheviks have left them, and that isn't much, they share. The rations which the soldiers get are excellent, only when you are with an advance section, as Fritz is, it sometimes happens that there are difficulties with the food supplies, in spite of that Fritz writes that they are all in excellent health." (156)

"Two weeks ago we heard from Hans, he was stationed outside Odessa in a purely German village. The ancestors of the inhabitants emigrated there from Alsace. They couldn't do enough for the German soldiers, washing the clothes and helping them in every way." (157)

Other reports tell of the German reopening of Churches in the regions occupied.

"The Russians are finding their way back to God through unutterable misery, one learns that plainly enough from the soldiers' letters. Alfred wrote too that the people are thronging the churches which have been reconverted from cinemas, shops and stables, for the Bolsheviks had need of everything but their churches." (158)

"They began with 'Praise the Lord' and when the local population heard they came in and fell on their knees, hardly able to believe their eyes. Our soldiers prefer death to imprisonment in the hands of the Bolsheviks." (159)

But the majority of letters speak of nothing but the lice, mud, cold and interminable hardships of Russian winter.

"When he writes he always mentions the vermin...as well as the cold weather." (160)

"Last year the boys could get all sorts of things for a, but now there is less than nothing - there is nothing to be found even for themselves in that desolate land. Except for the Army, the Russians are all in rags, Frans describes them so vividly - the children half naked, everything absolutely filthy and stinking, full of lice, which literally crawl on to the soldiers....Isn't it dreadful - and they have to sleep in those bug infested hovels at night because the cold is so

* Atrocity story.

(152) D-S., Rosenheim to K.D.K., 2nd Dec. 1941.
(153) A.S., Hamburg to K.S., N.F., 12th Sept. 1941.
(154) Feldkirch, Vorarlberg to J.K., Chicago, 5th Sept. 1941.
(155) M.S., Guben to M.S., N.F., 17th Sept. 1941.
(156) E.F., Bremen to L.F., Fort Stanton, New Mexico, 7th Nov. 1941.
(157) T.W., Greven b/Münster to C., St. Louis, U.S.A., 22th Oct. 1941.
(158) A.S., Sassenhols ober Leven to J.V., N.F., 23rd Sept. 1941.
(159) T., Dornhausen, Bavaria to F.T., Southport, 2nd Nov. 1941.

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reat. Since 23rd May Frau has not slept in a bed! You can imagine how things for one - and a good many other things too! for it seems he had a mail." (168)

Other writers confirm the slowness of the mails, as a rule letters seem to take about three weeks to get home from Russia, although there are a number of complaints of them taking as long as a month and over.

There are some indications of shortages of cigarettes and there are instances of temporary difficulties in the bringing up of food supplies to the advance columns, but on the whole, writers praise the efficiency of the Army Supply Corps.

"Up to November 3rd he was all right. It is frightfully cold out there, but our soldiers are well looked after, only the roads are so devastated that it often takes a long time to bring up reinforcements." (167)

"The Russian airforce doesn't trouble them much, nor are the bad roads and bad weather the worst, the hardest thing they have to overcome is Russian lice, bugs and fleas." (166)

There is an isolated reference to dysentery among the troops in the North and one to poisoned wells and Guerilla warfare. "According to their letters home our soldiers have gone through a great deal. All the wells were poisoned so that nowhere could they quench their thirst...They all write that the worst of their losses do not occur in battle but from the activities of snipers behind the lines...the women too are very bad. But our troops are ready for them." (169)

Even in those letters written up to the beginning of December, before the Russian counter offensive was well under way, there is abundant evidence of the extreme hardships and suffering to which the German army was subjected.

What is more difficult to assess are the reactions and morale of the soldiers themselves; here there is little information to be found. Only by comparison can this much be observed; while there is nothing tangible to suggest a slowing down of the pulse of German endeavour, the former boisterous exuberance is now no more.

The earlier watchword of the Balkan wars and Crete "Nothing is impossible to the German soldier" has given place to praise of the "unbelievable achievements of the German soldier." Some letters too speak of bonds of comradeship. A German Baron, father of three sons fighting on the front near Leningrad, says: "They all write, as so many others at the front, about the wonderful comradeship, the clean decent atmosphere which prevails throughout the bitterness of their struggle; they consider it a privilege, perhaps a strange happiness, to be there." (170)

The mother of a German soldier recently invalided out of the Army writes in a letter posted in Zurich to avoid German censorship, "sometimes they were ten days without warm food because the truck struck a mine or something similar. Then the food would be sour and consequently they suffered terrible intestinal troubles. Twice he collapsed unconscious from weakness and all the time they were advancing, pushing the wheel through the thick mud. At night they had to camp wherever they happened to be - mostly, of course, on wet ground. Literally that is a soldier's life, and I only tell you about it so that you will understand how it was that with asthma, bronchitis and intestinal disorders he could not stand it. His first words to him later on the telephone were 'Yes, Father, you must forgive me for not being able to stick it out to the end'....Above all he emphasises again what an incomparable fellowship has been formed by those

(168) L.V.B., Berlin to [illegible], Chester, Penn., 30th Nov. 1941.
(167) [illegible], Posen to [illegible], Waterbury, 28th Nov., 1941.
(166) F.M., Zoppot, Danzig to [illegible], Los Angeles, 12th Oct. 1941.
(169) E.M., Aschaffenburg to [illegible], Calif., 12th Sept. 1941.
(170) M.B., Copenhagen to [illegible], N.Y., 23rd Oct. 1941.

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fighting in Russia. I suppose it is natural after all they have been through. He says how wonderful the officers were, and how good to their men, sharing all their hardships together." (171)

But it is to direct evidence, to letters from the fronts from the soldiers themselves that one must turn in any attempt to follow the developments of German Army morale as the struggle in Russia goes on.

Only thirteen of these letters of any consequence have been intercepted in Bermuda since the beginning of September.

The picture thus obtained - at random as it were - from such slender material, is too sketchy to permit of any conclusions to be drawn or to warrant any comment. Extracts from the letters in question arranged in chronological order appear below:-

September 7th.

"The war will be won by Germany, that is clear to everyone. After the war, terrific production will begin and there will be a great amount of work. Many people here firmly believe that America will come into the war, but it will not make very much difference to the outcome of the war. Russia is certainly very strongly armed, we soldiers see that at close quarters. Tanks, shot to pieces and burnt out, are lying in masses on the roads along which we advance. Heavy tanks and heavy artillery, but nothing has been of use in holding up our advance. The fighting is extraordinarily bitter, but it goes on without a break. Many of my comrades have fallen, but our losses are not as heavy as they are made out to be. How humane is the German soldier and the German Command towards the Russian people. Where we can help, help is given. It is actually forbidden to each one of us to take away a single head of cattle from the Russian peasant. Over and above our actual necessities we are not allowed to take a thing. The people are very very poor. What did the much vaunted Russian propaganda actually promise them?

"At present we are having a lot of rain, and it is impossible to give you an idea of the condition of the roads, the mud is so dreadful. But mud and bogs will not hold back men, animals and machines. We all hope there will soon be a decision in the East."

September 19th.

"Now our thoughts are almost exclusively occupied by the question whether and when we shall be released from here. Before us all there stands the threatening possibility that we may have to pass the Winter in this miserable country."

An army doctor decorated with the Iron Cross 1st Class writes also on September 19th: "This war is awful. Those who get home again are lucky."

September 21st, to an internee from the Graf Spee in Buenos Aires:

"Things here are still the same. I have not been home for over a year. It is incredibly squalid here, much worse than where you are - I can take it from me. Small mud-huts, unpalatable food, no company except our own unit. From time to time we get letters. You at least have distractions, cinemas, women, theatres and civilisation. We have to do without such things but we can't help longing for them all the more. But first, we have work to do here. And we will do it - you can be quite sure of that."

September 24th.

"In the place where we are staying now there are about 5,000 inhabitants. The centre of the town is entirely destroyed. I can't describe what it is like. Russia is not nearly so bad as one makes out. They are certainly culturally advanced. In the big cities one sees fine houses, beautiful gardens and imposing memorials. The roads

(171) L.O.N., Munich to F.W.N., N.Y., 30th October, 1941.

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...are capitalist. The road to Moscow is 13 metres wide. They have undoubtedly progressed a lot."

September 28th, from a German officer in Vienna (written in English).

"Besides the war our culture is blowing and growing to an extent which nobody has thought possible. The British propaganda pretends, we are huns, we like to go through blood, we are without culture. Well, it is war and everything is right to fight the enemy. I can understand the British, because in spite of all their economic power, they feel themselves that they lose one position after the other."

Found in the coat pocket of a German soldier reported missing was the following letter, dated October 5th, to his mother in Moravia.

"Dear Mother, today I feel as though I must write you a few words of thanks dear Mother, as farewell from this world. I have asked a comrade to forward you the contents of this difficult letter if I should die a hero's death, as I want to thank you for all your love and goodness which you have given me in such full measure. Dear Mother, don't be sad, but proud that your youngest son was allowed to help break Germany's fetters. That he may not take part in the final victory is in God's hands, and it will be the right thing. I can look forward quite calmly to the future. To my dear sisters, my greetings and best wishes for their happiness and for their safe future in the Reich of Adolf Hitler. To you, dear Mother, I send from far away in the East a loving farewell, in the hope that we may meet again in a better world."

Forwarded from Wesermunde on October 10th, written from the front near Leningrad:

"...After heavy but very successful fighting on our part we have cut off the Russians from their reserves. Our next step is the complete destruction of their gigantic forces. According to foreign news reports, we have done nothing but lose battle after battle, but our Division, which has been reported by the Russian radio as complete annihilated, is actually before the gates of Leningrad. Although we could take every conceivable objective within this city of 3 million inhabitants by our artillery fire, we are confining ourselves to the shelling of shipyards, docks, barracks and the huge Kirow works. We could take the city within a week with the ammunition stored here but we are only fighting for military objectives. The city itself, cut off from communication with the rest of Russia, will fall along with the rest. Hunger is already driving hundreds of deserters over to our side.

"We Germans entrenched outside the city are cheerful and in high spirits. We are housed in bomb- and shell-proof dug-outs and feel comparatively warm. Above all we have enough food to eat, and can sometimes even spare a mouthful for the already half starving deserters and refugees.

"The people of Russia are bestial and know no human feelings. They do not bury their dead. Bodies are buried in any kind of a hole without ceremony, cross or name after they have been stripped of all their clothing. Often we appoint civilians left behind to bury them. With absolute bestiality and brutality they spit and trample on the dead and finally strip them of their clothes."

October 5th.

"Whoever would have thought that one day your letters would have to seek me out far away in the East. As far as I am concerned I am well, as you know I am a member of an ambulance corps on the railway, and so do not see much of military life, I am at present in action, waiting until I am called. Our section has now more than 100 men. There is always plenty to see. Nearly every day hospital trains, or train loads of prisoners, and every possible thing needed for the war is sent off. As regards material comforts things could not be better. The food is excellent, better than at home, and that is only right, for when one thinks of what is being accomplished here, one certainly cannot allow anyone to feel hungry. It is amazing how the

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...ians held out, they don't know what more food means, hunger ...ves them over to us.....It is getting towards the end here, and they ...t not need us against England as there are younger men available.... ...e already miserably cold, I am glad to have a roof over my head.... ...re is enough fuel for three here, that is the only thing the Russians ...e, apart from that things are bad, the filth is terrible, you nearly ...on it. I am not in the danger-zone, but often a 'plane flies ...ve dropping propaganda leaflets inviting us over to the beautiful ...ist paradise, but no-one is interested."

...ber 18th to his fiancee in America:

"...I have been in the East since the beginning...So far I have ...ped with my life...I cannot describe what is happening...I hope for ...t best and that I shall come through safely. Until now I have kept ...t and cheerful...It is terrible what we are going through in this ...e...It was better in France. It is nice to travel but I have had ...ough, and perhaps the war will soon be over...It is dreadful that ...ition has fallen. Unfortunately many others too. Some of my ...rman friends had to give their lives for the Fatherland...

"...Fritz is still in Ufa. He is lucky that he has not had to ...o through the things that I have been through. But I do not feel ...pressed. I do my duty willingly...and we hope that this campaign will ...e completed in the near future...I often think of the home we will have ...ether especially when I am sleeping in the open..."

...mber 9th. From a military hospital in Saxony:

"Unfortunately I must report that I am still laid up in ...laster of Paris and must lie up like this until 9th December when ...hope to have the plaster removed. On the 17th of last month I had ...e first plaster of Paris removed but the bone had not yet healed and ...e plaster had to be replaced. The surgeon says that my body is too ...eak and I have no vitamins to build new tissues. They are giving me ...otroke, raw vegetables, vitamin tablets and calcium and so we must ...ope for the best. You ask, dear Mother, how far I am from Frankfurt. ...'m about 700 kilometres from there.

"I do hope you heard the Fuhrer's speech on the marvellous ...chievements of our army in Russia. We have 15,000 aeroplanes, ...,000 tanks and 27,000 guns. The world has never seen anything like ...is before. I hope that the American people will not allow themselves ...o be misled by the gentlemen in Washington, especially Roosevelt... ...hope they won't be dragged into this war for we want nothing at all ...om the U.S.A. We want only the Tommy to get what he deserves and ...en we shall soon have peace in Europe."

...mber 24th. Home on leave from the occupying forces in France, ...ller writes:

"This is now my Third Year in the army. I should be glad if ...ar came to an end soon. I am at present in Occupied Territory. ...glad that I am not in Russia. Sepp, Franz, Georg, and Ludwig ...in Russia. They are well enough able to endure the cold. So far ...have got on all right. Max and Gustel are also in the army. ...are now 7 of us in the army. If our dear father were alive he ...d be worried about his boys. It is too much of a good thing, when ...ldren have to serve at the same time. Now there is nobody at all ...me. I hope that the war will soon end, and that we shall all come ...safely."

...ber 29th. Describing the taking of Tallinn a German soldier ...s (in English):

"Suddenly the Russian resistance gave way, and we found the ...rior of the extremely beautiful old mediaeval town practically ...round...Indescribable the enthusiasm and gratefulness of the ...onian population who had a horrible time under Russian domination, ...Latterly old people and women had been forced to trench digging etc. ...h in the German artillery fire. So when the first of our cars and

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...ians held out, they don't know what warm food means, hunger ...ves them over to us....It is getting towards the end here, and they ...t not need us against England as there are younger men available.... ...s already miserably cold, I am glad to have a roof over my head.... ...re is enough fuel for fires here, that is the only thing the Russians ..., apart from that things are bad, the filth is terrible, you nearly ...m in it. I am not in the danger-zone, but often a 'plane flies ...e dropping propaganda leaflets inviting us over to the beautiful ...ist paradise, but no-one is interested."

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"...Fritz is still in Ufa. He is lucky that he has not had to ...go through the things that I have been through. But I do not feel ...mpressed. I do my duty willingly...and we hope that this campaign will ...be completed in the near future...I often think of the home we will have ...together especially when I am sleeping in the open..."

...mber 9th. From a military hospital in Saxony:

"Unfortunately I must report that I am still laid up in ...laster of Paris and must lie up like this until 9th December when ...I hope to have the plaster removed. On the 17th of last month I had ...the first plaster of Paris removed but the bone had not yet healed and ...the plaster had to be replaced. The surgeon says that my body is too ...weak and I have no vitamins to build new tissue. They are giving me ...carrots, raw vegetables, vitamin tablets and calcium and so we must ...hope for the best. You ask, dear Mother, how far I am from Frankfurt. ...It's about 700 kilometres from there.

"I do hope you heard the Fuhrer's speech on the marvellous ...achievements of our army in Russia. We have 15,000 aeroplanes, ...20,000 tanks and 27,000 guns. The world has never seen anything like ...this before. I hope that the American people will not allow themselves ...to be misled by the gentlemen in Washington, especially Roosevelt... ...I hope they won't be dragged into this war for we want nothing at all ...from the U.S.A. We want only the Tommy to get what he deserves and ...then we shall soon have peace in Europe."

...mber 24th. Home on leave from the occupying forces in France, ...Miller writes:

"This is now my Third Year in the army. I should be glad if ...our cause to an end soon. I am at present in Occupied Territory. ...I glad that I am not in Russia. Sepp, Franz, Georg, and Ludwig ...in Russia. They are well enough able to endure the cold. So far ...have got on all right. Max and Gustel are also in the army. ...are now 7 of us in the army. If our dear father were alive he ...be worried about his boys. It is too much of a good thing, when ...seven have to serve at the same time. Now there is nobody at all ...home. I hope that the war will soon end, and that we shall all come ...safely."

...ber 29th. Describing the taking of Tallinn a German soldier ...s (in English):

"Suddenly the Russian resistance gave way, and we found the ...erior of the extremely beautiful old mediaeval town practically ...ntact...Indescribable the enthusiasm and gratefulness of the ...onian population who had a horrible time under Russian domination, ...literally old people and women had been forced to trench digging etc. ...in the German artillery fire. So when the first of our cars and

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...ngels moved in carefully it seemed to them almost a miracle to be ...ll alive and suddenly in safety. We all had a lump in our throats ...n we saw women kneeling in the space before our eyes and tears ...owing down the faces of the men." (172)

...ally two letters both dated 30th November.

From the Ukraine:

"This evening we are having a great celebration, our host's ...ild is being christened. One of us is to be godfather. Under the ...lshevik regime no-one was baptised - now that is all being made good."

From a soldier, 22 years old, on leave, who has served in ...ssia, Tripoli, Greece and Crete, where he is shortly to return.

"Your President Roosevelt would also like to play at war. I shouldn't advise him to do so, for the cost would be great. If he wants to smash Germany, he has unluckily woken up too late. No power in the world can defeat us or ever separate us from our Leader. On the 9th of November, the Führer said that the war may last as long as it likes, the last battalion on this battlefield will be a German one. The whole of Europe is fighting against Bolshevism, even French and Belgians. One day we shall come home again, victorious, and a new and united Europe will be in existence."

## II. RELIGION IN GERMANY: REVIVAL AND PERSECUTION.

References to the Church and religious thought in Germany are not frequent either in letters from the Reich itself or in those from the rest of Europe.

The few German writers who do mention religion, however, speak of larger congregations and of a return to prayer.

In a letter to a German pastor in America, a writer from Saxony says: "How are present circumstances affecting the Churches over there? Are they more alive? Here it is truly a joy. Nowadays one has to be at the Church a good half an hour before the service begins or one can't get a seat." (173)

"Here we pray for the soldiers every day. Every day without fail I get up at half past six to be ready for the service at seven - then one has to get on with one's daily work." (174)

"I am really astonished at the number of soldiers home on leave from the front who have become deeply religious through their experience at the front. Their wives notice the change in them: yes, war has its good points....If you could only see how the wounded throng to the Communion Table...." (175)

Where in the past it was more usual to speak of trust in ...f Hitler than in the Almighty, today more and more writers speak ...t of trust in God: "You can imagine how much we long for peace, ...r adversaries will not have it so we must hold out and fight on. ...e put our trust in God and our Führer, and we know that God will ...forsake his own." (176)

"We have the certainty that God is with us and gives our ...iers the strength to accomplish such great things. Noble blood ...lowing but in the fight against evil no sacrifice can be too ...h." (177)

...) G.v.L. forwarded from Berlin to J.C.G., N.Y., 28th Nov. 1941.
...) H.B., Reichenbach i. Vogtl, Saxony, to K.W., N.Y., 15th Oct. 1941.
...) O.F., Erlabrunn bei Wurzburg, Bavaria to M.F., N.Y., 2nd Dec. 1941.
...) A.G.M., Ahrweiler to J.M., N.Y., 30th Nov. 1941.
...) S., Brandenburg to H.K., Indianapolis, Indiana, 2nd Oct. 1941.
...) M.H., Hirschburg to Brooklyn, N.Y., 5th Aug. 1941.

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From without the Reich, however, people are watching the ...ruction of religion in Germany which is being carried on ...ltaneously with its exploitation as a political factor.

"In spite of the new emphasis in nazi-propaganda on the ...pean crusade against bolshevism, the fight against the Church is ...ducted with greater vigour than ever before. This is partly due ... the fact that the group of men who have come to the foreground after ... flight of Hess are of the extremist variety which desires to get ... of all Christianity. It is this group which made a move in May ... June to ruin the Church financially by the revoking of the law ...cting Church taxes. The Church would thus have no way of paying ... pastors. But this has been provisionally rejected by the Fuehrer ...after strong interventions of Church leaders. Nevertheless strong ...ures have been taken to reduce the influence of the Church. The ...most important of these is the forbidding of hundreds of national and ...local religious periodicals. The measure was presented as arising from ...the shortage of paper and labour. But it is in fact a blow against the ...Church, as the following figures prove. Of the existing periodicals 1/6 ...were religious, but of the periodicals recently forbidden 95% are religious. ...Now that there are no longer parish papers the pastors buy up series of ...old parish papers of other regions and send them round with the addition ...of cyclostyled notices about the life of their own parish. Others begin ...circular letters to keep in touch with their members. The sermon has ...become more important than ever. Among the papers which still continue ...are the German Pastor's Magazine and the only remaining missionary magazine ...which was saved after an intervention of the colonial office in Berlin.

"Twenty-six pastors of the Confession Church are in prison ...(reasons given: the examination of candidates for ordination). Among ...these: Asmussen, Dehn, Vogel. They are being held by the Gestapo, though ...the law courts consider them not guilty. They are giving a wonderful ...witness in their respective prisons.

"The Christian Youth movements are in special danger. The ...Y.M.C.A's in Berlin and Bremen have been closed. The ultimate goal of ...government policy is illustrated by the action of the authorities in the ...newly acquired regions, particularly the Warthegau (Posen). The Church ...in that region is no longer allowed to communicate with the other ...churches in the Reich. Collections in the church are forbidden. The ...women's and youth organisations have been disbanded.

"Nevertheless, the Church fights on. Pastors report that they ...have never been approached more eagerly by outsiders for help and counsel. ...It is noticed that the Church has a stability which the world has lost. ...The Roman Catholic Church is also under very great pressure. A further ...number of the great monasteries have been closed. It is remarkable that ...the monks and nuns keep their vows in the new conditions by accepting work ...in factories and offices and doing evangelistic work among their fellow-...workers. The very outspoken pastoral letter of the Fulda Conference of ...the Catholic Bishops, which makes it very clear that the bishops are ...not yielding, has been read in the Churches, though its publication in ...printed form is of course forbidden.

"Many smaller sects such as Christian Science and the ...Ernstbibelgemeinschaft have been forbidden.

"It is rumoured that before long pastors will be forced to ...work for five days a week, so that they will only have the Saturday ...and Sunday for their pastoral activities.

"'Euthanasia' continues. It is counted that the number of ...victims is now more than 100,000. There have been individual protests ...but these have been of no avail." (178)

Two reports emanating from Lisbon refer in detail to the ...persecution of the Catholic Church. The first from an Irish Dominican ...runs: "Since May all the houses of the Benedictine Missionary ...Congregation of St. Ottilien have been closed. In March three of the ...houses of the Congregation were taken over by the Gestapo; the

(178) E.A.V., Geneva to W.S.C., N.Y., 17th July 1941.

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mother-house near Munich in May. In connection with the latter a member of the community offered the monastery to the Army, hoping thereby to guarantee the return to the Congregation after the War. The Gestapo heard of the offer, immediately imprisoned the priest who made it, and seized the monastery. Only lay-brothers capable of manual labour were allowed to remain, in fact they were obliged to remain, being now employees of the Reich earning a daily wage of 90 pfennigs. The Abbot and clerk have been billeted in nuns' convents, and 20 monks of military age have been conscripted...All the monks are forbidden to visit their families. Persecution of the Church in Germany ceased for the Church for months of the war, but began again after the first big victories in the West." (176)

The perusal from a well-known Belgian priest: "All members of religious Orders serving as chaplains in the German army have been dismissed according to latest OKW reports. More is the inside story. Chaplain influence had become steadily greater, particularly in the ranks of communion. Lonely, hated, war-weary Nazis, welcomed only at the Christian altar, began to recall long-forgotten prayers. Sunday Mass attendance increased a third. Radio Vaticana (April 5, 1941) is authority for the statement that fully eighty-five per cent of Nazi soldiers were asking for a priest when they knew they were dying.

"Members of Religious Orders constituted about two-thirds of the Army Chaplains. Whole regiments will now be without religious leaders and soldiers are forbidden to attend Mass with the civilian population and priests who are not chaplains are not allowed to say Mass nor hear confessions in the army.

"This new measure again demonstrates how Nazi officials, while continuing to show a certain official respect for religion, indirectly destroy the means whereby religious life might be fostered and developed."

From Germany itself letters mentioning religious persecution are naturally exceedingly rare and somewhat vague. Only the following four referenced have come to hand.

"All Christian calendars are forbidden for 1942. I shall miss mine very much, I have read them for twenty years. Also all Christian Sunday papers have been forbidden since July 1st."(sic). "Those papers may not be printed - Why???" (180)

"The Sonntagsblatt may no longer appear. All periodicals of a religious nature have had to suspend publication." (181)

"Our pastors are all called up for war service, but in lieu of that we have a service every fourteen days." (182)

In a letter from a Benedictine monk written in March and sent on the 20th October, in which many passages were blanked out by the German Censor, it has been possible to restore the greater part of the following paragraph:

"Unfortunately even after a personal introduction to the authorities in Nurnberg, I was not allowed to give religious instruction in the school. That was a bitter pill to swallow. No reason was given for their refusal. So my old spiritual father (illegible) must still go on being crucified alone....(illegible) it is seen and it does hurt so much. But in spite of this I am not

(179) O.G., Lisbon to N.C.W.C., Washington D.C., 10th July 1941. Centre of Information pro Deo.
(180) M.S., Berlin to E.J.I., Binghampton, N.J., U.S.A., 3rd Nov. 1941.
(181) M.E., Dorfmerkingen uber Aalen, Wurtemberg to O.S., N.Y., 10th June 1941.
(182) M.S., Morrum s/Mylt, Schleswig-Holstein, 8th Nov. 1941.

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title. All the Brothers of my Order are also forbidden to teach in schools. This is your consolation - no reason was given to them either. But do not worry about me any more. I will get through somehow." (183)

Religious suppression is progressing apace in the Principality of Luxemburg and Alsace:

A 62 year old priest until recently in Luxemburg writes: "The Germans expelled me from my parish and from my country. I don't know why. One day the Gestapo came and ordered me to follow them, saying I was to stay three days in the town of Paulf. On the way they took me to a deserted convent (Bettingen) where they took away all my money and later conducted me to the frontier of the Free Zone. In Luxemburg religious persecution and tyranny prevail - one should say no more." (183a)

A Frenchwoman, patriot and Anglophile, writes of Alsace:

"It is absolutely terrible there now: all the Schools are hotbeds of atheism, with their diets in German on the walls, 'WE DO NOT WANT TO BE CATHOLIC, BECAUSE JESUS CHRIST WAS A FILTHY JEW.' The old and the abnormal are 'suppressed;' girls of only 14 years of age are asked 'to give a child to Hitler.' The soldiers, who risk their lives leaving for the Front, are expected to arrange that another life is there to replace their own. And there are advertisements in the newspapers about all that. Even the young are taught to practise denunciation, to such an extent that their parents, fearful as to what their own children may be made to say, place them in Boarding Schools. And you can imagine for yourself what the Schools are like! But how is it that not a single voice in the Episcopate is raised against all this? Is it Hitler, who dares pose as our defender against Communism and Bolshevism? And what then is Hitlerism itself? And one actually hopes to construct a NEW EUROPE with such a man!"

No material has come to hand from supporters of the various German Faith movements established in the Reich during recent years. The programme of Rosenberg's National Reichs Church of Germany, the creed of the Deutschkum Gottgläubigen and extracts from Friedrich Schmidt's Das Reich als Aufgabe have, however, been intercepted here in Swiss mail to the United States. Although it is felt that they have no place in the main body of the report since they emanate from minority groups of thought while here it is attempted to treat with the reactions of the majority, they can nevertheless not be ignored, and form the subject of Appendix II.

It is significant and a consoling thought that they have left the spirit of the German people unaffected at least to the extent that no reference to them is recorded as having been found in any German letter to the Americas written during the past year.

(183) F.S.K., Werth am Main to K.H.K., Pierre, S. Dakota, 22th Oct. 1941.
(183a) J.K., Fay de Bhan to A.W., Philadelphia, 28th Nov. 1941.

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V FOREIGN OPINION:

(1) A comparison.

The most recent letters to be intercepted in Bermuda direct from Germany were written about the 2nd and 3rd December, consequently for all information subsequent to America's entry into the war is dependent on reports from neighbouring foreign sources. Whereas in considering German mail itself, it was necessary to make considerable allowance for the restraining influence of censorship, a certain basis for comparison did nevertheless exist, since the mood of any large number of writers, no matter how great their discretion, must somehow make itself felt by the very nature of their omissions or the extent of their hopes. Foreign comment, however, as any analysis of the forecasts and speculations of the past year would reveal, is almost boundlessly unreliable. On the other hand there is doubtless some element of truth to be gleaned from a consensus of what might appear to be the wildest rumours, while the more reasoned and considered accounts of conditions in Germany written by Swedish or Swiss business representatives or observers whose reliability is known from the past, form a valuable source of information.

In order to correlate as far as possible the new basis for comparison with the old which it must now replace, it will be necessary to go back at least a month to six weeks to see what letters from neutral countries were saying at a time when mail from Germany was still available with which to compare them.

About mid October, when letters from the Reich were full of optimism inspired by the victories on the Sea of Azov, people in Switzerland were writing:

"One hears from many sources that the Germans, or rather large numbers of the German people, in spite of all their military successes, are not confident in decisive final victory." (184)

"About life in Germany, I hear that people there do not starve, but life has lost every charm..." (185)

"One has the feeling that a great war weariness exists in Germany." (186)

The foreign representative of a Swedish electrical concern says: "I was sent to Germany in the Spring - we have two branch companies there at Fürstenwalde and Frankfurt. The Germans were not enthusiastic, but also not unduly depressed, and there was enough food there. I did not see any bomb damage, but they told me that there was a lot of destruction in Cologne, Essen and the Ruhr etc.... Sweden has been able to keep out of it till now, partly through luck and partly through a devilish preparedness. You wouldn't recognise our Army now....." (187)

In October there were slightly fewer rumours current regarding internal unrest in the Reich and friction between the Nazi party and the army than for some time past. On this subject a comparatively well informed American observer writes from Lisbon: "You heard the report of course emanating from the Moscow radio that Himmler was under arrest. There is nothing to substantiate it. The German press up to the minute speaks of what Himmler is doing etc. However the gossip is that there was a showdown between Himmler and Goering who hates his guts, and Goering is now back in favour while Himmler is taking a back seat. The German Eastern advance is supposed to have created more problems of policing than Himmler could handle, while the Luftwaffe seems to again be steadying the show. I don't know how much of this is credible, but it seems certain that Hitler is in a highly erratic state of mind and acts impulsively." (188)

(184) K.H., Basle to C.H.J., Princeton, N.J., 10th Oct. 1941.
(185) J.W.H., Zurich to H.H., Los Angeles, Calif. 25th Oct. 1941.
(186) A., St. Gallen To A.F., Newhaven, Conn., 23th Oct. 1941.
(187) K.H., Gotesborg to T.M.L.R., N.Y., 23rd Oct. 1941.
(188) R.L., Lisbon to O.R., N.Y., 17th Oct. 1941.

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In September rumour as to the disgrace of Goering was rife. "He is said to be in Zeebi, supposedly drinking the waters but it's not quite that... there was a slight disagreement about the Russian campaign." (189)

"Recently one has been hearing the wildest rumours regarding discussion between the Party and the Army in Germany. Although these reports are to be received with extreme scepticism, a certain tension does seem to exist and it only remains to be seen which way this will affect the course of the war and inter-interests. In any case we are reckoning on a long war." (190)

The worsening of morale which became so apparent in November letters from the Reich itself is reflected in a variety of different ways in neutral comment.

"Heard some good news yesterday from someone who gets a lot of information out of Germany... The Germans have already lost. Opinion in the Reich puts their own losses at 1½ million killed and severely wounded. Plans were made to be in Moscow on July 15th. No water in Smolensk - all has to be transported. Noticeable decline in support for Nazi party. Flood of petrol in Switzerland now. It is coming from Rumania said to Switzerland because it was all being destroyed there by R.A.F. and they had to transport it elsewhere. I don't know how true all this is but from the same source we heard exactly on which day Greece was to be invaded and Russia middle of June depending on how quickly the Greek campaign went....." (191)

"From all that travellers tell us who come from the Third Reich, the long-suffering of the masses is slowly but surely coming to an end, so that one can almost certainly reckon on something happening before much autumn." (192)

A Swiss Schoolmaster serving with the Swiss army until recently stationed at a frontier post on the Rhine at Widnau writes: "... On the other side Austrian soldiers were also keeping guard. At night I used to go on the bridge as far as the Spanish Knights. We sometimes had a talk with the Germans. There are certainly some fanatical fellows among them still. It's astonishing how they hold to their Adolf. Others were quieter and spoke like we did about peace." (193)

With the exception of mail direct from Germany in December, a greater volume of Swiss and other neutral mail was naturally examined. From the increased foreign material thus provided, even after a considerable proportion of it has been written off as rumour or wishful thinking, it would appear to be unmistakably clear that German morale has undergone a further appreciable deterioration.

(ii) The Swiss Medical Mission to the Russian Front.

The most interesting information comes from a Swiss medical mission of thirty five, doctors, mostly surgeons, which went with nursing personnel to the Eastern front. The mission was headed by two Swiss doctors, said to be notoriously pro-German and it may reasonably be supposed that the other members of their staff were not violently prejudiced against the Third Reich, otherwise they would scarcely have volunteered their services in such a capacity. Information derived from this source may consequently be regarded as comparatively objective and reliable.

"I hear from a Swiss doctor friend of mine, who has just come back from Smolensk where he has been with the Swiss Red Cross that the Germans themselves have discovered that their soldiers have been underfed far too long a time to stand up to the Russian Winter - when they break a bone, it simply won't mend again." (194)

(189) M.F., Zurich to M.M., N.Y., 18th Sept. 1941.
(190) M., Basle to E.T., N.Y., 8th Sept. 1941.
(191) D.G.S. Davos to F.E.S., Dunkamun, Michigan, 18th Nov. 1941.
(192) A.S. Basle to R.S., Havana, Cuba, 24th Nov. 1941.
(193) E.B., Appenzell, Switzerland to C.B.B., N.Y., 13th Nov. 1941.
(194) J.J.S. Zurich to J.M., Cohasset, Mass., 15th Dec. 1941.

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"We have now received the first reports from private sources as to how horribly the people there are dying." writes a doctor from the Bernese Oberland. "Now the Swiss Doctors are doing nothing but operating day and night in incredible dens and damp cellars, terrible shocks and horrible mutilations; how the German soldiers are dying like flies thanks to the dreadful conditions and lack of accommodation." (196)

A Swiss professor writes; "We have had a report from a high source of the Swiss Red Cross Mission that the greater number of the sisters came back... They could not stand it on the Eastern front. The hospitals in the interior may be good, but those behind the front are indescribably disorganised. Operations are performed without anaesthetics. It is pure butchery. The slightly wounded soldiers are lost because the most necessary medical supplies are lacking in the terrible cold." (196)

Many other letters tell of the acute shortage of doctors and medical supplies on the Eastern front "To a thousand sick men, only one Doctor." "A Swiss Red Cross Doctor reports how he travelled on a German train with 600 wounded; there were only two nurses and one doctor. Thatcan't go on much longer." 'The severely wounded are attended to at the earliest after four days, generally with their wounds still undressed'. 'Elis is working as Red Cross assistant at Erfurt... she spoke of a hospital train direct from the front... for 14 days they had been neither washed nor bandaged.'

Other Accounts from Switzerland, France and Holland tell of the ghastly condition of the severely wounded and how they are transported in night trains through Germany on the occupied Territory in order that home morale should not be affected. "It is said that thousands of German soldiers have arrived lately by the Bordeaux line. They have their hands, feet, ears, noses or eyes frozen and are indeed wrecks of humanity..... The nurses themselves are horrified. Poor German youth". (197)

"Lately the severely wounded from Russia are arriving near Geneva on French territory, most of them have an arm or a leg frost-bitten - or are mad". (198)

A number of Swiss hospitals and sanatoriums are reported to have been taken over by the Germans to accommodate patients from the Black Forest, in order that the hospitals there should be cleared for the wounded. Lunatic asylums and homes for Abnormal children are maintained by two writers to have been cleared by euthanasia.

An Englishman living in Switzerland writes: "A Swiss Diplomat just back from Russia where he had been on a mission told friends of mine that the Germans were shooting their wounded in Russia as they cannot cope with the vast numbers; if a man is only slightly wounded he is patched up and then sent back to the firing line, others are shot on the spot". (199)

The latest report to be received on the subject of the Swiss Mission is dated January 10th from Zurich. It says:

"Recently I spoke to someone who had interviewed a member of the Commission of doctors which has already returned from Russia.... It must have been really frightful. This man had thought he would be able to use modern war surgery there and extend his own knowledge, since the Germans have the reputation of being so very modernly equipped with the very latest achievements in this sphere. But nothing like that was possible, simply because the most necessary things were lacking. Supplies were only concentrated on weapons and munitions that field hospital needs were not satisfied. There was nothing with which to deaden pain. He tells how a doctor stood in a room surrounded by 16 shrieking soldiers, whose arms and legs he had to amputate while they were fully conscious. It was enough to drive one crazy.. The nurses often wanted to run away. But they stayed in order that they might at least do what they could to alleviate the terrific sufferings of the soldiers, though often such help could only consist in comforting words. When I imagine the cold,

(196) J.F.V. Roman Jura Bernois to C.M.S., Davidson, N.Carolina. 7 Dec. '41.
(196) E., Ostermundigen, Switzerland to R.E.H. Oklahoma City, U.S. 6 the Dec.
(197) M. Pau, Basses Pyrenees to M. Buenos Aires, 12th Dec. 1941
(198) A.B. Geneva to A.A., N.Y., 15th Dec. 1941.
(199) A.A.-B., Territet-Montreux to E. Needham, Mass, 8th Dec. 1941.



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which sick and wounded naturally feel worse than well people, I was orally understand that a great number of German soldiers who go off on leave (e.g. to France) do not want to go back again and prefer to commit suicide." (200)

(iii) Morale of the Troops

Such reports are probably exaggerated, but they evidently contain a substantial element of truth. Other, perhaps less reliable sources confirm the terror of the German troops on leave in France lest they should be sent back to the Eastern front.

"More and more German troops have been coming to France in the last two months in order to recuperate....They come straight from the front, completely exhausted and in rags, without having made any stay in Germany. Only from France do they get leave for Germany.

"The morale of these troops is not good. From time immemorial the Germans have drunk a lot when they have come to France; but these are thoroughly drunk almost every evening. They speak badly of the Germ occupying troops in France; and call them shirkers and fight them. One often hears that when soldiers from the Eastern Front come into an overcrowded restaurant they simply throw out the occupying soldiers p sen They also often have rows with the German military police. In private conversations with Frenchmen these soldiers say openly that Russia means hell for them and they are terrified of being sent there again. There have often been suicides among the German soldiers before eir return to the Russian Front. (For example, I have positive proof of thi from Poitiers). Very many cases of leak of discipline towards the offic.s have been encountered among these troops. On Dec. 5, 1941, 62 soldiers were shot by their German leaders on account of breach of discipline in Besancon where more than 3 divisions of soldiers who have come from Russia are quartered. These soldiers had been given the impression that they would stay three months in France. Already after three weeks ey were informed that they must count on returning to the Eastern Front in a near future." (201)

The above account emanates from an unknown source and must conse uent be received with the greatest reserve. There are, however, a number of other references, the reliability of which is equally uncertain to the reluctance of German soldiers to give up their lives on the Russian battle fronts. "The German soldiers cannot be forced out of their warm quarters in Russia - they prefer to be shot than to freeze to death. They know that they cannot go fifty metres without getting frostbite." (202)

"I heard from a Red Cross Sister outside St. Petersburg - they seemed to be refusing to advance." (203)

"I saw a usually well-informed friend shortly before my departure from Zurich. The news that winter had forced the interruptio of the offensive in Russia before the already so long promised strategical point had been reached, appears to have had a very strong psychological effect in Germany. In reality the situation at the front is said to have been that the soldiers, without actually mutinying, refused to carry out the orders to attack, as one might without quarters meant certain death - there was therefore no alternative but to inform outside sources of the suspension of operations. If at the same time the Japanese original successes had not been made known there might have been more serious repercussions; thus the morale was once more 'saved,' but the occurrence shows just how uncertain this morale has become." (204)

(200) N., Zurich to E.P., Elmhurst, L.I., N.Y. Dec. 10, 1941)
(201) R., Zurich to E.P., N.Y. Dec. 29, 1941
(202) N., Zurich to H.N., N.Y. Dec. 31, 1941
(203) M. B-F, Zurich to E.K., N.Y. Jan. 6, 1942
(204) D., Vevey, Lausanne to W.D.C., N.Y. Dec. 15, 1941

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(iv) Morale in the Reich

Both Ribbentrop's and Goebbels' speeches of November 20th and December 1st respectively gave rise to some adverse speculations regarding German morale, in Switzerland.

"The latest reports from Germany do not lead one to believe that a 30 year war could be borne, as Ribbentrop maintained, some time ago. In any case, it was exceedingly stupid of him to stir up that memory at all. Depression is increasing over there. Goebbels' article in 'Das Reich' was most illuminating....He said, more or less, that it was not so much a question of when or how Germany would win the war, as of whether she would win it. Some days ago Goebbels said in his speech in the Academie, which made a distressing impression, that the war bulletins fulfilled a purely psychological function, as propaganda in favour of which the exact facts could be dispensed with. That is to say, that distrust of the news has reached such a point that they cannot but admit that the reports are inaccurate. Moreover, he permitted himself a cynical reflection upon the short memories of the German people, and of the upper classes in particular. And then he admitted, now that he had seen that things were going wrong, that 'Blitzkrieg' was a senseless word." (206)

The following observation made by a German woman (Aryan) writing from Weinfelden is also interesting in this connection. "Yesterday Von Ribbentrop said Germany could carry on the war for 30 years. If only they wouldn't talk so big." (206)

A Swiss banker, generally well informed, but a Germanophobe, writes: "The news reaching us from the Eastern Front is uniformly frightful, the losses are still greater, and the mood in Germany is correspondingly bad....We hear of mutinies by men on leave and demonstrations on the arrival of hospital trains. Interesting too, is the explanation of Goebbels' pessimistic speeches, i.e. that the whole propaganda from October 2nd onwards (according to which the final battle had been fought and won) had been released by Press Chief Dietrich against the advice of Goebbels. Goebbels and Dietrich are now said to be sworn enemies." (207)

A flood of rumour was naturally let loose by the dismissal of Von Brauchitsch and Von Bock but it is of comparatively little interest since some of the reports which have come to hand seem to be based on inside or reliable information of any kind. A member of the Executive of the Zionist organisation writes from Geneva: "In Berlin there have been all sorts of rumours during the last weeks. There has been some wishful thinking of peace with Russia. Some Germans hope that there will be no final decision and that the war will peter out. Persistent rumours would have it that v. Brauchitsch, v. Bock and one or two other generals who wanted to save the army and to dig in 'somewhere' would force Hitler into the background. This story was widely believed inside and outside Germany. To those who really know Nazi-Germany such talk sounded fantastic: Hitler and his Party and Gestapo and 1 million Nazi officials and S.S. Guards will always be stronger than a handful of generals with nothing but their Prussian lineage behind them." (208)

There has been much comment too about the growing importance of the S.S. and of their alleged policy of erecting pill boxes and controlling corner sites and strategical points in the cities and larger towns. The same Swiss banker (quoted above) writes on this subject: "An interesting development is also to be noticed in German home politics. It is remarkable that Hitler now always addresses

(206) D.S., Zurich to S., Pacific Palisades, Cal. Dec. 10, 1941
(206) M.M-L., Weinfelden, Switzerland to M.M., Detroit, Dec. 1, 1941
(207) W.B., Zurich to G.T., N.Y. Dec. 18, 1941
(208) K.L., Geneva to A.L., N.Y. Dec. 22, 1941

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his appeals to the soldiers of the army and the S.S. area. There is a sound reason for this. The S.S. is being assigned an ever-growing role. Till now the S.S. had all weapons with the exception of planes. Some time ago Hitler had put forward the demand for a special air force for the S.S. This had always been refused by the Generals. Now he will be able to carry out this project.

"In the large German cities strong points are being constructed everywhere for internal defence. In the larger Berlin squares forty places are known where the cellars have been converted into fortresses commanding the streets. It looks as though anything might be brewing there." (209)

Another Zurich writer, hitherto unknown, but who appears to be well-informed, discussing the same question says: "...The spirit of the people is depressed. There appear to be shortages of everything (foodstuffs are not so bad - for this the occupied countries are allowed to go hungry). Lubricating oil and benzine will not last very much longer.....I do not believe in all too speedy revolution by the Germans - the S.S. is too strong and is always getting stronger. It is true that the Generals had the pluck grudgingly to stand aside for the time being, but for a revolt they lack 'civilian courage.' ....." (210)

Concurrent with these reports are rumours of sabotage in Vienna, of Austrian officials being replaced by Germans, criticism of the Nazi regime and of numerous deserters from the German army crossing the Rhine into Switzerland between Schaffhausen, Singen and Basle.

"Last year when the Siemens workers demonstrated over wages and conditions of work the ringleaders were shot, this year when demands were made for a rise in wages and better food, they were at once granted. In spite of all denials, it can be assumed that the Gestapo are taking precautions against internal discontent.....

"Every evening there are raids for deserters in hotels and inns; the number is increasing in a disconcerting way - whoever gets out of Russia whole, does everything possible not to have to return to the front. The crossing of the frontiers by night over the 'green frontier' near Singen is also quite frequent, so that in the station restaurant at Schaffhausen 'extra breakfasts' were often served in readiness for the morning." (211)

References to the number of deserters escaping to Switzerland are extremely vague and contradictory. "Yesterday 80 soldiers and the day before 160 men with their officers crossed the frontier near here," writes a Swiss from Basle on January 14th.(212) "They come at the rate of dozens a week." (213) "We hear that German soldiers have been coming over here in full uniform, even with officers, but we do not trust them so they were interned in Basle." (214) "The deserters...when they arrive are completely in rags, no coats, no warm socks, no shoes. The people in Stein are collecting for them..."(215)

In substantiation of Swiss hopes that unrest is growing within Reich three letters cite instances of Swiss travellers getting involved in minor riots or visits to Germany. The first two seem to be different versions of the same story: "A Swiss who was visiting Berlin on business returned with his arm bound up and told how in a cinema riot suddenly broke out during the showing of a news reel. Someone called out 'Down with the Government,' the police opened fire and a bullet hit him in the arm...." (216)

(209) W.B., Zurich (letter posted in Lisbon) to R.B-L., Riverdale, N.Y. Jan. 14
(210) K., Zurich to S.K., N.Y., Jan. 23, 1942
(211) W.M., Zurich to M. D-E., N.Y. Jan. 17, 1942
(212) S.S., Basle to M.S., Lima Peru, Dec. 14, 1941
(213) Unsigned, St. Gallen to A.S., N.Y. Jan. 10, 1942
(214) K., Andelfingen, Switzerland to H.D.K., San Antonio, Tex. Nov. 24, 1
(215) A.S., Arosa to A.S., N.Y. Nov. 18, 1941
(216) D.B., Zurich to S.M., Los Angeles, Cal. Oct. 19, 1941

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"A brother-in-law of my husband's sister, Professor of Literature, has received a visit from a man from Berlin whose hand was bandaged. Upon being asked the cause he replied that he had been wounded in a concert in Berlin. The news reviler was showing pictures from the front when the voices from audience are said to have called out: 'Something else! Peace.' It appears that the police intervened and fired on the crowd." (217)

"By the way, if there are no disturbances in the Reich, how comes it that a man coming from Germany who had been on business in Stuttgart got a rifle shot in his arm when passing through a street in which German wives and mothers demonstrated for the return of their men from Russia, got fired on by the police." (218)

While there are a number of moderate writers who view with the greatest scepticism all account of internal unrest and forecasts of imminent collapse in Germany, there is little divergence of opinion regarding the intense state of depression which prevails.

"News from the North is that the mood is very black indeed." (219)
"I hear that in the last four weeks morale has seriously deteriorated." (220)

"We frequently see people from Berlin and other parts of Germany. Reports are conflicting but on these points all people seem to agree: there are deaths in every single family, so many in fact that it is not allowed to wear mourning. It is 'verboten' now as before to speak of the war but in certain parts of Germany there is open criticism, and everywhere the old unbearable 'morgue', pride and uppishness, has given place to weary anxiety..." (221)

"My housemaid, a German girl, was allowed to go home for ten days to see her brother on leave from the Russian front. She came back rather depressed - not a home without mourning. She said she had never seen so many people crying in the streets." (222)

"From information received personally I gather that news from the Reich is very bad, but it would not do to count on it too much. The capacity for 'going through with it' has been brought to a fine art over there - handed down through generations - there is nothing anybody can do about it." (223)

(v) Food and Clothes

There is some indication that the food situation in Germany, hitherto comparatively satisfactory, has recently undergone a slight deterioration. A German girl writes from Switzerland on January 1st: "My parents complain quite unreservedly in every letter. At Christmas there was literally nothing to be had - not even books or music....Father has nothing to smoke and they complain bitterly about the food. This shortage in Germany is suddenly very noticeable, and this I know from all letters that come from there." (224) A letter from Germany routed via a Swiss intermediary would appear to support this view. "We still have food to eat, but it is no longer good. Naturally everything else is short....." (225)

The clothes shortage has also become increasingly acute. As far back as last winter, many people were writing to their friends in North and South America asking for any old clothes or shoes they could spare; this year there has been no increase in the clothes rations, on the contrary it has been the German people themselves who have been asked to give up every warm garment they can possibly do without to send to the troops in Russia.

(217) A.H.W., Geneva to W., Washington Dec. 22, 1941
(218) S. & Co., Lansburg, Switzerland to Dr.F.C., San Salvador Dec. 10, 1941
(219) M., Zurich, to B.S., Cleveland Heights, Ohio Dec. 15, 1941
(220) S., Lisbon to F.C.S., N.Y., Feb. 4, 1942
(221) E.L., Lausanne to U.S.C., Buenos Aires, Dec. 21, 1941
(222) M., Basle to C.W., Montclair, N.J. U.S.A. Jan. 11, 1942
(223) L.W., Zurich to H.F., Los Angeles, Dec. 20, 1941
(224) K.K.H., Basle to M.O., Elmhurst, L.I., N.Y. Jan. 1, 1942
(225) M.E.W., posted in Morges, Canton de Vaud, Switzerland to E.B.P., Kansas City, Jan. 19, 1942

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"To be sure from the scanty news which we get through friends and from chance remarks things are not going well, hunger and cold are seriously felt and everyone must make enormous personal sacrifices. Clothes are being collected now even down to socks, gloves, and woollen underclothes. Everyone who has two sweaters must give one up, this also applies to blankets, coats, everything." (226)

"I was there when woollen garments were being collected. It is unbelievable the willingness with which people gave." (227)

In Switzerland, too, collections have started for warm clothing for the German troops in the East, a fact of which a number of writers take an exceedingly poor view. "Do you know they have already started collecting over here - and Switzerland has been stupid enough to grant an export permit. I am furious." (228)

(vi) Fear in Germany

As the mood in Germany blackens, repercussions are beginning to make themselves felt in the neighbouring countries: apprehension is growing in Europe. Within the Reich there is some evidence to suggest that the former stubborn resolution of the German people is giving place to a spirit of desperate recklessness in which fear plays an important part.

An unattached observer of the Chinese Embassy writes from Geneva:

"Information reaching this country from inside Germany indicates signs of despondency, verging on desperation, in the morale of the German people. This is brought about partly by the setbacks in the East and to a greater extent by the entry of the United States into the war on the side of the Allies. Scarcity of food, the mounting toll of loss on the Russian front and war weariness provoked by the declining prospects of a German victory are telling on the people's nerves. Despite all this, the German people contribute however reluctantly all they have towards the war effort.

"But the morale that keeps people going is an unhealthy one, based largely on fear - fear of the consequences of defeat and the torrent of revenge that they expect will sweep over Germany from every quarter of the occupied territories. It is a morale backed up by desperation which tells the people that, however unpleasant it may be, there is no going back: it is either victory or annihilation." (229)

(226) E.E., Emmle to E.S-B., Bandoeng, Java, Jan. 7, 1942
(227) A.E., Ihnes to A.K., Santos, Brazil, Jan. 18, 1942
(228) R., Lastmquola, Switzerland to H.L.H., Forest Hills, L.I., N.Y. Jan. 14, 1942
(229) P.C., Geneva to T.Z. Soong, Chinese Minister of Foreign Affairs Washington, Jan. 9, 1942

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The correspondent of the London Times writes from Berlin: "Popular fear is now the last bulwark of Hitlerism. What crimes Hitler may have committed, the whole German nation now feels that it must stand shoulder to shoulder as long as hope remains." (230)

A University professor and a person write much in the same strain. The first, after telling of the horrors of the Eastern front as related to him by a number of the Swiss Medical Mission says: "Still from all other reports which are smuggled through it appears that the Germans - even the most rational - are agreed that victory must be won. The vengeance of the Poles and all other subjugated peoples would be so frightful; anything would be preferable to defeat." (231)

The person writes: "Lani was actually back in Germany in December...There are indeed people here who prophesy an early collapse for Hitler in view of the Russian successes. I cannot believe in it though. Besides what Lani saw in Germany does not indicate any such thing. Everything Hitler has done has been done in the name of the German people and even those who are not pro-Nazi are ready to put up with everything in order not to lose the war and have to endure the vengeance of the plundered and subjugated peoples of Europe." (232)

One of the last letters to be received direct from Germany, written on December 3rd, to a member of the German Consulate in New York, who is severely chastised for his lack of optimism and faith in German victory, is of considerable interest in this connection. The writer is evidently a prominent Nazi - 45 years of age, member of the N.S.D.A.P. since 1925, a district speaker, Senator, Burgomeister and President of the Bremen Evangelical Community.

"You are astonished at my optimism? Well, I is my turn as astonished that you should be! Now, when the whole situation can be seen in its true perspective. That only Germany can win this war is evident and can be proved solely by asking the question: how do her opponents propose to win? Because, to ask this question is to answer it - negatively. I know that they are clinging to the hope of starving us out, of the blockade, that time will wear down our resistance. What stupidity! Here in Germany everyone knows what is at stake - all eyes have been opened by the hard school of the years after Compiegne and Versailles - a schooling which has given us all hearts strengthened against all sensitivity. Do you not also think that in this fact lies the best guarantee of victory?" (233)

An American writer tells of an evening he spent in Zurich with an important German industrialist "whom I have known for many years. He was an officer in the last war and is entirely patriotic but he hates Hitler and all his works. Of course we talked politics, and I asked him why he supported such a government. He said, 'I, and men of my class, are not interested in having Germany hold foreign territory, but if we kick Hitler out and ask for peace it would mean that we would be crushed under another Versailles - and rather than that we will fight on to the end.'....I tried to persuade him that if the Nazis were eliminated at this time Germany could expect to obtain a decent place that would enable his country to survive and prosper. He was incredulous, speaking of Churchill's hatred of Germany etc. But finally stated 'If what you say is based on fact, then my advice to the Nazis would be to make that unmistakably clear in their propaganda. If they do that then Germany will in a short time be in a position to dictate their terms." (234)

A) Apprehension abroad.

The desperate mood of Germany has not left the rest of Europe entirely unmoved. Even in Switzerland, where hatred of the Hitler regime could scarcely be more intense, and where the majority of

230) C.H.M., Zurich to T.A., Melbourne, 31st Dec. 1941.
231) [illegible]
232) B., Ostermundigen to R.B-B., Oklahoma City, 8th Dec. 1941.
233) K.B., Berne to I.C., Brooklyn, 15th Jan. 1942.
234) O.H., Berlin to H.B., N.Y., 3rd Dec. 1941.
235) O.McC., Porta di Monoco, Ticsin, Switzerland to H.O.McC., Philadelphia, 6th Jan. 1942.

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writers rejoice over each reverse which leads it further to its doom, a number of voices are beginning to make themselves heard which speak in anxious terms of the uncertain future. The following extracts are taken from letters written within four days of each other, about the beginning of the New Year when such fears first began to find any frequent expression.

"Domination of the world by the Anglo-Saxons - what we really had before - would still be the best, but German domination of Europe would be better than Russian; that would be worst of all. How much has one been deceived as to conditions in Russia! One expected a collapse of the Bolshevik Regime and now it is clear that, as a people, they are satisfied with it because the lower classes are better off now than they were under the Czars. The earnest appeals of the German Fuhrer made a great impression everywhere." (235)

"That Germany may perhaps go under is distressing, even though we were afraid of a German victory. But we dread Bolshevism even more than Nationalism...." (253)

"Now America is in the war too - I am wondering how it will all end. From what I hear the German people are no longer content. But what can they do? They must endure and hold out, otherwise the Russians will overrun all Europe. I do not believe that would be any better for the world. We must just hope for the best." (257)

A Dutchman writes from Switzerland: "Unrest is growing in Sweden and Spain. Here we are afraid of Communism. Refugees from unoccupied France speak of the same thing....

"The situation in Holland is extremely serious. The spirit of resistance, all that popular wit, signs such as 'GOD' and 'V', have now disappeared. People only see the serious side now, and that it may last a long time....D. was in Germany visiting various families. Things are decidedly better there, as regards food, than they are in Holland, and according to him, there is no question of collapse. He was among people who were not National Socialists but in truly Christian families. The people there are chiefly concerned that Germany should survive." (258)

## II. CONCLUSION.

Reverting to the immediate scene of German toil and suffering, it is fortunate that a small number of letters written in Germany but routed via neutral intermediaries continue to be intercepted in Bermuda.

Of such letters received during the last month, the following have been selected as representative:-

[illegible], Wurttemberg, 18th Dec. 1941.

"Surely with God's help the war must be drawing to an end. Yet it doesn't look like it. Just imagine - on Saturday our Church bells were taken down. It makes one's heart bleed. Must we go through all this for a second time. How many brave soldiers have already laid down their lives and how many more must go." (254)

[illegible]lberg, 20th Dec. 1941.

"The war has taken on another aspect, our hopes that it would end this year did not materialise. We now hope that the end will

(249) H.S., Zurich to R.F., Boston, Mass., 2nd Jan. 1942.
(250) E.S., Heinach Aargau to [illegible], Buenos Aires, 2nd Jan. 1942.
(251) H.S., Basle to [illegible], Rainerport, N.J., U.S.A., 31st Dec. 1941.
(252) H., Clion, Switzerland to A.D.H., Sampit by Malang, Java, 31st Dec. 1941.
(253) F., Neuit, Wurttemberg, forwarded in Lisbon, to S.S., Pittsburgh, Pa., 18th Dec. 1941.

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come quicker through its east extension to the Pacific and America." (240)

Munich, 31st Dec. 1941.

"Since 1933 life here has been anything but a paradise for us all. And now since 1939 this appalling war: our soldiers forced to die in Russia - and for what?....The good God will yet condemn those who are guilty over and over again of such massacres - the hundreds and thousands of people in the occupied countries who are dying of hunger! God will never pardon this, for are these not also human beings who are only fighting for their own fatherlands?" (241)

Dresden, 8th Jan. 1942.

"Bartel went off skiing on the second day of the holidays with friends...they were very lucky as on the 28th it snowed heavily and it lasted over ten days without a thaw. Then it all came to an end anyway as their skis had to be given up to the Army. Our spirits are generally speaking very much below the mark. Quite naturally things here been made very gloomy by the overwhelming events in the war and by declaration of war with the United States." (242)

No German address, 20th Jan. 1942.

"We wish that time had wings so that the cold winter would be soon past. The bad times make the winter doubly hard to bear but the hope of better times helps us to bear it. We are glad that Christmas is over and that we are working again - work helps one over many things." (243)

Munich, 31st Jan. 1942.

"We feel little of the war itself, here in Munich. Occasionally a pointless air-raid alarm, but nothing ever happens. The food situation is also well under control. If one sometimes fancies a little of this or that, and cannot get it, that can hardly be called war." (244)

Berlin, 22nd Jan. 1942, to Bilbao, mis-sorted into a New York mailbag.

"The great struggle in which Germany is engaged, for her existence and her position, brings all sorts of restrictions on us too, who are not at the front as soldiers, but we bear them all gladly and willingly. Everyone in Germany today knows the reason for these restrictions, and not a single person doubts that Germany must and will be victorious in this fight which will give us a new and better Europe. We are not fighting alone, almost the whole of Europe is with us, including Spain's Blue Division which is distinguishing itself more every day." (245)

Furren, 22nd Jan. 1942.

"There are tear-stained faces everywhere - it is quite unbearable - everywhere people are in mourning." (246)

The mood of the German people has evidently become increasingly sombre and grim.

The Colombian Charge d'Affaires in Berlin analysing developments in German morale in September last wrote as follows:- "There is no doubt that the majority of the German people were against the war and

(240) E.W., routed via Zurich to E.A.W., Tapachula, Chiapas, Mexico, 20th Dec. 1941.
(241) A., Munich forwarded in Schaffhausen to V.V., Fort Lee, N.Y., 21st Dec. 1941.
(242) J., Dresden forwarded in Barcelona to B., Hoboken, N.J., 5th Jan. 1942.
(243) Unsigned, no address, forwarded in Kreuzlingen, Switzerland to T.S., 20th Jan. 1942.
(244) O.C., Munich, forwarded in Montreux to S.P., N.Y., 20th Jan. 1942.
(245) F.M., Berlin to J.M., Cadiz, mis-sorted in New York mail bag, 22nd Jan. 1942.
(246) H.B., Furren, forwarded in Zurich to P.K., Ithaca, N.Y., 22 Jan. 1942.

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never expected it. The various bloodless annexations had convinced them that that would continue indefinitely until the geographical situation of Germany in 1914 had been re-established. I sincerely believe that this was not only the belief but also the ambition of the entire middle and labouring classes. Nobody suspected what the governing classes were really preparing and which has been confirmed by the happenings of the last two years. Once it had begun, the government, conscious of the unpopularity of the war with the people, made every effort to show that it had been forced upon them, but that in any case it would be extremely short. Switching public attention from one field to another with one military triumph after another, the government has been able to manipulate events so that it is not possible to think out any given national situation at any given moment to a conclusion, for immediately military operations come to an end there is opportunity for a little analysis or reflection on the part of the people, there comes a new movement or a new campaign, unfortunately always followed by victories, which distracts public opinion completely. It is superfluous to add that the incomparable discipline of this people has been both used and abused."

Reading through the great volume of material from Germany collected by the Censorship during recent months, chance remarks dropped here or there by different writers lead one to reflect on the truth which may lie behind this theory.

"We have already had two years of war. Who would have thought of that two years ago? It is a good thing we did not know it, or we would have been desperate long ago. Hope keeps us going. It must end sometime." (247)

"It has turned out all so differently from what we thought, hasn't it? But still, the end will still be the same." (248)

"My working day begins at 4 o'clock in the morning, and the hands of the clock creep slowly round till 10 o'clock at night, by which time one is weary and stupid. When when I go to bed, thoughts of the boys surge through my brain and will not let me sleep. One just can't be happy any more. One can't bear to think - !" (249)

The following remarkable letter started on December 1st and eventually posted in Basle on January 9th was written in Freiburg in Breisgau by a German over 70 years of age to his sister in Washington:

"We live again in the period of long winter evenings and darkness; all fissures, all cracks in windows and doors which are on the exterior of the house must be filled in. Whoever allows a glimmer of light to shine outside is punished and branded, the police stick a notice to the door 'Blank out offender lives here,' now and then punishment is by imprisonment. The darkness is such that elderly folk seldom go out after dusk. And so one retires inside one's four walls and escapes into thoughts of better times, recalling the happy period of youth and thinking about the uncertain future.

"You must wonder occasionally if your brothers keep closely in touch with each other. Unfortunately, this is not the case. In these times of political tension and general mistrust one isolates one's self more than usual, one lives for one's self and says as little as possible; it is so easy to let fall a remark which could be misunderstood and lead to complications. The situation with us is such that parents do not speak freely with their children in the family circle....One would have fancied something different in one's old age but we have met with extraordinarily troubled times....The days of quiet, of self-possession, contentment and security are definitely gone. So it is that some say on the one hand that man is threatened in the extreme by his loss of religion, through which he has renounced his individuality; others say man is only the personification of a type. The ban on independent thinking is really an inevitable necessity....

(247) G.S., Hurtingen a.M. to G.A., Chicago, Ill., 23rd Sept. 1941.
(248) J.M., Rottweil a/Neckar to K.K., Cleveland, Ohio, 19th Nov. 1941.
(249) L.., Betlingen to Lube, Terra Nova, Brazil, 15th Sept. 1941.

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"The war becomes more and more evident to us as to all Europe. Spiritual and material burdens become constantly greater, perhaps not so much for us in Germany as for the rest of Europe. The troubles and afflictions which war brings to our country pale in significance compared to the hell which is raging in the East. What is happening there is so terrible that it is better to leave the subject in silence. With the increasing duration of the war one must readjust one's self to an elementary form of existence and this moreover in all countries of the European continent. A minister in Berlin [illegible] remarked only recently, that this war is the greatest but also the last chance for Germany - life must be hard and bitter accordingly. The internal order, the rigid organisation for the distribution of the necessities of life, makes certain that everyone can satisfy his immediate needs. If the state supervision did not function so perfectly, we would be in great need as in other countries. Consequently with us one person cannot live like a prince at the expense of another who goes hungry. Things which are not rationed are naturally scarce, but when one stops to think that perhaps 15 million people have been called up for military service, then it becomes obvious that industry must be greatly affected by this drain on labour. Many works are completely shut down as the owners have been called up, the families are supported by the State; many factories are only open at intervals on account of lack of raw materials. In the long run, however, one gets accustomed to being without frying pans, saucepans, household goods and also the lack of tooth brushes and tooth-paste becomes immaterial. Against this, however, the housewife is not pleased when she has no soap to do the washing....

"We stand in constant fear of the entry of America into the war; the young people don't worry much about it, the older generation, however, anticipate this eventuality with the gravest misgivings. The war potential of the United States must not be underestimated. The most oppressive thought for all of us is the prospect of an even longer war and we have no greater desire than to be freed of this frightful scourge of mankind....

"P.S. Just now the declaration of war between Japan and America was announced. We listened anxiously. Once again the world is placed in a situation of alarm. I cannot rejoice as some sportsminded people here. I am of the opinion that the American demand for an 'open door' in China was just and that for all of us, whether we be Teutons, Latins or Slavs, it will be of the greatest disadvantage if the Far East becomes entirely absorbed into the sphere of Japanese interests and domination."

[illegible]

[illegible] Goebbels on December 1st to the German Academy.

Regraded Unclassified

THE SPREAD OF TYPHUS.

Relatively little information has come through the mail regarding the spread of Typhus in territory under German domination. It is a subject which has been so completely ignored except in a few letters from Switzerland and in reports from Jewish organisations from neighbouring countries that nowhere did it seem to fit into the limited picture as seen through German mail.

The following are the only references to Typhus of any interest which have been intercepted in Bermuda mail.

Report from the Jewish Telegraphic Agency emanating from Geneva, December 26th:

"Intense winter cold and hunger and the unchecked Typhus epidemic which is raging throughout Poland, Nazi-occupied Russia, and the Baltic area is killing off hundreds of Jews daily in those sections, according to reports reaching here this week.

More than 300 deaths daily take place in the Warsaw ghetto from typhus, the reports disclose; and because of the lack of serum anti-typhus inoculations have been stopped. In a Nazi prison camp in Eastern Galicia where thousands of Soviet soldiers are confined, the epidemic has also broken out, the Krakowski Ilisti reports, adding that the disease has spread to the local population. In Lwow and Przemysl the hospitals are overflowing with typhus victims and the mortality rate is staggering. Indications of the effects of starvation, Nazi brutality and the typhus epidemic in Lwow can be noted in the official German figures received here. In the month of November there were 1,307 deaths in the city of which 405 were Jews. Of this total 956 were men, of which 305 were Jews. In Lithuania the typhus plague is reported to be spreading like wildfire. Many localities have been completely isolated under orders from Commissar Von Rintelen, and motor cars passing through are not permitted to stop. Other reports reaching here state that the epidemic is approaching Berlin, and that women in labour camps in the Brandenburg forest, near Berlin, have stopped working for local farmers because of the typhus epidemic in neighbouring villages".

A second Jewish Telegraphic Agency report of the same date from Zurich states:

"Spotted typhus is now raging in Berlin, Leipzig, and Nuremberg, and in many cities in Germany, despite frantic efforts to check it. Similarly the German troops are suffering severely from the spread of typhus"...(1)

An English journalist correspondent of the North American Newspaper Alliance of New York, whose informant has returned from Hungary, writes on February 1st:-

"...Typhus is already rampant in Poland, Greece, and is showing its ugly head in Spain; the Balkans are also affected.... The danger of infection in the German army is believed to be of great concern to the German High Command, particularly in the German occupied territories" (2)

Concern is also growing in Switzerland:-

"It is said they have typhus in Lorrach"(in Baden, just over the Swiss border, less than 10 miles from Basle)"If it's true,

1. J.T.A., Zurich to Jewish Telegraphic Agency N.Y., 26.Jan.1942.
2. A.J.N., Lisbon, to N.Y., New York, 1.2.42.

Regraded Unclassified

it is very sad, as it is a terrible disease." (5)

"In the whole of the East 'Flack typhus' is raging. Those on leave from the front have to spend fourteen days in a Quarantine Camp in Leipzig, and many people have been infected there" (4)

"The rapid spread of 'Flack typhus' in Germany, already as far as Frankfurt a/M, is a great source of worry to us; we will have to mobilise our army against that too" (3)

Only two references to typhus have come to hand in mail from Germany itself. The first, written as early as October 6th., mentions the death of a German "who was taken ill on the Ruhr and died of typhus at the age of 37. You will admit that the times are far from rosy" (6)

Finally, a letter from a German writer in Buldingen Hessia Kassel to the Director of a German Culture centre in Cartagena, via-escrted in Spain into a New York bag: "Just think, the husband of my daughter-in-law's sister, Mr. Karl Hoffmann, has died of typhus. He was in contact with some sick Russians, caught it from them, and died very soon". (7)

(2) R.W., Basle, to E.H. de L., Santiago de Chile, 29th.Dec.1941.
(3) H., Geneve, to H.V.B. Cambridge, Mass. 11th.Jan.1942.
(4) P.M. Basle, to L.M., New York 10th.Jan.1942.
(5) F.P. Hamburg to E.B. Northampton, Mass. 6th.Oct.1941.
(7) A.G., Buldingen Hessia Germany to L.F., Cartagena, 22nd.Jan.1942.

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# APPENDIX II.

## GERMAN FAITH MOVEMENTS.

### I. THE PROGRAMME OF THE NATIONAL REICH CHURCH OF GERMANY

(1) The National Reich Church of Germany (hereinafter referred to as NRC) claims as clearly as possible to have sole right and sole might over all churches within the frontiers of the German Reich; it declares these churches to be National Reich Churches of Germany.

(2) The German Volk has not to serve the NRC, but the NRC exclusively and solely serves the one doctrine: Race and Volk.

(3) The area of activity of the NRC is determined by the territorial frontiers of the German Reich and Colonies

(4) The NRC forces no German to join it. It is prepared to do everything in its power to include every lost German soul. It cannot and will not suffer in Germany other churches or church-like institutions and associations, especially those which have international connections or are governed from abroad.

(5) The NRC is unalterably determined to use all the means necessary to root out the Christian faith, which was imported into Germany in the unhappy year 800 and is foreign to the German nature and character

(6) No fundamental change may be made in the existing churches (? the buildings) for they represent a German national value, German culture, and a part of the historical process of the development of our Volk. They are not only to be valued but also to be maintained as a German National property.

(7) In the NRC there are no scribes, pastors, chaplains, priests, only national Reich-speakers are to speak in it.

(8) The ceremonies of the NRC take place only in the evening and not in the morning, namely on Saturday night, with appropriate lighting effects.

(9) In the NRC German men and women, German boys and girls, are to pay united homage to God and His immortal works.

(10) The NRC ceaselessly strives to achieve its necessary unification with the State. It has to subordinate itself to the State as a member in its service. For this reason the NRC calls for the immediate surrender of all territorial possessions of all churches, and confessions to the State. It also prohibits the churches from acquiring by purchase or gift the smallest portion of German soil. For it is not the churches that conquer and cultivate the ground and soil, but exclusively the German Volk, the German State.

(11) Those who today are stressing in word and writing, with all possible insidious cunning, the absolute necessity of maintaining the Christian doctrine in Germany, may never become speakers in the NRC; because they are deceiving not only themselves, but also the German Volk, for the sake of their position and their daily bread.

(12) The NRC speakers hold positions as State officials according to the laws governing the civil service.

(13) The NRC calls for the immediate cessation of the printing and distribution of the Bible within Germany and also of the further publication of Sunday papers, pamphlets, lectures, or books with ecclesiastical contents.

(14) The NRC has to keep a strict watch so as to make it impossible for the Bible or other Christian religious writings to be imported into Germany.

(15) The NRC declares the Book of the Führer, Main Kampf, to be its

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greatest document, and thus the greatest document of the Volk. In doing so, it is conscious that this book collection not merely the greatest, but the purest and truest ethic for the present and future life of our Volk.

(16) The NSDAP has set itself unfailingly the task of spreading its whole energies by making the book Mein Kampf popular, and helping every German to lead and perfect his life with and according to this book.

(17) The NSDAP requires that the page numbers and contents of this book, in whatever forms it may appear, should in future correspond with the present popular edition.

(18) The NSDAP removes from its altars the crucifix, the Bible, and all emblems and pictures of the Saints.

(19) On the altars of the NSDAP, our all-holiest book, Mein Kampf, and on its left side the Sword are to be dedicated to the German Volk and thus to God.

(20) The NSDAP symbolises here during the NSDAP ceremonies to espouse this Book unconditionally to the best of their ability.

(21) In the NSDAP there is no forgiveness of sins. The NSDAP stands for the theory, which it will consistently espouse, that sins once committed in life are unconditionally expiated in this world by the iron laws of nature which cannot be overthrown.

(22) The NSDAP rejects the baptism of German children, especially baptism with water and the Holy Spirit.

(23) The parents of a German child (or a new-born child) have only to take the following vow before the altar. This vow runs as follows:-

The father: "I swear by God this holy oath, that I, N.N. the father of this child, and my wife are demonstrably of Aryan descent. As father, I promise to bring up this child in a German spirit for membership in the German Volk."

The mother: "I swear by God this holy oath, that I, N.N. have borne a child to my husband and that my husband is the father of this child, and that I, the mother, am demonstrably of Aryan descent. As mother I promise to bring up this child in the German spirit for membership in the German Volk".

Only on the basis of this German Vow may and must the "Deutschland-Pässe" be delivered for the new citizen.

(24) The NSDAP does away with confirmation and instruction of confirmation candidates, and also communion and instruction of communicants. The denominational agencies are and remain the families, the schools, the German Youth Organisations, Hitler Youth and German Girls Alliances.

(25) To give a particularly solemn character to the school-leaving ceremony of our German Youth, all the NSDAP are to be placed at the disposal of the German Youth Organisations on the State Youth Festival, which is to be celebrated on the Friday before Easter. On this day, only members of these organisations are to have the sole and exclusive right to speak.

(26) The wedding of German men and women takes place by the swearing of the oath of faithfulness, each party touching the Sword with the right hand at the same time. In the NSDAP no ceremony may be carried out in the undignified posture of kneeling.

(27) The month day before Whitsunday (i.e. Ascension Day) is declared by the NSDAP to be the Festival of the German family.

(28) The NSDAP denounces the customary National Day of Penitence and Prayer. It demands that this should be transformed into the celebration of the anniversary of the foundation of the NSDAP.

(29) The NSDAP in no case permits the creation of a new symbol of an ecclesiastical or religious character.

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Appendix XI.

(30) On the day of the foundation of the NSC, the cross of Christ is to be taken away from all the churches, cathedrals, and chapels within the frontiers of the German Reich and Salzburg and is to be replaced by the only invincible symbol of Germany - the Swastika"..

"We believe in an eternal great National Socialist Kingdom, and in the National Socialist philosophy (Weltanschauung) which was born in the heart of the man Adolf Hitler during the great struggle of German humanity with all nations of the earth. We believe that Almighty God, in answer to his prayer, restored his sword-right to this soldier, blinded in the World War. We believe, regard, and experience this man alone as the Saviour and Leader of our German Nation, our Reich, and our people bound together by its blood. We believe in his only written work Mein Kampf. We vow to follow all the Commands contained in it to the best of our knowledge and ability. And if we truly fulfill them, we believe that we can confess: Lord, sin-free we stand before Thee. We are bound body and soul to our Leader Adolf Hitler, our Reich and Nation, and swear almost the oath word: 'Adolf Hitler, our Leader, we remain true to thee for ever'.(1)

## II. A NATIONAL SOCIALIST CATECHISM.

The Berlin Weekly Nordland, published on September 15th, a statement which may be described as a catechism of the German "Believers in God" (Die Deutschen Gottgläubigen), or, as one might not unfairly translate it, believers in a Germanic God. Here it is:-

"We National Socialists are believers in God, because in us an immense reverence towards the Eternal, and faith in the Divine are imprinted in the indestructible form of blood and being (Sein). In what do we National Socialists believe?

We National Socialists believe:-

1. In the Divine,
2. In the unity of the Universe,
3. In Mother Earth,
4. In our destiny,
5. In the creative forces of our blood;
6. In our Nation and its mission
7. In our Leader,
8. In the National Community of People (Volksgemeinschaft)
9. In ourselves.

1. Where does the Divine show itself?

The Divine reveals itself in the universe, in visible nature, both inanimate and animate.

Where does the Divine personify itself in its most sublime form?

The Divine personifies itself in its most sublime from in the Nation (in Volke)

Why does the Divine personify itself in its most sublime form in the Nation?

i. Because the individual, according to his nature is by nature only a means for the life and being of the whole nation;

ii. Because the Nation is the living unity of men willed by the Divine Nature;

iii. Because the individual can develop his divine energies and forces only within the Nation as a whole, only in the Nation can he live.

What follows from the fact that the Divine is personified in its most sublime form in the Nation?

It follows that service for the leader to the Nation and Fatherland is a Divine service.

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2. What does it mean to say: 'we believe in the unity of the Universe'?

The words 'we believe in the unity of the Universe' mean:

(i) That the Universe is an indivisible unity, so that a division between 'this world' and 'another world' would be an unnatural contrast;

(ii) That the infinite variety of the Universe is subordinate to the fundamental law of each existence.

3. Why do we believe in the Earth?

(i) Because Mother Earth is the foundation of every life and every being.

(ii) Because the Earth is not a 'vale of tears' but the place where we live as warriors.

4. What does it mean to believe in Destiny?

To believe in Destiny means:

(i. To be permeated by a sense that all being is subject to law;

(ii) To live out consciously the laws of nature;

(iii) with unshakable trust and confidence to fight open the way which one's inner calling tells one to go.

5. Why do we believe in the creative force of our blood?

We believe in the creative force of our blood:

(i) Because we see in pure blood the working of the Divine;

(ii) because Nordic blood is the first cause and basis of our political unity;

(iii) because Germanic blood has erected the most glorious works of civilization of all times

6. What does belief in our Nation and its mission mean?

To believe in our Nation and its mission means:

(i) to have the unshakable conviction that our Nation represents the highest value of all humanity in the world;

(ii) to follow the will of Nature, according to which the better Nation is called to leadership;

(iii) to understand that the leadership of the better Nation must necessarily become a blessing for the other nations;

(iv) to work, sacrifice, and fight untiringly for the rise and victory of our Nation.

7. What does it mean to believe in oneself?

To believe in oneself means:

(i) to be consciously aware that one is a representative of the Divine;

(ii) to be convinced of the power of one's own Divine capacities and energies;

(iii) proudly to reject any f ight into the 'beyond'

8. What does it mean to reject proudly any flight into the beyond?

It means:

(i) to remain faithful to the Earth;

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(ii) to follow the eternal laws of Nature and know that one will be protected by those laws;

(iii) Not to strive towards an absurd goal.

9. Where do I feel myself to be one with the Universe?

I feel myself to be one with the Universe when I see the Earth as my Mother, and plants and animals as my brothers, and the whole world as showing the multiform character of my being" (2) F.O.R.D.

III. THE SPIRITUAL AND MENTAL BASES OF THE NEW EUROPE.

The following extracts are taken from a pamphlet by Friedrich Schmidt, Das Reich als Aufgabe (The Reich as a Task) recently published and given official approval by the Executive Commission of the National Socialist Party "for the protection of N.S. literature". F. Schmidt is the vice Gauleiter of Württemberg.

"We have no right to realise our claim to leadership in Europe so long as we do not have the courage to overcome in a revolutionary way the process of a spiritual and political community-idea which has lasted for nearly two thousand years, and to set the new NS idea in its place..

"At the beginning of European history, after the collapse of the Roman empire, the idea of the Universal Church, as the idea of a community which has to stand above the nations of the world, spread abroad in Europe. This Church, as the spokesman of Christianity, recognised no specific qualities in nations and men. It tore the individual man out of his national context, 'raised' him to be an individual soul-bearer, and then told him he was free from all laws of nature, earth, and creation. It declared that the bonds which his race to the laws of life are bonds of the second order, subordinate to those spiritual and psychological bonds in which all men on earth acknowledged Christianity or were forced to acknowledge it. This doctrine was characterised by a strange dualism. While the Church taught its members to turn away from all worldly things and to deny or at least regard as a minor worth all natural laws, it on the other hand reached out for all the worldly goods it could reach, especially the highest political power, based on the community of Christendom, which was spreading abroad immeasurably, and did so very energetically without being very particular about its choice of the means it employed.

Thus the Church reached two things in the course of historical development: first, it gradually acquired all power, directly or indirectly, in all states of Europe, but secondly it actually succeeded for centuries in destroying in men all respect for the real creation, so that he helplessly surrendered to the ideas of the church. So that Church determined the life of nearly all European nations and led them in ultimate things according to its own law...

In the further course of historical development, there arose at the time when the mediaeval period was passing into the modern age a new community-idea: the idea of humanity....Here the individual man was already regarded as an individual economic capacity, as a functional unit of economic laws. It was out of this spiritual soil, which had been very well prepared by Christianity by its destruction of all natural bonds in accordance with its ideas, that liberalism and Marxism grew up. These ideas found their spiritual cause in the statement common to both that economic laws alone determine the destinies of the nations, and that the value of the individual is ultimately determined by his environment, and thus by his economic capacities or economic activities.

National Socialism has had to assert itself over against both these ideas. The idea of humanity has been overcome comparatively quickly by the outburst of national consciousness which is almost comparable with a natural force...

Christianity, based on centuries of old often reverend traditions, but especially based upon its claim to be mediator between God and man, has retained not only religious, but still unfortunately political positions of its spiritual power. In particular, we have up till now not

(2) F.O.R.D. (Geneva) to F.N. Chicago 30th.Dec.1941.

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entirely successful in overcoming the spiritual attitude brought into our nation by the dogmatism of Christianity, an attitude which is often far from God. I am not unaware of the fact that those powers which have taken into their protection the imaginary things of life and also claim to possess access to the beyond, cannot be rooted out of the spiritual life of our nation in a single day. We must continually work with gigantic patience and equally gigantic exertion until the man in our Reich finally recognizes in its true significance the natural and accordingly divine superiority of membership in a nation to the arbitrarily selected membership in a confession...

"If there is a community, membership in which cannot be determined by human will, but is bound to an inviolable divine law, then this community is the most valuable, most moral, and therefore ultimately the only religious community. Therefore for us membership in our nation is a highest divine and moral reality...When we therefore say today that a man is a German by virtue of the fact of his blood, then we are reverently acknowledging a divine inviolable order of creation. Indeed, for us this recognition is identical with the rediscovery of God...

"Whoever lives for his nation, in complete devotion and deepest faithfulness, is according to human estimate truly living in God. For everything religious has its origin in reverence for the eternal divine laws which are over us. But anyone who is so irreverent as to deny the law of the blood is the most godless being that moves on the face of the earth. Indeed there is no other sin of men than the arrogance which transgresses the laws of nature, creation, and thus of God. Those people who are still speaking officially in the name of God, but deny the laws of the natural life-order of the blood, are truly the most godless men, for they have made themselves into the Lord God by denying these natural laws of life.

"If we now today erect the community-concept of National Socialism into the philosophical basis of the Reich, then this community-concept must not remain merely a formally recognized idea...The Germans of our day therefore have the constant task and holy obligation to fill every aspect of the life of our nation with NS revolutionary spirit, and to do away within Germany with all traditions of the old world...

"The claim of the European continent and the European nations to leadership in the history of the last two millenia consisted in the fact that it had its own idea of the world. Now that the old European ideologies have in various forms become the general possession of all continents, it is impossible for Europe to make its new claim to leadership on the basis of those ideas. When therefore a new Europe comes into the world and claims to represent a definite leadership within the human community, then this new Europe must inevitably turn away from the old ideas...

"In this sense, we are today seeking to overcome the spiritual and psychological principles of the last two millenia, to revolutionize the European continent as a Germanic continent, and to stabilise and perfect it as a bulwark of the new idea of NS. Out of this idea there grows a new outlook on the world, a new culture, a new welfare, and there arises a new humanity which lives in accordance with a new heroic law. In this sense the present war and the present time represent a turning point in the history of the world.

"The philosophy of National Socialism looks upon the German as being a helper of God in the perfection of the world" (3)

(3) I.C.P.E.S., Geneva, in L.E., New York 23rd. December, 1943.

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# TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE December 31,1941

TO Secretary Morgenthau

FROM Mr. Kamarck

Subject: Summary of Military Reports

Far East

On December 25, a Japanese raid was made on Rangoon and on an airdrome near the city. 54 bombers escorted by 30 fighters were used. A total of 20 Japanese planes were shot down. In the fighting, the British lost four planes, the American Volunteer Group (Colonel Chennault) lost two, and two planes were destroyed on the ground, making total Allied losses eight planes. (This raid was reported in the papers, but this is the first confirmation of the large Japanese losses.)

(U.K. Embassy, Operations Report, December 27,1941)

Mediterranean

The British have cumulative evidence that a German base for supplying fuel oil on a big scale is being established in the Marseille vicinity. The oil is being sent from Germany via Lyon and the Rhone River. The reports estimate the quantity at from 27,000 to 40,000 tons. Both diesel oil for submarines and gasoline for motor torpedo boats is included. The German U-boats now in the Mediterranean have been using Spezzia (northwest Italy), but there is no evidence that any of the oil is to be shipped there. It may be that Marseille is to be used as an alternative supply base.

(U.K. Embassy, Operations Report, December 27,1941)

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(We have, in the last month, received many reports of an increase in German strength in the Mediterranean and of greater collaboration between the Vichy French and the Germans. All of this may be purely defensive, but it bears suspicious resemblance to the German preparations in the east before the attack in Russia and the Japanese preparations in Indo-China prior to December 7.)

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O-2/2657-220; No. 586 M.I.D, W.D. 11:00 A.M., December 31, 1941

# SITUATION REPORT

I. Pacific Theater.

Philippines: Hostile air operations continuing. Japanese are dive-bombing roads. In the north, Japanese pressure is developing on U. S. right. In the south, planned withdrawals are being made. Hawaii: Negative reports. Malaya: No substantial change in the situation. Singapore, Kuantan (on east coast), and Kluang (Johore Province) were bombed by the Japanese. Sarawak: The Japanese have occupied Kuching. West Coast: No further reports have been received.

II. Eastern Theater.

The German High Command reports the repulse of strong enemy attacks on various sectors of the eastern front. Russians claim the capture of Kozelsk, south of Kaluga.

In the Crimea the Russians claim to have taken Kerch and Theodosia.

III. Western Theater.

No further reports have been received.

IV. Middle Eastern Theater.

Ground: There is a noticeable stiffening of the Axis defense in the Agedabia sector.

Air: The R.A.F. continues offensive operations despite bad weather conditions.

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