

DIARY

Book 535

June 1 and 2, 1942

- A -

	Book	Page
Aircraft War Production Council, Incorporated		
Purpose and functions explained - 6/2/42.....	535	260
(See also Book <u>537</u> , page 279)		
Became issuing agent for War Bonds as result of Abbot Mills' efforts (see also Book <u>542</u> , page 300) - 6/25/42: See Book <u>542</u> , page 315		
a) Mills-HMJr conversation: Book <u>542</u> , page 316		

Alaska

See Deferments, Military		
Allison Engineering Company - Indianapolis, Indiana		
See Financing, Government: war Savings Bonds		
Appointments and Resignations		
Odegard, Peter H.: Appointed at \$22.22 per day - 6/2/42..	138	
Welch, Roy D.:		
Appointment discussed at 9:30 meeting - 6/2/42.....	122	
Appointment - 6/2/42.....	134	

- B -

Business Conditions

Haas memorandum on situation, week ending May 30, 1942 - 6/1/42.....	78	
---	----	--

- C -

China

Economic report by Adler from Chungking - 6/1/42.....	112	
---	-----	--

- D -

Deferments, Military

Discussion at 9:30 meeting - 6/2/42.....	126	
a) White considers HMJr's policy incorrect		
1) White memorandum - 6/2/42.....	140	
b) See HMJr-Gaston-Thompson conversation after conference with White - 6/25/42: Book <u>543</u> , page 3		
1) Due, Parks, and Melcher discussed		
2) Alaska: Minaker, Gatz, and Overman discussed		
c) McCarty, Milburn, Jr. (War Savings Staff): See Book <u>544</u> , page 8		
1) "Washington News" article, No. 1: Book <u>544</u> , page 24		
2) HMJr-McCarty conversation: "Thompson sent draft deferment blank to Board": Book <u>544</u> , page 64		
3) Conference; present: HMJr, Graves, Kuhn, Gaston, Thompson, Schwarz, McCarty, Mrs. Klotz, Miss Cullen, and Miss Austin: Book <u>544</u> , page 66		
a) Strayer, Martha ("News")-HMJr conversation: Book <u>544</u> , page 85		
b) Strayer article - 6/30/42: Book <u>544</u> , page 282		
4) Summary of case - 7/1/42: Book <u>545</u> , pages 1 and 9		
5) Letter to Local Board, No. 14, New York City: Book <u>545</u> , p. 7		
6) Gaston-McCarty conversation: Book <u>545</u> , page 16		
7) McCarty's letter to Draft Board: Book <u>545</u> , page 34		
8) McCarty's note of appreciation to HMJr - 7/3/42: Book <u>546</u> , page 87		

Deferments, Military (Continued)

Secretary announces he alone will pass on cases in future; no Acting Secretary to act in his absence; list attached - 6/30/42: See Book 544, page 284

Due, John F.

See Deferments, Military

- E -

Ecuador

See Latin America

Exports

To Russia, Free China, Burma, and other blocked countries, during 10-day period ending May 20, 1942 - 6/2/42.....

535 305

- F -

Financing, Government

Bankers ask Treasury for outline on future financing so that they may be as helpful as possible - 6/2/42.....

159

Sproul transmits report of special subcommittee on financing program - 6/2/42.....

164

War Savings Bonds:

See also Aircraft War Production Council, Incorporated  
See " United Kingdom

Likert-Ruml (see also Book 523) study on bond-buying habits of country since price ceilings went into effect discussed by HMJr and MacLeish - 6/1/42.....

17,20

a) Actual report - Office of Facts and Figures - 6/2/42.....  
1) Haas summary.....

222

219

b) Office of Facts and Figures report on preliminary results of poll concerning War Savings Stamps and their redeemability: Book 536, page 109; Book 538, page 170

c) Macy, R. H., reports on current customer activity - 6/3/42: Book 536, page 140

d) Conference; present: HMJr, Haas, Kuhn, Stewart, Currie, Ruml, Likert, and Hackman - 6/4/42: Book 536, page 226

e) Conference; present: HMJr, Likert, Bell, Kuhn, Haas, Odegard, Stewart, Warren, Murphy, Daggit, MacLeod, and Chapman - 6/18/42: Book 540, page 193

1) Proposals for study of purchasing power in a community: Book 540, page 208

Allison Engineering Company - Indianapolis, Indiana:

Delay in awarding Treasury flag because of union election discussed in Kuhn memorandum - 6/1/42....

34



- F - (Continued)

	Book	Page
Financing, Government (Continued)		
War Savings Bonds (Continued):		
Payroll Savings Plan:		
Reimbursement of cost-plus-a-fixed-fee contracts for expenses incident to purchase by employees of bonds - War Department directive - 6/1/42.....	535	36
Operation in shipbuilding, aircraft, and railroad industries - 6/1/42.....		67
a) HMJr considers <u>very</u> poor showing		
Music: Welch (Roy D.) memorandum - "Suggested Projects for Using Music in Treasury Program" - 6/1/42.....		44
(See also Book 538, page 134)		
High Schools (Junior and Senior): Gaer memorandum on messages from Government and military leaders to - 6/1/42.....		47
"The Minute Man" news letter - 6/1/42.....		56
Progress report - 6/1/42.....		57
Sales, May 1942 - 6/1/42.....		72
a) Copies sent to FDR, Wallace, etc. - 6/2/42.....		243
(For responses see Book 536, pages 106 and 319)		
Foreign Funds Control		
Switzerland: New York agencies of Swiss Bank Corporation, Swiss American Corporation, and Credit Suisse - examination of - Foley memorandum - 6/2/42.....		301

- G -

Gaer, Joseph		
See Financing, Government: War Savings Bonds		
Gatz, Peter		
See Deferments, Military: Alaska		
Gold		
Purchase Agreements - White report - 6/2/42.....		312

- I -

Inflation		
See also Speeches by HMJr		
For Likert-Ruml studies on spending habits since price ceilings were established, see Financing, Government: War Savings Bonds		

- J -

Japan		
See Treasury Employees		



- L -

	Book	Page
Latin America		
Ecuador: Revaluation of currency - 6/2/42.....	535	341
Lend-Lease		
Operating report, week ending May 30, 1942 - Mack memorandum - 6/2/42.....		313
United Kingdom: Vesting order sales - 6/2/42.....		316-321
Likert, Dr.		
See Financing, Government: War Savings Bonds		

- M -

Mack, Clifton E. (Director of Procurement)		
See Procurement Division		
McCarty, Milburn, Jr.		
See Deferments, Military		
Melcher, Daniel		
See Deferments, Military		
Military Reports		
British operations - 6/1-2/42.....		114,344
Kamarck summaries June 1-2, 1942.....		116,346
Mills, Abbot, Jr.		
See Aircraft War Production Council, Incorporated		
See also Book <u>542</u> , page 300		
Minaker, Cecil		
See Deferments, Military: Alaska		
"Minute Man, The"		
See Financing, Government: War Savings Bonds		
Molotov, Foreign Minister		
See U.S.S.R.		
Music		
See Financing, Government: War Savings Bonds		

- O -

Odegard, Peter H.		
See Appointments and Resignations		
Office of Facts and Figures		
See Financing, Government: War Savings Bonds		
Overman, Wesley		
See Deferments, Military: Alaska		

- P -

Parks, David A.		
See Deferments, Military		
Philippine Islands		
See Treasury Employees		
Procurement Division		
Mack told to insist upon appointment with HMJr in emergency - 6/2/42.....		118

- R -

	Book	Page
Radio (Frequency Modulated) Network		
See Secret Service		
Revenue Revision		
See Speeches by HMJr: Inflation		
\$25,000 Salary Limitation: FDR's plan talked over by 9:30 group - 6/2/42.....	535	130
(See also Book 538, page 88)		
Charitable organization engaged in business: HMJr and Paul discuss Treasury point of view on - 6/2/42..		170
Roosevelt, Franklin D.		
See Secret Service		
Ruml, Beardsley		
See Financing, Government: War Savings Bonds		

- S -

Schools, Junior and Senior High		
See Financing, Government: War Savings Bonds		
Scotland		
See United Kingdom		
Secret Service		
Frequency Modulated Radio network - establishment of reported - 6/1/42.....		73
FDR - protection of at Hyde Park estate - Secret Service memorandum - 6/1/42.....		76
Sproul, Allan		
See Financing, Government		
Stabilization Agreements		
Status of - White report - 6/2/42.....		312
Switzerland		
See Foreign Funds Control		

- T -

Tanks, American		
See U.S.S.R.		
Taxation		
See Speeches by HMJr: Inflation		
Treasury Employees		
Japan and Philippine Islands: Exchange of official personnel discussed in Thompson memorandum - 6/1/42..		94
\$25,000 Salary Limitation		
See Revenue Revision		

- U -

U.S.S.R.		
American tanks - Russian comments on: Kamarck memorandum - 6/1/42.....		110
Molotov, Foreign Minister: Litvinoff asks HMJr to lunch to meet - 6/2/42.....		145

- U -

	Book	Page
United Kingdom		
See also Book <u>523</u>		
British Voluntary Savings Campaign - Casaday report - 6/1/42.....	535	95
Scotch Voluntary Savings Campaign - Casaday report - 6/2/42.....		326
a) Report - 6/5/42 (discontinued thereafter): See Book <u>537</u> , page 191		

- W -

War Savings Bonds		
See Financing, Government		
Welch, Roy D.		
See Appointments and Resignations		
" Financing, Government: War Savings Bonds		



1st Draft 6/1/42

DRAFT OF SECRETARY MORGENTHAU'S BROADCAST, WEDNESDAY JUNE 3.  
This is the first of a series of nationwide broadcasts by leaders of the Government to follow up the President's seven-point economic program of April 27th.

Five weeks have gone by since President Roosevelt outlined a national economic policy for fighting the rising cost of living. You will remember that he called for heavier taxation, for fixing prices and rents, for stabilizing wages and farm prices, for putting more billions into War Bonds, for rationing scarce commodities, and finally, for checking instalment buying and paying off debts and mortgages. Those were the President's marching orders for the battle against inflation, the battle on the home front which is part and parcel of the great war in which we are engaged.

The President warned us that this battle would involve rigid self-denial for all of us. I should like

A

to repeat tonight just a few words of what he said. "We cannot fight this war," he said, "we cannot exert our maximum effort on a spend-as-usual basis. All of us are used to spending money for things we want but which are not absolutely essential. We will all have to forego that spending. We cannot have all we want if our soldiers and sailors are to have all they need."

In the weeks since then the American people have shown a truly wonderful willingness to carry out the President's program. ~~I doubt whether a finer response would have come from the American people of Washington's time, or Lincoln's, or in any of the heroic periods of our history.~~ There has come into every agency of the Government a flood of letters, resolutions and practical expressions of support, all pledging the people's readiness

to do whatever might be needed. But I wonder whether we know, even now, that the rising cost of living is an enemy just as insidious and just as cruel as the enemies we are fighting abroad. And I wonder whether we know, even now, just what each of us must do individually to keep the cost of living down.

Price-fixing and rationing have been begun by Executive Order, but they can do only a part of the job. This, after all, is a Government that operates by consent and cooperation. The President's program requires more than a mere acceptance on the part of the people. It can be carried through to success only if there is active and constant cooperation from each and every one of us.

Boiled down to its essentials, the President's program is a call for self-restraint -- not just by a



few of us, but by all of us; not just occasionally, but every day as long as the war may last. Our war industries need all the materials and all the labor they can get. Our fighting men and our allies in all parts of the world need those materials to win the war. If we spend our money extravagantly, foolishly or even normally to satisfy our own wants, we handicap our war production program, and at the same time we push the cost of living upward, with ruinous consequences to our war effort and to our economic future.

~~I sometimes wish that there could be a~~ <sup>The</sup> patriotic

*ny American should extend into*

conscience <sup>^</sup> ~~inside~~ every American pocket or wallet or

handbag. If that conscience could speak it would ask you these questions every time you were about to spend your money. It would ask you "Do you really need what

you are going to buy? Can't you do without it? Why not wait with buying it until after the war? Why not put your money at your country's service now?"

I am in dead earnest when I say that any man or woman who chooses this time to go on a buying spree is committing an act of sabotage against our war effort.

~~Any man or woman who flaunts new possessions or new clothes or new gadgets at this time is doing a greedy and unpatriotic thing.~~ The patriotic thing to do, and the smart thing as well, is to make old clothes last longer, to eat simpler meals, to patch up old household appliances instead of buying new ones, and to do everything else that is possible to cut down on personal spending. If there is any one place where the battle

- 6 -

against the rising cost of living can be won, it is right in your pocket, your wallet or your handbag.

We at the Treasury have a rather special interest in the American pocket, as you all know. It is our job to finance this greatest and costliest of all wars, a war that is already costing 130 million dollars every day. It is also our job to finance the war in such a way that it will not bring skyrocketing prices and all the other evils of inflation in its train. To accomplish these purposes we have two chief instruments at our disposal: the first, taxation, and the second, the sale of War Bonds and Stamps. Each of them is a vitally important part of the President's seven-point program, and unless each of them is successful the seven-point program as a whole cannot possibly succeed.



The Treasury has already recommended to Congress new taxes that will yield eight billion seven hundred million dollars of additional revenue in the fiscal year that ends in June of 1943. That is a colossal sum; yet, as I told the Ways and Means Committee of the House of Representatives, which is charged with the duty of writing the new tax bill, this amount is the very least that we can afford to ask of the American people at this critical time.

In order to have taxes paid in accordance with the ability to pay, we have recommended sharply increased rates on corporations and on individuals in the higher income levels. In order to spread ~~the privilege of~~ taxpaying as widely as possible, we have recommended

the taxation of           million individuals with smaller incomes who have never paid direct taxes before. In order to make this huge program as fair as possible, we have urged Congress to abolish a number of special privileges by which a comparatively few wealthy taxpayers have been able in past years to escape their just share of the burden.

In order to be sure that we are taking the profit out of war, we have recommended a tax rate of 94 cents on every dollar of excess profit beyond a reasonable rate of return. It is a loathesome thing to enrich oneself at a time of national sacrifice and danger, and the American people are determined that there shall be none of it in this war. In addition to recommending higher excess profits taxes, I served notice upon American corporations only the other day that we would

permit no trickery and chicanery to distort tax returns so as to reduce a company's profits and thus to reduce its tax liability.

I have been shocked, to put it mildly, at evidence that companies profiting from war contracts are distributing extravagant amounts in salaries, bonuses and other corporate expenses so that they might escape paying full and fair taxes on those profits to the Government. ~~One company, which makes an important airplane part, is owned by one man who hired himself as its sales representative and paid himself \$1,656,000 in 1941. Another company, which makes a device important to aviation, has its patent protected by the United States Government, yet it boosted its royalty rate on that patent from ten to fifteen percent while our country was preparing for war. As a result, the~~



~~royalties paid to the company jumped from \$87,000 in 1939 to \$1,179,000 in 1941, and the two heads of the corporation were able to increase their salaries from twelve and fifteen thousand dollars in 1939 to seventy-two and ninety thousand dollars in 1941. I mention these cases to you tonight to show you that We are watching the tax returns of every company engaged in war production, that we are in a position to expose and prevent any cheating on tax returns, and that we are determined to make such companies pay what they really owe.~~

The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to comment on the details of what they are about to recommend. I should like to say only this: that whoever seeks to whittle down the amount of the new taxes is utterly mistaking

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- 11 -

the temper of the American people. Let it not be said of the new tax program that it was too little and too late. The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be disappointed in their leaders only if those leaders fail to ask them for the very maximum that can be achieved, in the field of taxation as in every other phase of the war effort.

The same willingness has been shown by millions of Americans in the past year, and especially in the past few months, in the buying of War Bonds and Stamps. ~~As the President said, we are relying on this kind of voluntary investment to cover a large part of the cost of the war and to play a vitally important role in the fight to keep the cost of living down.~~

A

I am very happy that the national quota of \$600,000,000 for the month of May was exceeded and that our total sales for the month reached \$ . This was a fine accomplishment, made possible by the efforts of an army of devoted volunteer workers throughout the country and by millions of patriotic men, women and children who put their dollars to work for victory in this way. ~~Even more encouraging than the total amount sold was the fact that more than two-thirds of the total sales came from the "little bonds," the Series E Bonds which are bought to a large extent out of current earnings.~~

But we shall have to do much better in June and in the following months. The quota for June has been fixed at \$800 million, and in July and every month thereafter we expect a billion dollars. I am not fond of prophesying,



but I know that we can reach a billion a month, and that we will reach it, if everyone ~~puts into War Bonds the money that would otherwise be spent for non-essential things.~~

~~Every day I get encouraging reports of the progress of payroll savings plans under which our workers are setting aside a part of their pay every pay day to help win the war. This month the Government workers in Washington and throughout the country will make a special drive to set aside at least ten percent of their pay regularly, and thus to set an example for the country as a whole. If everyone who gets a regular income will cut down on personal spending and put at least ten percent of his earnings into War Bonds. It will be a big step toward financing the war and it will be a decisive victory in our fight against the rising cost of living.~~

- 14 -

It will mean much more than that. It will mean that we are building the kind of future we want for ourselves and our children. A great deal has been said and written in recent weeks about the kind of political and economic system we want after this terrible war is over. But let me remind you that no Government or group of governments can decide the shape of the post-war world by writing a constitution or waving a magic wand.

We can do a great deal to shape our future now. Our actions now will to some extent determine the kind of world we shall have after the war. Whatever we do now to assure economic stability in the post-war years will be worth all the speeches, all the resolutions, all the ambitious paper plans in which the post-war world is being outlined for us.

D-A

- 15 -

I feel strongly that every War Bond bought today is a brick in the foundation of the free and democratic world order that we are fighting to achieve. Millions in this country today are quietly establishing a reserve of spending power for themselves in the years after the war, and in that way they are guarding against the terrors of unemployment and want and fear.

There is nothing dramatic in saving your money, bit by bit, to buy War Bonds; there is nothing dramatic, for that matter, in any of the President's seven-point program. There are no medals in this war for self-denial, no matter how much courage or sacrifice it may involve. Yet it will ~~be a tremendously dramatic thing if the common sense and patriotism of the American people can bring them through this war without the horrors of inflation. It will~~ be an inspiring thing if the patriotic effort of the people them-



- 16 -

selves can finance the people's victory. We have a great opportunity, right now. We are going to rise to that opportunity. In the President's words, "We can, we will, we must."

D-A

June 1, 1942  
3:20 p.m.

HMJr: Hello.

Operator: Mr. MacLeish.

HMJr: Hello.

Archibald  
MacLeish: Hello, Henry.

HMJr: How are you?

M: Fine, thank you.

HMJr: Archie, you most likely know that your Dr. Likert  
is doing some work for us.

M: Yeah.

HMJr: And I just don't know what the exact set-up is,  
but I've been asking him to do two things. One,  
to get the reaction of why people do or do not  
buy bonds.....

M: Uh huh.

HMJr: .....and then more recently to find out what their  
spending habits are.

M: Uh huh.

HMJr: Now, I'm very anxious that he go ahead with that,  
because I've also got Beardsley Ruml working on  
it, you see.

M: Uh huh.

HMJr: Hello.

M: Yes.

HMJr: And Ruml has found for me that - I don't want to  
advertise this thing yet until I get a picture  
from the whole country - but since the price  
ceilings went in, there's been a sharp drop in  
buying, you see.

- 2 -

M: Yeah.

HMJr: Now, I asked last week for Likert to do this thing and to get it to me by the middle of the week, and I wondered, because if - and I've mentioned it to the President and he's tremendously interested - because everybody's taken it perfectly for granted that with the so-called gap of seventeen billion dollars, people are going to spend it, you see. Hello.

M: Yes.

HMJr: And if they're not going to spend it, the quicker we know it the better. And I've got Ruml coming down for lunch at one, and I've asked Likert.....

M: Yeah.

HMJr: .....and I wondered if you agreed that it was important enough to find out what they are, whether you could simply say, well, you're glad that he's doing this work and to give me a little priority over something else that he might be doing.

M: Yeah. Well, let me talk to his boss and find out what the schedules are and so forth, and we'll do anything we possibly can, Henry; and I'll call you back as soon as I know anything, or leave word with your secretary.

HMJr: No, I'd like to talk to you myself, because I'm really quite excited about it; because everything we're doing is - depends upon learning the middle of one week what the people's buying habits were the previous week.....

M: Yeah.

HMJr: .....and not waiting for Frances Perkins to get out a report six months old.

M: Yeah. All right. Well, I'll get word back to you personally then just as soon as I can talk to Keith.



- 3 -

HMJr: And if I should not work directly with Likert, would you let me know? I've been working directly with him.

M: Uh huh. I'll work the whole thing out, Henry, and call you back.

HMJr: And I would appreciate it.

M: Fine. Thank you.

June 1, 1942  
4:42 p.m.

HMJr: Hello.

Operator: Mr. MacLeish.

HMJr: All right.

Operator: Go ahead.

HMJr: Hello.

Archibald  
MacLeish: Hello, Henry.

HMJr: Yes, Archie.

M: On the subject of our conversation.....

HMJr: Please.

M: .....I think we can assure you that we can get done through Likert and by other means the things that you want done.

HMJr: Good.

M: We would be a little happier if the requests could come around through headquarters here, so that we could dispose of our various facilities much more usefully, and thus be more helpful to you, too.

HMJr: You mean to you?

M: Yes. If they'd come to me, or I will see that they're routed properly if they come to me.

HMJr: Well, we cleared Likert in the first place, I think.

M: Yeah. Yeah, that was all done, but Keith Kane, who is the director of that bureau, thinks that it would facilitate his work if the general

- 2 -

requests could come directly to his bureau, and if they come to my office, I'll see that they go to the right place.

HMJr: Well, I was delighted, because I - that's one of the - that's why I called you.

M: Yeah. Well, that's fine, Henry; and also, I want to add one other word.

HMJr: Yeah.

M: We will have prepared tomorrow a plan for a continual reporting on the whole broad economic front, which we think is going to be extremely useful to you and to other people on your front in the Government.

HMJr: Good.

M: All right, Henry.

HMJr: I'm making that talk for you Wednesday night.

M: Yes. You're very kind. I appreciate that a lot. I think that's terribly important to get done.

HMJr: Well, I hope it will be good.

M: Well, I'm sure it will.

HMJr: All right.

M: Thank you, Henry.

HMJr: Thank you.



June 1, 1942  
4:53 p.m.

HMJr: Hello.

Operator: Colonel Harrison.

HMJr: Hello. Hello.

Colonel  
Harrison: Mr. Secretary, this is Colonel Harrison.

HMJr: Colonel, I'm calling up to say thank you to you  
for getting us Joe Louis.

H: Oh, well, that's all right, sir. I'm glad we  
could do it.

HMJr: Well, it was just - there were about twenty  
thousand people, of which ninety-seven per cent  
were Negroes, and he just brought the place down.

H: Well, I'm glad to hear that.

HMJr: And it was a great, great success, and I wanted  
to let you know how much I appreciate all the  
trouble you went to.

H: Well, thank you so much, sir.

HMJr: Thank you.

H: Good-bye, sir.

HMJr: Good-bye.

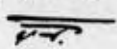
Supreme Court of the United States  
Washington, D. C.

CHAMBERS OF  
JUSTICE FELIX FRANKFURTER

June 1, 1942

Dear Henry:

Isn't it about time you and I saw one another again? So let's lunch together either Thursday or Friday of this week, either here or there, whichever place, in your opinion, affords the better grub. I have had enough of high thinking and low living.

Ever yours,  


Hon. Henry Morgenthau, Jr.

June 1, 1942.

Dear Harrison:

Thank you very much for sending me the picture from the Denver paper. I am glad to have the clipping and appreciate your thought.

Needless to say, I also appreciate what you say of both the boys. Even allowing for a father's prejudice, I too think they are "pretty swell". Allie went down to Key West recently to spend a few days with Bob. Henry went off very cheerfully and so far, seems to be enjoying Army life.

With best wishes to all of you from both of us,

Sincerely,

(Signed) Henry

Mr. Harrison Shaffeth,  
Equitable Building,  
Denver, Colorado.

GHF/abc

*File N.M.C.  
in mail*



25

18

MORRISON SHAFROTH  
EQUITABLE BUILDING  
DENVER, COLORADO

May 25 92

Dear Henry -

That you would  
be interested in the  
enclosed from yesterday  
news. I am sure  
Ellie will.

I think it is fine  
any enlisting as a  
private. I think  
Bob is pretty swell too.  
Wish he were with Jack's  
fleet. Best to all the  
family  
Morrison.

## Secretary Morgenthau Bids His Son Good-by



**GOES IN AS PRIVATE**—Henry Morgenthau III, son of the secretary of the treasury, says "so long" to his dad as he leaves New York for induction into the army as a private. Secretary Morgenthau experienced the same emotions as thousands of fathers when they see their sons off to the war. —Rocky Mountain News-Acme Telephoto.

## JOHN LEWIS FACES QUIZ BY UNION OVER ROCHE LOAN

By EDWIN A. LAHEY

Chicago Daily News Labor Writer  
Special Dispatch to The Rocky Mountain News

WASHINGTON, May 23.—Whatever else John L. Lewis does Monday when he calls the executive board of the United Mine Workers into session here he is expected to give the members his side of the debt controversy with the CIO. Lewis claims the CIO owes the miners \$1,675,000. Since he made the claim some months ago he has been withholding the per capita tax of the miners to the CIO.

There was speculation in labor circles here today, whether any of the few members of the miners' executive board who are still friendly with Philip Murray, in defiance of Lewis, will demand of the miners' chief an accounting of union funds tallying between \$500,000 and \$600,000 which have been poured into the Rocky Mountain Fuel Co. of Denver, of which Miss Josephine Roche, well-known liberal industrialist, is president.

From official records and other sources it was learned here that the miners' money (for which member of the executive board are legally liable) was siphoned into the distressed coal corporation of Miss Roche by means of a dummy corporation called Lewmurken, Inc.

Lewmurken, Inc., was incorporated a few years ago



Miss Josephine Roche

(Continued on Page 6)

# Don't Let Your War Hopes Run Wild!

—Story on Page 2



## Lewis Faces Union Questioning \$500,000 Roche Loan

(Continued from Page 1)

John L. Lewis' idea for getting passes into the stockholders' meetings of the great corporations where laborers could attack the labor policies of the corporations before a public sounding board.

The name of the dummy corporation was taken from the first syllables of the last names of John L. Lewis, Philip Murray and Thomas Kennedy, secretary-treasurer of the UMW.

The UMW publishes a report of receipts and disbursements for its members. But does not publish a balance sheet of assets and liabilities, and money advanced to Roche's coal corporation is covered up as far as membership of the Miners Union are concerned, under unexplained disbursements to Lewmurken, Inc.

Lewmurken, Inc., then advanced the money to the Rocky Mountain Fuel Co. where it was used for working capital, the purchase of new machinery and to pay the interest of the corporation and prevent foreclosure of the bondholders.

The original advance to the coal corporation by Lewis was for \$100,000. A few years ago, the corporation sought a loan from the RFC to pay off Lewis and refinance its existing indebtedness of three million dollars and was refused.

This caused a one-day publicity scandal. Since that time Lewis has continued to siphon funds of the miners from the coal corporation through Lewmurken, Inc. The amount now exceeds \$500,000.

Observers here pointed out that the membership of the union is entitled to demand of Lewis an accounting of the money he has furnished the coal corporation, to demand an estimate from him on their chances of getting the money back and to demand further information about the corporation upon which the loans were secured.

There apparently is no record, either in conventions or in meetings of the executive board, of authorization to Lewis for these transactions.

## Miss Roche 27 Silent on Lewis Loan

Miss Josephine Roche, president of the Rocky Mountain Fuel Co., declined in Denver last night to comment on dispatches from Washington concerning funds assertedly advanced to her company by the United Mine Workers of America.

Miss Roche, long prominent in political, industrial and labor affairs both of Colorado and the nation for many years, returned some time ago to Denver from Washington to devote most of her time to administration of the coal company, which she has headed, except for a three-year interval, since 1929.

She had served as an assistant to Secretary Morgenthau for several years. She also served as president of the National Consumers League, as director of the Foreign Language Information Service and has held numerous other posts in national organizations.

In 1934 Miss Roche sought nomination as candidate for the governorship of Colorado but was defeated by Edwin C. Johnson in the Democratic primary.

## Deputy D. A. Shoots Self Instead of Target

Robert Kingsley, deputy district attorney, suffered a gunshot wound in his left wrist yesterday while target shooting near Parker, Colo.

Mr. Kingsley was steadying the barrel of a .22-caliber pistol on his wrist and the gun slipped as he fired. The wound was not regarded as serious. Mr. Kingsley was treated at Presbyterian Hospital.



OFFICE OF CIVILIAN DEFENSE  
WASHINGTON, D. C.  
MAY 28 1942

Farin 28 ✓

JUN 1 1942

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

Dear Mr. Secretary:

At a discussion meeting held on Induction ceremonies, Rallies, Special Days, and Town Meetings, we asked the Assistant Regional Directors in charge of Civilian Mobilization to report on what their local communities were doing.

I reported the Beacon incident as an example of lack of community organization and cooperation. Mrs. Oswald Lord of Region II was deeply disturbed at this report, in view of the activity which is taking place throughout New York State.

Two members of the field staff of Mrs. Pennock, Director of Civilian Mobilization of the New York State War Council, have been working with the General Staff at the Selective Service Board of New York State as to where and when groups of men are leaving (after their 14 days leave). This field staff has been helping and guiding local defense councils in planning induction ceremonies.

From a telephone conversation Mrs. Lord had with Albany, she had learned that Beacon was included in plans which were going forward. Apparently there was some confusion about the date of the departure of the boys from Beacon--and which day of departure to celebrate. As you know, Beacon is not an induction center. Of the 128 selectees who left on May 21 for camp or for their examination, 18 of them were rejected and sent back. There was some feeling in the community, I am told, that it might have been embarrassing to the boys to hold a celebration on their departure in view of the fact that some of them would inevitably return with a sense of anti-climax. A good many communities have been concerned about this. The new 14-day provision will make it possible to conduct a program after the boys have been examined. Up to this time, it has been difficult to do anything outside the induction centers where the boys were actually on their way to camp.

In your own state of New York, however, a good deal has been done to pay proper respect to departing boys. Before long I believe the recurrence of such a scene as you witnessed in Beacon will be unusual anywhere in the state.

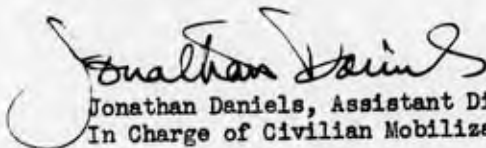
Honorable Henry Morgenthau, Jr.

- 2 -

I have written to General Hershey asking if it would be possible for the Selective Service System to give notice of the time of departure of boys to the State Defense Councils, or better still, to have local boards give this information to local defense councils.

The idea of the town meetings for war--or cracker barrel sessions on the war as they seem to be termed in some sections--seems to be catching on. They take a variety of forms as wide as the variety of possibilities in patriotic community expression. I am enclosing a report from the New York State Council on such meetings in Up-State New York in which I knew you would be interested.

Sincerely yours,

A handwritten signature in cursive script that reads "Jonathan Daniels". The signature is written in dark ink and is positioned above the typed name and title.

Jonathan Daniels, Assistant Director  
In Charge of Civilian Mobilization

Enclosure



SECTION FOR CITIZEN MORALE  
99 Washington Avenue  
Albany, New York

May 27, 1942

PROGRAM FOR THE DEPARTURE OF THE SOLDIERS FROM INDUCTION CENTERS

(The following report is prepared by Mr. Herring in Mrs. Hurlburt's absence. On Mrs. Hurlburt's return from a state meeting of the heads of the induction units, she will furnish a more complete report of the organization of the program.)

Mrs. Edward G. Hurlburt of our staff conferred at length with the head of the Special Services of the Army for the Second Corps area on Governor's Island concerning the development of programs in induction centers in upstate New York in connection with the departure of the selectees for camp. The Second Corps Area officials were very much concerned about the absence of any ceremonial on these occasions. Representatives were sent from Governor's Island to confer with the local army heads in charge of induction centers. Mrs. Hurlburt undertook to present the need to officials of War Councils in these induction centers, including Albany, Syracuse, Utica, Rochester, Buffalo, and Binghamton.

The first attempt was made in Albany and proved to be successful. Mrs. Hurlburt conferred with the Mayor and other interested officials. The Mayor referred the matter to Mrs. Fitzgerald, Chairman of Volunteer Participation. Mrs. Hurlburt then communicated with a representative of the American Legion. The final upshot of the matter was that a number of public citizens threw themselves wholeheartedly into the work, and departure programs were put on in Albany from the 13th to the 16th of May inclusive.

WOKO offered the hospitality of the station auditorium. The services of bands were donated. The program included some very spirited singing and a combination of ceremonial and entertainment features at the radio station. An address was delivered by the chief of the induction unit. The boys marched to the depot with music and departed in excellent spirits. The human item was that the boys leaned out of the car windows shouting "So long, Maj" and were otherwise heard to say that Albany was the best town they had struck on route. The serious element in the program was not overlooked. It may be that experience will suggest a greater emphasis on one or another aspect of these occasions. There was no doubt about the ceremony filling a real need. The towns folk were generous with cigarettes and cigars and a great deal of spontaneity attended the program.

Prior to this effort, the only observance of any sort in the state had been developed by the induction unit at Syracuse as a result of the feeling of the officer in charge that the boys were given a very bleak farewell. This Syracuse attempt was carried out successfully and



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- 2 -

probably was responsible for a part of the army's keen interest in seeing that the idea was further developed. Mrs. Hurlburt had subsequently been in touch with the War Council and induction heads of the other induction centers and it now seems certain that we shall have a complete up-state coverage.

So far as the interest of the Section for Citizen Morale is concerned, this is one phase of our whole attempt to maintain close relationship between the communities and the men in the armed services - a task which we believe to be very important in the building of morale both in the community and at the front. One of the projects we are promoting is the sending of letters, news clippings and information about various home interests, war production, and the like, to men at the front. Community groups such as service clubs, nationality societies, etc., are encouraged to develop this as a group project. Not only will the departure ceremonials and the sending of letters and news clippings maintain the closeness of ties with the home community but it affords an opportunity for the exchange of ideas, thereby assisting both the men in the armed services and the people at home to gain a more complete understanding of the war.

The Section for Citizen Morale undertook to assist in this work partly because there seemed to be no other agency that had undertaken the task. The Section has not attempted to function directly in any of these programs but has served rather as an agent for stimulating the communities to develop their own activities.

The new fourteen day provision by which men will have an opportunity to return to their communities after final acceptance will make it possible to develop programs in a larger number of communities. Up to this time, it has been unwise to arrange any farewells in the communities which are not induction centers because some thirty odd per cent of the men are subsequently rejected and feel embarrassment in returning to their communities after departure ceremonies have been held.

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HEROLD GRAVES\*\*DELIVER MONDAY JUNE 1 OFFICE SECY TREASURY  
(MRS KLOTZ)

I AM DISAPPOINTED TO LEARN THAT MR HOFlich'S REPORT ON CANADA HAS NOT BEEN CIRCULATED GENERALLY AMONGST THE HEADS OF THE VARIOUS DIVISIONS OF YOUR STAFF I WANT TO DRAW YOUR PARTICULAR ATTENTION TO THE INTERVIEW WITH MR TURNBULL OF THE MONTREAL VICTORY LOAN CAMPAIGN WHO SAYS QUOTE HE POINTED OUT THAT THE GOAL OF ALL PUBLICITY IS TO CLOSE THE SALE AT THE TIME IN THE MINDS OF THE SPECTATORS THE ONE IMPORTANT QUESTION WITH RESPECT TO ALLPUBLICITY IS DOES IT SELL BONDS UNQUOTE

WITH THIS IN MIND I DEFINITELY WANT A SHORT SPEECH TO SELL BONDS AT EACH MEETING OF ENGLISH AVIATORS COPY OF THIS TELEGRAM TO PETER ODEGARD FERDINAND KUHN AND MRS KLOTZ

HENRY MORGENTHAU JR

823A



## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE

TO

**Secretary Morgenthau  
Attention Mrs. Klots**

FROM

**Robert W. Coyne****June 1, 1942**

In accordance with our conversation of yesterday, Major Benjamin Namm has been invited to a conference with you tomorrow morning.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 1, 1942.

TO Secretary's files  
FROM Ferdinand Kuhn, Jr.

Mr. Reuther of the C.I.O. telephoned the Secretary on the evening of May 29th to ask that we postpone the awarding of the Treasury flag to the Allison Engineering Company of Indianapolis. Mr. Reuther explained that there would be an election among the employees between the C.I.O. union and the company union on June second, and said that our awarding of the flag on May 30th probably would tilt the scales in favor of the company union.

The Secretary asked me to investigate, and said that he would be glad to have the flag ceremony postponed if it could be done without making the postponement too obvious or conspicuous. I asked Mr. Coyne of our War Savings Staff to call Mr. Pulliam, our State Administrator for Indiana, but not to tell him the reason for our inquiry.

Mr. Coyne later reported to me that arrangements for a public ceremony had been made, that advertising had appeared in the newspapers and that a radio hookup had been arranged for the morning of May 30th. Accordingly, he did not ask Mr. Pulliam for a postponement. I then reported this to the Secretary, who agreed that it was better to let the flag ceremony take place as arranged.

F.K.

no:

Mrs. Klotz 35

D The Secy. wanted  
This War Dept. directive  
for his files.

swB  
6/4

Office of the Under Secretary



6111436

Supplement I

**Subject: Reimbursement of cost-plus-a-fixed-fee contractors for expenses incident to the purchase by employees of War Savings Bonds under pay-roll allotment plan.**

1. In furtherance of the campaign of the Government to obtain a widespread distribution of War Savings Bonds cost-plus-a-fixed-fee contractors are arranging in accordance with the written authorization of their employees to make pay-roll allotments to be applied to the purchase of War Savings Bonds and to deliver bonds to employees when subscriptions are fully paid. In this connection the Comptroller General in B-23888, April 23, 1942, has approved the procedure outlined in the memorandum of the Fiscal Division released on April 24, 1942 as meeting the requirements of his office.
2. Incident to the completion of the employee's subscription it may be found desirable in the interest of the war effort to arrange with such contractors to inscribe the bonds and to make delivery directly to the individual employee. In such cases the contractor, subject to the approval of the contracting officer, may make the arrangements necessary to accomplish the inscription and delivery of the bonds in the most practicable manner.
3. Cost-plus-a-fixed-fee contractors will be reimbursed for the necessary expense involved in carrying out the procedures outlined in the memorandum of the Fiscal Division dated April 24th and in the foregoing to the extent that they are connected with the performance of the contract.

By command of Lieutenant General Somervell:

(Sgd) Brig. General A. H. Carter  
Director, Fiscal Division

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 1, 1942

TO Secretary Morgenthau  
FROM Ferdinand Kuhn, Jr.

Here are the names of the men the British are sending for our tour.

Squadron Leader John S. Nettleton, V.C.  
Sergeant Huntly, D.F.M., wireless operator and air gunner.  
Both these men took part in the raid on the Diesel engine factory at Augsburg.

Pilot officer Taylor, D.F.C.  
Flight Sergeant Riddell, D.F.M., wireless operator and air gunner.  
These men took part in the raids on Lubeck and Rostock.

Wing Commander Loudon, D.F.C.  
Flight Lieutenant McColpin, D.F.C.  
These men are fighter pilots.

Lieutenant Boyd of the Royal Naval Volunteer Reserve.  
Chief Engine Room Artificer Howard.  
These men fought in the big Commando raid on St. Nazaire.

Lieutenant Hall of the Lancashire Fusiliers.  
Sergeant Herbert of the Commando forces.  
These men fought in the Commando raid on Vaagso, Norway.

It is planned to have this group arrive in Montreal June 6th, bringing photographs and career stories which can be given to the press on the morning of their arrival in New York June 8th. The British do not want the names announced until then.

F.K.

Squadron leader Tuttleton V.C. } August 38  
Sergt. Huntly, D.F.M. }  
Wireless operator - air gunner -

Post officer Taylor, D.F.C. - Lutetia-Rostock

Flight Sergt. Riddell, D.F.M. - Rostock  
Wireless op. - air gunner

Wing Comm Louden D.F.C. }  
Flight Lieut McClellan, D.F.C. }  
Fighter pilot.

Lieut. Boyd, R.N.V.R. -

Chief Engineer Antipicir Howard }  
St. Nazaire Commando raid

Lieut. Hall -

Lancashire Fusiliers  
Vaagsø Raid on Norway

Sergt. Herbert - Commando

Bringing photos & cover stories. -



June 1, 1942.

The Secretary of the Treasury announces that a small group of officers of the Royal Air Force, Commando units and other British forces will come to this country shortly at the invitation of the Treasury Department, and will visit a number of American cities together with a similar group from our own Army, Navy and Coast Guard.

The tour has been made possible by the cooperation of the British Air Ministry, the United States Army Air Corps and the Navy Department.

Each of the men assigned to take part in this tour has distinguished himself in actual combat with the enemy. It is intended to have the combined group appear at patriotic rallies at which the men can tell briefly of their own experiences. The rallies will also promote the sale of War Bonds and Stamps.

Mr. Spyros Skouras, president of Twentieth Century Fox, Inc., is arranging the meetings throughout the country at the request of Secretary Morgenthau. He will be assisted by civic officials and will have the cooperation of War Bond leaders in the various cities.

The names of those making the tour and the list of cities which they will visit will be announced later.

-oOo-

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41 ✓

TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION

*See Buffus memo  
of 5/29*

DATE June 1, 1942.

TO Secretary Morgenthau  
FROM Mr. Kuhn

Here are the leaflets which were scattered from  
the balcony at the Chicago Negro Rally.

*F. K.*

# Wake Up Negro America!

*"Winning Democracy For the Negro Is Winning the War For Democracy"*

**Stand Upon Your Feet and Mobilize! Organize!  
and Fight for**

**EQUAL RIGHTS  
EQUAL OPPORTUNITY  
IN OUR COUNTRY**

**We Demand The Right To**

**FIGHT  
SERVE AND  
WORK**

**} IN ALL BRANCHES AND DEPARTMENTS**

**of the Army - Navy - Air Corps - U. S. Marines - Government - Defense Industry - as:  
Officers In All Ranks - Technicians In All Ranks - Skilled - Semi-Skilled and Unskilled  
Workers In All Ranks.**

We demand equal opportunity for training to become officers and skilled workers.  
We demand representation on all policy-making committees, boards and  
commissions of the government.

## 50,000 Negroes March

**STORM THE COLISEUM**

1513 South Wabash Avenue

**FRIDAY EVENING JUNE 26**

**TO CONDEMN AND DENOUNCE**

1. Mobbing, Shooting, and Killing of Our Negro Boys in Uncle Sam's Uniform.
2. Detroit Housing Riot Against Negroes.
3. Jim-Crow Policy of the Navy - Army - Air Corps - U. S. Marine.
4. Insult of the Red Cross in Segregating Negro Blood.
5. Lynching at Sikeston, Mo.

**Back and Support the Fair Employment Practice Committee with Unified-Informed  
and Militant Public Opinion.**

**Fight For The Right To Live—Work and Be Free**

**SPONSORED BY  
CITY - WIDE COMMITTEE**

**INITIATED BY  
MARCH ON WASHINGTON COMMITTEE**

**Headquarters: Y.W.C.A., 4559 South Parkway. Telephone Atlantic 1434.**



# WAKE UP, NEGRO AMERICA!!

*Winning Democracy for the Negro Is Winning the War for Democracy"* C#1, DEFENDER 27, 28

and Upon Your Feet and Mobilize! Organize! and Fight in an All-Out and All-Negro Demonstration of Power, Courage, Will, Pride of Race and Patriotism for

**EQUAL RIGHTS--EQUAL OPPORTUNITY--RACIAL EQUALITY  
IN OUR COUNTRY**

*We Demand the Right to  
FIGHT, SERVE and WORK  
All Branches and Departments*

*of the Army - Navy - Air Corps - U. S.  
Marines - Government - Defense Industry  
as: Officers In All Ranks - Technicians  
All Ranks - Skilled - Semi-Skilled and  
Unskilled Workers in All Ranks*

*We Demand Equal Opportunity for Training to Become  
Officers and Skilled Workers. We Demand Representa-  
tion on all Policy-Making Committees, Boards and  
Commissions of the Government*

*Negroes Demand the Right to Make the Supreme  
Sacrifice for Democracy in the War Against Hitler -  
Mussolini - and Mussolini, but as Equals in Arms,  
Defense Industries and All Departments  
of the Government.*

*JOIN IN THE GREATEST, BIGGEST AND MOST  
STUPENDOUS AND TREMENDOUS GATHERING OF  
NEGRO PEOPLE FOR JUSTICE - DEMOCRACY -  
FREEDOM AND MANHOOD RIGHTS IN THE  
HISTORY OF THE WORLD.*

## 50,000 NEGROES MARCH

*Storm the Coliseum  
Friday Evening, June 26*

**TO CONDEMN AND DENOUNCE**

1. Mobbing, Shooting, and Killing of Our Negro Boys In Uncle Sam's Uniform.
2. Jim-Crow Policy of the Navy - Army - Air Corps - U. S. Marine.
3. Insult of the Red Cross in Segregating Negro Blood.
4. Lynching at Sikeston, Missouri.
5. Denying Negro Soldiers the Right to Eat in Dining Cars with White Soldiers while Traveling to and from Training Camps in the South.

**BACK AND SUPPORT THE FAIR EM-  
PLOYMENT PRACTICES COMMITTEE  
WITH UNIFIED, INFORMED AND  
MILITANT PUBLIC OPINION**

## IT'S NOW OR NEVER

*Fight for the Right to Live, Work and Be Free*

Sponsored by the CITY-WIDE COMMITTEE--Initiated by the MARCH ON WASHINGTON COMMITTEE  
Headquarters: Y.W.C.A., 4559 So. Parkway Phone Atl. 1434



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 1, 1942

*copy to  
Charles 6/3/42 - 44*

TO SECRETARY MORGENTHAU  
FROM R. D. WELCH  
SUBJECT: Suggested projects for using music in the Treasury program.

Dear Secretary Morgenthau:

My thought on the problem of using music in the Treasury program has been directed rather to increasing the number of participants in this program than to increasing the number of radio programs. I do not, however, believe the radio programs should be discontinued; in some cases I think they should be altered. But I feel that the more people and the more sections of the country that can be enlisted in the effort, the more responsibility and pride in the undertaking will be developed. With these major premises in mind, I have the following suggestions to make.

I. That the summer orchestral programs given by orchestras in many parts of the country (Philadelphia, Washington, Boston, Kansas City, Minneapolis, Seattle, etc., etc.) be asked to cooperate in dedicating at least one program every two weeks to the Treasury. This program should be of light classics such as attract summer crowds. On each program one soldier or sailor soloist to appear in uniform. The Army and the Navy have drafted, as you know, large numbers of young artists who would be entirely competent, with a few days practice, to give first class performances. I would suggest that these programs be open to all service men in uniform and that others in the audience pay the usual admission fee which, if possible, should be returned in the form of Savings Stamps.

I am aware that there is a problem here with regard to the musicians' union. If it cannot be cleared up, I am inclined to think that the advertising value of dedicating this program to the Treasury and of having a service man as soloist might compensate the orchestra for loss of paid

admissions by men in uniform. I believe also that this would stimulate local interest and enlist the cooperation of Boards of Directors and others concerned with the management and welfare of these orchestras.

I should like to see at least one of these concerts broadcast each week. And I believe that participation in singing by the entire audience should be made a feature of the program.

II. I am convinced that the "Community Sing" idea should be fully explored, especially in small communities. This would enlist the cooperation of a relatively large number in the communities, would draw in churches and schools, and give some distinction to local singers or instrumentalists. On such programs, I believe one or more short addresses should be given, preferably by local celebrities. And again I feel that if soldier or sailor directors or soloists will appear, interest would be immensely stimulated.

III. In every state there is a well-organized Federation of Music Clubs. These are commonly headed by persons of some social influence in the state, and they are generally known to be interested in patriotic enterprises. These organizations ramify to the smallest communities and their membership includes many of that very large number of musicians in this country who have been asking in the pages of musical journals and through their spokesmen at state meetings, "What can I do to help the war effort - does the Government have any use for musicians in this crisis?" I believe it worthwhile to canvass some of the presidents and local town officers of these Federated Clubs, at least to explore their attitude and possible usefulness in organizing local concerts, local sings, local festivals of one sort or another, for it is my experience that such persons are eager to be of service and wholly sincere in their efforts to cooperate with appropriate public enterprises.

IV. As for radio programs -

A. Though they do not reach the largest potential radio audiences, I believe that the programs of the higher class of music should, if possible, be maintained. It is not



only a matter of prestige, it is also a matter of morale and of encouraging the best talent, creative and executant, to have a part in the Treasury program. I believe, however, that we should explore the possibility of encouraging dignified American-tinged compositions of the sort represented by "Ballad for Americans", and to use at least one such on each of the major programs. The works of Gershwin, Kern, Victor Herbert, etc., have, I understand, been employed. I should believe that they were worth re-hearing or that other works by the same men might be used. I feel strongly that American folk songs, including those by Stephen Foster, and the national music of those countries which are represented by large numbers of our population, should continue to be worked into these programs.

B. I have no opinion about "The Treasury Star Parade". It would seem to me wise for it to be continued if there is evidence of its being listened to. As I can see, it is entirely expert of its kind.

In accordance with the suggestion made last week, I have asked Archibald Crossley, Director of the C.A.B. Program Report, for ratings on the Treasury programs. He informed me that there is little in his possession at the moment that would be of use to us, but he offered the full resources of his organization for the use of the Treasury at any time. I believe it would be of value to have him give us some opinion on the listening audience for "The Treasury Star Parade".

Finally, in my interviews with three young musicians whom I had invited to my office last week, I have unearthed evidence which leads me to believe it worthwhile to continue our search for new talent. I shall shortly go further in my efforts to find composers and writers who can build dramatic programs around music, who can employ the ideas prevalent in the common thought of the country as subjects for humorous or sentimental verses and songs, and I shall look further for someone who can catch the idea of the "Ballad for Americans".

Respectfully yours,

*R. D. Needell*



TO: Mrs. Klutz

DATE: June 1, 1942

FROM: Joseph Gaer

Here is a copy of a memorandum sent to Mr. Poland, and a draft of one of a proposed series of letters.

It would seem to me that if the idea is approved, (a) the Secretary should select the signatories to these letters and determine their order, (b) the President's message or letter should be the first in the series, and (c) the Secretary should arrange with the President and the others to obtain the messages or the approval of messages, if they are to be prepared for them.

TO: Mr. Poland

DATE: May 19, 1942

FROM: Joseph Gaer

TOPIC: Messages from Government and Military Leaders to Junior and Senior High Schools

The value of the published materials in education journals, as outlined in my memorandum of May 9th, might be greatly increased if coordinated with planned classroom discussions corresponding with the published topics. The journals would thus lead the discussions, as it were, and supply basic facts to teachers and pupils in the classrooms.

To keep the classes constantly interested, it might be advisable to stimulate the discussions with occasional or regular messages presented in the form of letters from Government and military leaders. These messages to our youth might be from: the President of the United States; the Vice-President of the United States; the Secretary of the Treasury; the Secretary of the Army; an Admiral; a war hero, etc. The messages should be limited to five or six minutes reading time and allow for class discussion.

These messages should be sent out to all junior and senior high schools through our own State Directors, with each copy addressed to a specific school so that in the reading the students would have a feeling of being personally addressed.

I am attaching an example of such a message. It would seem to me advisable to line up at least six people in whose names messages could be sent and to plan these to go out every month during the school year. But in view of the rapid changes that are taking place on the war front, only one or two such messages should be prepared now and the others should be written not more than six weeks prior to their use in the schools. But although the messages would be prepared in accord with changing circumstances they should have a continuity of educational purpose. The message attached takes up the question of what men fight for and reaches the conclusion that they fight for freedom. The next talk, therefore, should be devoted to the meaning of freedom in a democracy.

If this idea meets with your approval, the first message (or two messages) can be prepared early enough to be in the hands of principals when the schools open in the autumn.

Example of a Message

Entitled

"What is Dearer than Life Itself"

Addressed to

Junior and Senior High School Students \*

From

The Secretary of the Treasury

---

\* The name of each school should be inserted at the beginning of the talk.



- 2 -

I wish I could speak to you instead of writing to you, for I cannot think of anything that would give me greater strength than to look into your faces, the faces of young America to whom belongs that great future for which we are now fighting so grimly.

Some of you may still be too young to grasp the full meaning of this war. That is nothing to be ashamed of. There are many grownups who do not clearly understand why we are fighting--what we are fighting against, and what we are fighting for.

You all know that we are engaged in a war in which thousands and millions of men have lost their lives, and more thousands and millions of men will lose their lives before it is over. We do not live to kill or to be killed. We are a peace-loving people. The world over, men do not like to go to war; men do not like to be crippled; men do not like to die young.

- 3 -

Yet these men fight because they believe in something which they hold dearer than their lives. Men always fought to defend something held dearer than life.

The thing that men held dearer than life was not always the same. In very early days, when people still lived in caves and depended on hunting for their livelihood, they fought for the protection of their hunting grounds. Later, when the hunter turned shepherd many wars were fought for grazing grounds. And when people began to till the soil and no longer roamed from grassland to grassland, people fought for their farm land against invading hordes.

With the rise of civilization, some six or eight thousand years ago, men found that they could settle their disputes about hunting grounds and grazing grounds and land rights peacefully and in courts. But other things arose which civilized man held even dearer than his source of livelihood. Men began to fight for, and were ready to die for.--freedom.

- 4 -

Civilized people want many kinds of freedoms; and the more civilized they become, the more freedoms they demand. There is the physical freedom that makes the difference between slaves and free men. There is the freedom to express ourselves--whether in words or in writing--the freedom of speech and press. We also want religious freedom--the freedom to worship according to the dictates of our conscience. And we seek freedom from fear and want. Civilized man demands spiritual freedom as well as physical freedom. He does not want to be a slave in spirit or in body. For these freedoms of the spirit as well as the body civilized men will fight and, if necessary, die.

In the war we are now fighting side by side with our great allies against Hitler and his Axis partners, this great issue is to be decided: whether when you grow up you will be allowed to live as free men and free women--continuing to enjoy freedom of speech and freedom of religion, freedom of fear and the



- 5 -

opportunity to work out for yourselves freedom from want; or whether we will lose all our rights and become slaves to a group of ruthless men, and that when you grow up you will really be nothing more than slaves. This great issue is being decided not only for us in America, but for all the people in the world. This is a war which concerns every human being on the face of the earth. What is decided in this war will be decided not only for you and me, but for the entire of mankind.

We are fighting against tyranny and for democracy; against barbarism and for civilization; against slavery and for freedom.

We know that we are fighting on the right side of the battle for human freedom because: (1) We believe in truth and the enemy believes in lies. (2) We believe in equality and the enemy believes in enslaving all other nations. (3) We believe in reason and understanding and the enemy believes in blind obedience. (4) We believe in justice and the enemy scorns it.

- 6 -

And since the enemy's cause is founded on injustice, it cannot and it shall not endure.

To win this war--and we must win this war--all of us are called upon to make sacrifices. No, I do not like the word sacrifice. I do not consider it a sacrifice when you and I understand what we must do, and are eager to do, to help our nation win this war. All of us can help in our own way. All of us old enough to talk and strong enough to walk can help toward winning this war. It is not for me to tell you what you and you and you can do. Your parents and your teachers and your newspapers have already explained to you and will continue to explain to you what part you can take.

Sometimes you will be asked to do things that you think have nothing to do with the war. For instance, you may be asked to eat certain foods you do not particularly like and to finish all the food you are served, and you will wonder what that has to do with your helping to win the war. But if it is

- 7 -

explained to you that to eat well is to keep well, and if you are well your doctor can be spared to help where he is needed in the army, then you will realize that you must not waste food, and that you must keep well. There are many other things you will be asked to do which you may not understand how they help us defend our freedoms. Do not hesitate to ask questions. Take nothing for granted. That, too, can be an important part that you can play in helping win this war; the better you understand the reasons for certain demands being made upon you, the better you understand why you are asked to do one thing instead of another, why you are asked to conserve one thing or another, why you are asked to buy savings stamps and war bonds, the more help you can be to us and the more help we can be to you.

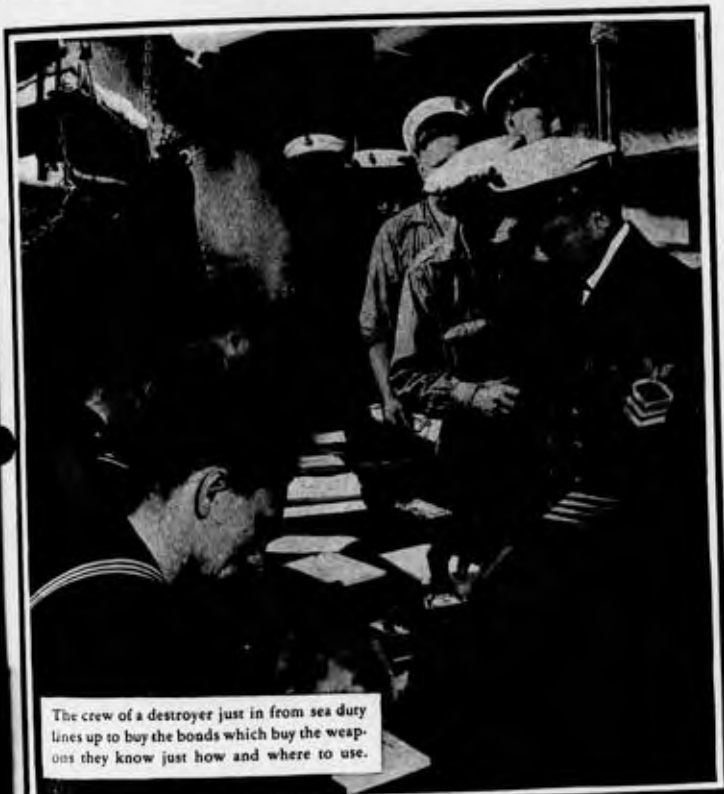
Yours for victory,

HENRY MORGENTHAU, JR.  
Secretary of the Treasury



June 1, 1942  
Vol. II, No. 3  
56

# *The* Minute Man



The crew of a destroyer just in from sea duty lines up to buy the bonds which buy the weapons they know just how and where to use.



*News Letter* OF  
THE WAR SAVINGS STAFF

# THE Minute Man

JUNE 1, 1942

VOL. II, NO. 1

## News Letter of the War Savings Staff, Treasury Department Contents

	Page
QUOTA CHALLENGE ACCEPTED EAGERLY .....	3
WAR BOND QUOTAS FOR MAY .....	5
MILLIONS PLEDGE TO BUY BONDS .....	9
NO DULL MOMENTS AT L. A. VICTORY HOUSE .....	12
SPECIAL EVENTS .....	14
WHAT WAR SAVINGS BUY .....	18
WITH THE FIELD FORCE .....	20
HOW TO MAKE A WAR BOND SALES TALK .....	24
PAY ROLL SAVINGS .....	34
WOMEN .....	40
EDUCATION .....	42
BANKING AND FINANCE .....	44
THE FALL OF FRANCE .....	46
FIGHTING MAD .....	48



Issued by the Field Division. The Minute Man seeks to create and maintain sales activities on behalf of United States Savings Bonds and Stamps by supplying information, ideas, inspiration, and instruction to members of the War Savings Staff throughout the United States, its Territories and Possessions. Printing approved by the Bureau of the Budget.

## Quota Challenge Accepted Eagerly

State and local WSS committees pitch in to bring War Bond sales for Nation to the \$1,000,000,000 monthly rate by July.

GOVERNORS of the States and Territories, informed by Secretary Morgenthau that their citizens had been given definite quotas in the drive to boost sales of War Savings Bonds to \$600,000,000 during the month of May, \$800,000,000 in June and \$1,000,000,000 in July and each month thereafter, replied by telegram and letter expressing their approval of the quota system and pledging their complete cooperation.

On April 30 or May 1, Governors of most of the States made radio broadcasts on War Savings and the May quotas. Governor Lehman's address over a State-wide radio network on May 1 was typical.

"You have read in your newspapers the war bond quota that the Government has set up for your county and your State," said the governor. "Let each one of us in New York's 62 counties see that our quotas are not merely filled, but exceeded. To do this, we've all got to put our homes on a wartime basis for the duration.

"We are faced today with the necessity of changing our habits of spending. We have got to rebudget our lives. On the radio the other night I heard one man ask another if he was saving enough out of his living expenses for war bonds. The other man replied: 'I am saving

enough out of my war bond money to live on.' That is what we have all got to do.

"We're going to be spending more per month on the war effort than the total sale for bonds and stamps in the whole past year. We have got to step up our war bond purchases in like ratio.

"To those citizens of New York and of the country at large who are living from day to day 'as usual,' I say, snap out of it. We civilians are in the war, just as deeply as any man on any battle front. The sooner all of us make up our minds to this fact the sooner the war is going to end."

First reaction of State administrators and State chairmen to the quotas announced for their States and counties was, almost unanimously, that they were fair and that they would be exceeded in most counties. Iowa asked to have its quota raised by 1 million dollars and this was done. Indiana also petitioned for an increase in its quota but too late to have the official quota figures readjusted. However, Indiana got full permission to exceed its May quota by any amount!

Iowa, Indiana, and several other States asked to have the quotas of some of their counties raised and of other counties lowered. This was

The Minute Man - 3



done in numerous instances and in all cases such requests from State WSS headquarters have been given careful consideration in the preparation of June quotas.

In many States the announcement that specific dollar quotas had been established for May bond sales came while pledge campaigns were underway and proved to be a great stimulus to this effort to commit every income receiver to purchase war bonds regularly.

In Indiana, where the pledge campaign was launched on April 27, four counties had secured pledges totaling more than their May quotas by April 30. One of these counties was St. Joseph of which industrial South Bend is the county seat. The county's May quota was \$779,600 but pledges and pay-roll allotment authorizations indicated bond purchases in excess of 1 million dollars. In addition to having 29,478 of the county's 31,000 industrial workers signed up in pay-roll savings plans, the St. Joseph County committee had secured 6,682 individual pledges for May purchases by April 30.

Newton, Whitley, and Jefferson were the other Indiana counties to report pledges in excess of their May quota actually in hand by April 30. By May 7, the citizens of Indiana had pledged themselves to exceed their May bond quota by more than \$2,000,000!

In Tennessee, the quotas were a great stimulus to the pay-roll savings drives launched on May 6, simul-

taneously in Chattanooga and Nashville, at breakfast meetings attended by 3,000 and 1,500, respectively.

In the District of Columbia and in Colorado, Oregon, New Mexico, and several other States, State and local WSS committee members met to plan ways and means of intensifying their sales efforts to meet their quotas.

In Ohio, the quotas were enthusiastically received at the big war bond rallies in Toledo and Cleveland, which marked the beginning of pledge campaign canvasses.

In Minneapolis, 40 business leaders met on May 1 and agreed to push this threefold program to raise Minnesota's quota: First, to sign up all executives to buy bonds with at least 10% of their incomes; second, to resolicit all workers to get them to raise their pay-roll savings to 10% of earnings; and third, to solicit the purchase of Series F and G Bonds by corporations, trusts, and other large investors. This same program is being developed in St. Paul and in many Minnesota counties where WSS committeemen have held regional meetings since the quotas were announced.

From nearly every State and from hundreds of counties the War Savings Staff has received word that bond quotas have been well received by the press and by people generally. From coast to coast the reaction has been: *Now we know just what is expected of us; we can do this job.*



*A great country can have no such thing as a little war.*  
—DUKE OF WELLINGTON.

## War Bond Quotas For May

State	1940 Population	Rank	May quota (issue price)	Per capita quota	Rank	Ratio to national quota	Rank
						<i>Percent</i>	
Alabama	2,832,961	17	\$3,787,400	\$1.34	49	0.6312	32
Arizona	499,261	45	1,357,800	2.72	33	.2263	43
Arkansas	1,949,387	24	2,682,200	1.38	48	.4470	37
California	6,907,387	5	40,011,100	5.79	9	6.6685	4
Colorado	1,123,296	34	4,086,300	3.64	24	.6811	31
Connecticut	1,709,242	32	13,228,400	7.74	3	2.2047	11
Delaware	266,505	49	1,860,900	6.98	5	.3102	40
Dist. of Columbia	663,091	38	6,178,900	9.32	1	1.0298	19
Florida	1,897,414	27	5,794,200	3.05	29	.9657	21
Georgia	3,123,723	14	5,365,100	1.72	46	.8942	25
Idaho	524,873	44	1,450,700	2.76	31	.2418	41
Illinois	7,897,241	3	49,300,200	6.24	8	8.2167	3
Indiana	3,427,796	12	10,925,800	3.19	28	1.8210	14
Iowa	2,538,268	20	9,000,000	3.55	25	1.5000	16
Kansas	1,801,028	30	4,617,100	2.56	34	.7695	29
Kentucky	2,845,627	16	5,557,700	1.95	43	.9263	23
Louisiana	2,363,880	21	4,943,500	2.09	41	.8239	28
Maine	847,226	36	3,295,400	3.89	21	.5492	33
Maryland	1,821,244	29	9,078,500	4.98	13	1.5131	15
Massachusetts	4,316,721	8	28,770,500	6.66	6	4.7951	6
Michigan	5,256,106	7	21,646,500	4.12	19	3.6078	8
Minnesota	2,792,300	18	11,657,400	4.17	18	1.9429	13
Mississippi	2,183,796	23	2,905,200	1.33	50	.4842	35
Missouri	3,784,664	10	17,075,100	4.51	16	2.8459	10
Montana	559,456	41	2,785,200	4.98	14	.4642	36
Nebraska	1,315,834	33	3,286,200	2.50	35	.5477	34
Nevada	110,247	51	580,600	5.27	11	.0968	50
New Hampshire	491,524	46	1,895,400	3.86	22	.3159	39
New Jersey	4,160,165	9	26,727,100	6.42	7	4.4545	7
New Mexico	531,818	43	1,054,500	1.98	42	.1758	47
New York	13,479,142	1	125,000,000	9.27	2	20.8333	1
North Carolina	3,571,623	11	5,888,500	1.65	47	.9814	20
North Dakota	641,935	40	1,392,600	2.17	39	.2321	42
Ohio	6,907,612	4	31,768,700	4.60	15	5.2948	5
Oklahoma	2,336,434	21	5,388,900	2.31	37	.8982	24
Oregon	1,089,684	35	5,610,500	5.15	12	.9351	22
Pennsylvania	9,900,180	2	53,814,500	5.44	10	8.9691	2
Rhode Island	713,346	37	5,352,100	7.50	4	.8920	26
South Carolina	1,899,804	26	2,453,400	1.29	51	.4089	38
South Dakota	642,961	39	1,238,600	1.93	44	.2064	44
Tennessee	2,915,841	15	5,141,000	1.76	45	.8568	27
Texas	6,414,824	6	18,594,500	2.90	30	3.0991	9
Utah	550,310	42	1,201,000	2.18	38	.2002	46
Vermont	359,231	48	1,205,300	3.36	26	.2009	45
Virginia	2,677,773	19	8,965,200	3.35	27	1.4942	17
Washington	1,736,191	31	7,581,100	4.37	17	1.2635	18
West Virginia	1,901,974	25	4,106,400	2.16	40	.6844	30
Wisconsin	3,157,587	13	11,977,200	3.79	23	1.9962	12
Wyoming	250,742	50	1,002,500	4.00	20	.1671	48
Alaska	72,524	52	198,400	2.74	32	.0331	52
Hawaii	423,330	47	992,200	2.34	36	.1654	49
Virgin Islands	24,889	53	8,800	.35	52	.0015	53
Puerto Rico	1,869,255	28	213,700	.11	53	.0356	51
Total	134,059,273		600,000,000	3.98		100.00	



County quotas—for all counties with populations of 150,000 or more

State, county, and principal city	1940 population	May quota (issue price)	Per capita quota	Ratio to national quota
ALABAMA: Jefferson (Birmingham)...	459,930	\$1,583,300	\$3.44	Percent 0.2638
ARIZONA: Maricopa (Phoenix).....	186,193	643,100	3.45	.1071
ARKANSAS: Pulaski (Little Rock).....	156,085	710,400	4.55	.1184
CALIFORNIA:				
Alameda (Oakland).....	513,011	2,915,700	5.68	.4859
Fresno (Fresno).....	178,565	676,500	3.79	.1127
Los Angeles (Los Angeles).....	2,785,643	15,782,100	5.67	2.6303
Sacramento (Sacramento).....	170,333	942,400	5.53	.1570
San Bernardino (San Bernardino).....	161,108	375,600	2.33	.0626
San Diego (San Diego).....	289,348	1,594,300	5.51	.2657
San Francisco (San Francisco).....	634,536	10,475,800	16.51	1.7459
Santa Clara (San Jose).....	174,949	755,000	4.32	.1258
COLORADO: Denver (Denver).....	322,412	2,354,200	7.30	.3923
CONNECTICUT:				
Fairfield (Bridgeport).....	418,384	3,118,900	7.45	.5198
Hartford (Hartford).....	450,189	4,327,700	9.61	.7212
New Haven (New Haven).....	484,316	4,188,800	8.65	.6981
DELAWARE: New Castle (Wilmington).....	179,562	1,632,800	9.09	.2721
DISTRICT OF COLUMBIA: The District (Washington).....	663,091	6,178,900	9.32	1.0298
FLORIDA:				
Dade (Miami).....	267,739	1,302,500	4.86	.2170
Duval (Jacksonville).....	210,143	998,900	4.75	.1664
Hillsborough (Tampa).....	180,148	449,200	2.49	.0748
GEORGIA: Fulton (Atlanta).....	392,886	2,146,400	5.46	.3577
ILLINOIS:				
Cook (Chicago).....	4,063,342	38,136,600	9.30	6.3561
Peoria (Peoria).....	153,374	752,900	4.91	.1254
St. Clair (East St. Louis).....	166,899	556,300	3.33	.0927
INDIANA:				
Allen (Fort Wayne).....	155,084	644,100	4.15	.1071
Lake (Gary).....	293,195	983,200	3.35	.1638
Marion (Indianapolis).....	460,926	2,597,300	5.64	.4328
St. Joseph (South Bend).....	161,823	650,600	4.02	.1084
IOWA: Polk (Des Moines).....	195,835	653,200	3.34	.1088
KANSAS: Sedgwick (Wichita).....	143,311	745,900	5.20	.1243
KENTUCKY: Jefferson (Louisville).....	385,392	2,856,000	7.41	.4760
LOUISIANA:				
Caddo (Shreveport).....	150,203	589,100	3.92	.0981
Orleans (New Orleans).....	494,537	2,443,700	4.94	.4072
MARYLAND: Baltimore & Baltimore City (Baltimore).....	1,014,925	7,375,900	7.26	1.2292
MASSACHUSETTS:				
Bristol (Fall River).....	364,637	1,536,700	4.21	.2561
Essex (Lynn).....	496,313	1,780,000	3.59	.2966
Hampden (Springfield).....	332,107	2,049,400	6.17	.3415
Middlesex (Cambridge).....	971,390	3,057,400	3.15	.5095
Norfolk (Quincy).....	325,180	1,303,200	4.01	.2172
Plymouth (Brockton).....	168,824	695,200	4.12	.1158
Suffolk (Boston).....	863,248	13,926,700	16.13	2.3211
Worcester (Worcester).....	504,470	3,000,500	5.95	.5000
MICHIGAN:				
Genesee (Flint).....	227,944	921,700	4.04	.1536
Kent (Grand Rapids).....	246,338	1,427,200	5.79	.2378
Oakland (Pontiac).....	254,068	658,600	2.59	.1097
Wayne (Detroit).....	2,015,623	12,297,000	6.10	2.0495

County quotas—Continued

State, county, and principal city	1940 population	May quota (issue price)	Per capita quota	Ratio to national quota
MINNESOTA:				
Hennepin (Minneapolis).....	568,899	\$4,477,200	\$7.87	Percent 0.7462
Ramsey (St. Paul).....	309,935	3,032,200	9.78	.5053
St. Louis (Duluth).....	206,917	1,032,700	4.99	.1721
MISSOURI:				
Jackson (Kansas City).....	477,828	3,391,000	7.10	.5651
St. Louis and St. Louis City (St. Louis).....	1,090,278	10,232,700	9.38	1.7054
NEBRASKA: Douglas (Omaha).....	247,562	1,471,100	5.94	.2451
NEW JERSEY:				
Bergen (Hackensack).....	409,646	2,131,700	5.20	.3552
Camden (Camden).....	255,727	1,722,700	6.74	.2871
Essex (Newark).....	837,340	7,720,100	9.22	1.2866
Hudson (Jersey City).....	652,040	3,943,000	6.05	.6571
Mercer (Trenton).....	197,318	1,795,400	9.10	.2992
Middlesex (New Brunswick).....	217,077	973,100	4.48	.1621
Monmouth (Asbury Park).....	161,238	732,400	4.54	.1220
Passaic (Paterson).....	309,353	2,259,600	7.30	.3766
Union (Elizabeth).....	328,344	2,445,200	7.45	.4075
NEW YORK:				
Albany (Albany).....	221,315	1,871,300	8.46	.3118
Broome (Binghamton).....	165,749	882,800	5.33	.1471
Erie (Buffalo).....	798,377	4,326,200	5.42	.7210
Monroe (Rochester).....	438,230	3,300,000	7.53	.5500
Nassau (Long Island).....	406,748	1,792,800	4.41	.2988
New York, Bronx, Kings, Queens, and Richmond (New York).....	7,454,995	95,493,000	12.81	15.9155
Niagra (Niagara Falls).....	160,110	599,500	3.74	.0999
Oneida (Utica).....	203,636	1,139,200	5.59	.1898
Onondaga (Syracuse).....	295,108	1,421,800	4.82	.2369
Suffolk (Long Island).....	197,355	553,700	2.81	.0922
Westchester (Yonkers).....	573,558	3,706,900	6.46	.6178
NORTH CAROLINA:				
Suiford (Greensboro).....	153,916	478,300	3.11	.0797
Mecklenburg (Charlotte).....	151,826	698,400	4.60	.1164
OHIO:				
Cuyahoga (Cleveland).....	1,217,250	10,143,900	8.33	1.6906
Franklin (Columbus).....	388,712	1,803,000	4.64	.3005
Hamilton (Cincinnati).....	621,987	5,439,700	8.75	.9066
Lucas (Toledo).....	344,333	2,273,200	6.60	.3788
Mahoning (Youngstown).....	240,251	907,300	3.78	.1512
Montgomery (Dayton).....	295,480	1,264,500	4.28	.2107
Stark (Canton).....	234,887	1,048,100	4.46	.1746
Summit (Akron).....	339,405	1,084,300	3.19	.1807
OKLAHOMA:				
Oklahoma (Oklahoma City).....	244,159	1,045,100	4.28	.1741
Tulsa (Tulsa).....	193,363	1,280,500	6.62	.2134
OREGON:				
Multnomah (Portland).....	355,099	3,132,600	8.82	.5221
PENNSYLVANIA:				
Allegheny (Pittsburgh).....	1,411,539	10,286,100	7.29	1.7143
Berks (Reading).....	241,884	961,200	3.97	.1602
Cambria (Johnstown).....	213,459	394,200	1.85	.0657
Dauphin (Harrisburg).....	177,410	949,400	5.35	.1582
Delaware (Chester).....	310,756	1,086,800	3.50	.1811
Eric (Eric).....	180,889	873,400	4.83	.1455
Fayette (Uniontown).....	200,999	311,000	1.55	.0518
Lackawanna (Scranton).....	301,243	1,390,500	4.62	.2317
Lancaster (Lancaster).....	212,504	704,200	3.31	.1173



County quotas—Continued

State, county, and principal city	1940 population	May quotas (issue price)	Per capita quota	Ratio to national quota
<b>PENNSYLVANIA—Continued.</b>				
Lehigh (Allentown).....	177,533	\$664,300	\$3.74	Per cent 0.1107
Luzerne (Wilkes-Barre).....	441,518	1,590,000	3.60	.2650
Montgomery (Norristown).....	289,247	1,226,300	4.24	.2043
Northampton (Easton).....	168,959	1,179,300	6.98	.1945
Philadelphia (Philadelphia).....	1,931,334	23,011,100	11.91	3.8351
Schuylkill (Pottsville).....	228,331	618,600	2.71	.1031
Washington (Washington).....	210,852	538,400	2.55	.0897
Westmoreland (Greensburg).....	303,411	752,000	2.48	.1253
York (York).....	178,022	666,000	3.74	.1110
<b>RHODE ISLAND</b> Providence (Providence).....	550,298	4,763,800	8.66	.7939
<b>TENNESSEE:</b>				
Davidson (Nashville).....	257,267	1,000,200	3.89	.1667
Hamilton (Chattanooga).....	180,478	618,600	3.43	.1031
Knox (Knoxville).....	178,468	334,800	1.88	.0558
Shelby (Memphis).....	358,250	1,407,400	3.93	.2345
<b>TEXAS:</b>				
Bexar (San Antonio).....	338,176	1,249,600	3.69	.2083
Dallas (Dallas).....	398,564	3,602,700	9.04	.6004
Harris (Houston).....	528,961	2,652,500	5.01	.4420
Tarrant (Fort Worth).....	225,521	1,117,200	4.95	.1862
<b>UTAH:</b> Salt Lake (Salt Lake City).....	211,623	764,200	3.61	.1273
<b>VIRGINIA:</b> Henrico and Richmond City (Richmond).....	235,002	3,323,000	14.14	.5538
<b>WASHINGTON:</b>				
King (Seattle).....	504,980	3,567,500	7.06	.5945
Pierce (Tacoma).....	182,081	816,000	4.48	.1360
Spokane (Spokane).....	164,652	836,600	5.08	.1394
<b>WEST VIRGINIA:</b> Kanawha (Charleston).....	195,619	756,500	3.87	.1260
<b>WISCONSIN:</b> Milwaukee (Milwaukee).....	766,885	4,930,300	6.43	.8217
<b>Total</b> .....	58,309,625	436,780,800	7.49	72

NOTE.—As the quotas are based on official records of past sales they take into account the situations where persons live in one county but buy their bonds in another.



Although we cannot, by the best concerted plans, absolutely command success, although the race is not always to the swift nor the battle to the strong, yet, without presumptuously waiting for miracles to be wrought in our favor, it is our indispensable duty, with the deepest gratitude to Heaven for the past, and humble confidence in its smiles on our future operations, to make use of all means in our power for our defence and security.

—GEORGE WASHINGTON.

War is a matter not so much of arms as of expenditure, through which arms may be made of service.

—THUCYDIDES.

Being ready, hope for the battle.

—VIRGIL.

## Millions Pledged to Save for Victory

First systematic War Bond and Stamp sales canvass nears completion in most States.

CAMPAIGNS to secure signed pledges from as large as possible a number of income receivers in the United States to buy war bonds regularly had been completed or were well underway in 40 States by May 31. Similar pledge campaigns are scheduled in most of the remaining States for the month of June.

It is not possible to present a statistical summary of these pledge campaigns. However, many counties and cities report that pledges have been secured from nearly every home and most of these places also report sharp increases in bond sales.

Here are a few generalizations and highlights based on reports from State administrators and newspaper accounts:

The American Legion and Legion Auxiliary undertook a major share of the responsibility for the canvass in many States.

State and county war boards of the Department of Agriculture have been most helpful in organizing and supervising the pledge campaign in rural areas in almost all of the States.

Ceremonies before the Liberty Bell in Independence Hall, Philadelphia, signaled the beginning of Pennsylvania's pledge campaign. The gentleman in civilian clothes is State Administrator Benjamin Ludlow.







Mrs. Colgate W. Darden, Jr., wife of the Governor of Virginia, places the "We Are Buying" pledge campaign sticker in a window of the historic executive mansion in Richmond.

Newspapers and radio stations have cooperated to the fullest possible extent in publicizing the campaign.

Outdoor bulletin boards, car cards and other types of publicity have been used to good advantage in several States, notably North Carolina, Georgia, and Pennsylvania. In Virginia, pledge copy was added to the Treasury flag posters on display throughout the State.

Parades, sounding of air raid sirens, band concerts, addresses by Governors and other State leaders were some of the events planned to signalize the beginning of pledge campaigns.

"Investment for Happiness," was the title of the original one-act play widely produced in Virginia during Pledge Week. "A Quota For Freedom," was the name of the War Savings play written and produced by students of the University of West Virginia.

Vermont made effective use of special movie trailers to publicize the pledge campaign.

Katherine Hepburn made a radio broadcast from Philadelphia in connection with the launching of Pennsylvania's pledge campaign.

Dramatic clubs of the University of North Carolina dramatized the radio play, *The Knock at the Door*, developed in Oregon and adapted for use in all other States during the pledge campaign. The broadcast of this play over a four-station, State-wide network launched "War Bond Week" in North Carolina and transcriptions of this performance were used by other radio stations in the State.



This card appeared in street cars and buses throughout Pennsylvania during the pledge campaign.



Poster designs used throughout Georgia to publicize the pledge campaign.

All radio stations in Washington joined the pledge campaign broadcast, *The Knock at the Door*, Sunday evening, May 3, many of them canceling regular network features to do so. Previously, all school children had taken to their homes a special message from Governor Langlie urging everyone to listen to this broadcast.

Three thousand Minute Men filled an Omaha theater to overflowing on the eve of the Nebraska pledge campaign. Last-minute instructions were given them on how to conduct the canvass and a series of patriotic addresses were made by Governor Dwight Griswold; Mayor Dan Butler; Henry Monsky, international president of B'nai B'rith; State Chairman J. Francis McDermott and W. D. Hosford, Jr., chairman of the Omaha and Douglas County WSS committee, and others. A high-school choir, the Union Pacific Railroad band, a male quartette and community singing all combined to bring patriotism to a high pitch and to make the evening one which will

long be remembered by those who were privileged to attend.

James Madden, vice president of the Manufacturer's Trust Co., has been loaned by his bank to direct the pledge campaign in Greater New York. This campaign begins June 14.

2,500 Citizens League block chairmen conducted the "Victory Pledge Canvass" in Richmond, Va. Miss Evelyn Gooch (left) executive secretary of the Richmond WSS committee thanks one of them, Mrs. James Blades.



*On the road ahead* there lies hard work—ahead there lies sacrifice for all of us. But it is not correct to use that word. The United States does not consider it a sacrifice to do all one can, to give one's best to our Nation, when the Nation is fighting for its existence and its future life.

It is not a sacrifice for the industrialist or the wage earner, the farmer or the shopkeeper, the trainman or the doctor to pay more taxes, to buy more bonds, to forego extra profits, to work longer or harder at the task for which he is best fitted—rather it is a privilege.

It is not a sacrifice to do without many things to which we are accustomed if the National Defense calls for doing without it.

—PRESIDENT ROOSEVELT.



## Never a Dull Moment!

### Varied program of entertainment offered at Victory House in Los Angeles.

IN PERSHING SQUARE, in the heart of downtown Los Angeles, Victory House is completing its sixth month as a center of War Savings Bond and Stamp sales promotion in southern California. In view of its outstanding success, its sponsor, the Standard Oil Co., of California, has agreed to continue it for the duration of the war.

"Never a dull moment" is the promise of the Victory House management and a review of the program arranged during a recent 90-day period proves that this promise has been kept.

The following list of the kinds of entertainment and special features at Victory House should be helpful to WSS committee chairmen who are respon-



12 • The Minute Man

sible for arranging similar programs in their own communities:

**Musical entertainment.**—Elks band; Elks quartette; name bands from theaters; dance bands provided by Musicians Union; college orchestras; college glee club; church choirs; accordion band; National Guard bands; soloists, vocal and instrumental; military academy bands; American Legion bands; Shrine band and chanters; song writers and composers; scotch bagpipe band; western singers and instrumentalists; opera stars—presenting famous arias and ballads; WPA symphony orchestra; WPA dance bands, Negro chorus and other musical groups; high-

Massed colors of Los Angeles county posts of the American Legion in Pershing Square.

school bands; high-school orchestras; high-school glee clubs.

**Amusical entertainment.**—Sheriff's pistol team; lodge drill teams; circus acts—everything from high wire performers to elephants and peanuts, knife throwers, etc.; fire department exhibitions; dance teams and acts from theaters and cabarets; exhibition of army dogs; exhibition of Army, Navy, and Coast Guard equipment; sale of bonds from Brinks armoured truck; mock auctions, return of "purchase price" to highest bidder in stamps or bonds; children's dance groups from various dance studios; State guard demonstrations; civilian defense demonstrations—incendiary bomb extinguishment, first aid, etc.; magicians; American Indian dancers; fashion shows; demonstrations by amateur and professional athletic champions—boxing, wrestling, tumbling, fencing, etc.; cowboy and rodeo stars.

**Appearances of personalities and celebrities.**—Movie stars; radio stars; cabaret, theater, and vaudeville stars. These personalities entertain, sing, and make brief talks. They sell bonds and stamps, autographing albums for stamp purchasers, and giving autographed photographs to bond purchasers.

**Ceremonies.**—Flag lowering (each day); singing of the National Anthem; celebration of special days, e. g. Hawaiian Day, Mexican Day, Newspaper Carrier Boy Day (honor awards presented with ceremony), Lincoln's Birthday, Washington's Birthday; purchases of large blocks of bonds by associations and groups of various kinds; patriotic talks by winners of high school oratorical contests; tableaux, pageants and



Sportsmen's Day at Victory House.

reenactments of various historical events and great patriotic speeches by school children and others.

**Sponsoring organizations.**—Kiwanis; Optomist; Lions; Soroptomist; Veterans of Foreign Wars; VFW Auxiliary; American Legion; Legion Auxiliary; Women's Ambulance & Defense Corps; Jewish War Veterans; Elks; Knights Templar; Union Label League Auxiliary; Southern Pacific Railroad; Santa Fe Railroad; McGuffey Memorial Association; Carpenters' Council; Musicians Union; Shrine; Spanish War Veterans; Serbian Benevolent Society; L. A. Athletic Club; California State Federation of Labor; Native Sons & Daughters of the Golden West; Ancient Order of Hibernians. Each organization takes charge of some part of a day's program. Some provide a full program of entertainment; others stage one or two stunts, present talks, purchase large blocks of bonds, or originate some other interesting and newsworthy activity.

The Minute Man • 13



## SPECIAL EVENTS

### WSS Sponsors

#### Community Sings

PATRIOTIC song festivals at which Lucy Monroe, the "Star Spangled Banner Girl," is the featured attraction have proved to be one of the most successful promotional events sponsored by the War Savings Staff.

Miss Monroe's tour which is sponsored jointly by the Treasury Department and RCA Victor, began with a community sing in Washington, D. C. She then went to Florida where crowds of record-breaking size turned out to hear her and to participate in the varied programs which were arranged in Jacksonville, Miami, and a number of other cities.

There followed enthusiastically received song concerts in Mobile, Ala.; Jackson, Miss.; New Orleans, La.; Birmingham, Ala.; Atlanta, Ga.; Charleston, S. C.; and Charlotte N. C.

Miss Monroe's tentative itinerary for the rest of this year is as follows: June 4, Milwaukee, Wis.; June 16, Kansas City, Mo.; June 23, St. Louis, Mo.; June 30, Omaha, Nebr.; July 4, Cleveland, Ohio; July 14, Portland, Maine; July 17, Boston, Mass.; July 21, Providence, R. I.; July 24, Hartford, Conn.; July 28, Springfield, Mass.; July 30, New Haven, Conn.; August 4, Albany, N. Y.; August 7, Schenectady, N. Y.; August 11, Syracuse, N. Y.;

14 · *The Minute Man*

August 14, Rochester, N. Y.; August 18, Buffalo, N. Y.; August 21, Hershey, Pa.; August 25, Trenton, N. J.; August 28, Camden, N. J.; September 7, Minneapolis-St. Paul, Minn.; September 10, Madison, Wis.; September 17, Chicago, Ill.; September 22, Springfield or Joliet, Ill.; September 25, Davenport, Iowa, and Rock Island and Moline, Ill.; September 29, Des Moines, Iowa, October 2, Sioux City, Iowa; October 12, Columbus, Ohio; October 15, Detroit, Mich.; October 20, Toledo, Ohio; October 23, Akron, Ohio; October 29, Pittsburgh, Pa.; October 30, Cincinnati, Ohio; November 5, Indianapolis, Indiana; November 16, Dallas, Tex.; November 19, Fort Worth, Tex.; November 24, Houston, Tex.; November 27, San Antonio, Tex.; December 1, Galveston, Tex.; December 8, Beaumont, Tex.; December 15, Oklahoma City, Okla.; December 18, Memphis, Tenn.; December 24, Bethlehem, Pa.

Note to local WSS chairmen: If your city is not on this list, and if you would like to have a community sing with Miss Monroe as the featured attraction, get in touch with your State administrator who will relay your request to those in charge of her itinerary.

You should also consider staging a community patriotic song festival using local talent. Call on WSS headquarters if you need help in planning such an affair.

### A Program for Community Sing

COMMUNITY sings of the type now being conducted by Miss Lucy Monroe and WSS committees throughout the country have programs about as follows:

The Oath of Allegiance to the Flag—by the entire audience.

Group singing.

Talk on War Savings.

More songs.

Induction of local men into the Army, Navy and Marine Corps. These ceremonies include the taking of the oath of allegiance.

More songs.

Talk on local aspects of the War Savings campaign.

More songs, concluding with The Star Spangled Banner.

The standard patriotic songs and other popular old favorites are sung at these festivals. For example, Lucy Monroe leads her varied audiences in singing such songs as the following:

God Bless America; Hail, Hail, the Gang's All Here; Carry Me Back to Old Virginny; Any Bonds Today? Take Me Out to the Ball Game; America the Beautiful; Smiles; Long, Long Trail; Dixie; My Wild Irish Rose; Pack Up Your Troubles; Maryland! My Maryland!; The



Over 12,000 people—old folks, young folks, and in-betweens—sang together with Lucy Monroe in Williams Park, St. Petersburg, Fla. Lucy Monroe accepts bouquet from Burwell Neale, president of the Chamber of Commerce, St. Petersburg. On the platform are members of the St. Petersburg High School Band.



*The Minute Man* · 15



Man on the Flying Trapeze; Way Down Upon the Swanee River; Yankee Doodle; Let Me Call You Sweetheart; For He's a Jolly Good Fellow!; Sweet Adeline; Put on Your Old Gray Bonnet.

My Old Kentucky Home; In the Shade of the Old Apple Tree; In the Good Old Summertime; Columbia, the Gem of the Ocean; Caissons Song; After the Ball Is Over; When Irish Eyes Are Smiling; Hinky Dinky Parley-Voo; My Buddy; Till We Meet Again; Keep the Home Fires Burning; From the Halls of Montezuma; Anchors Aweigh; Good-Night Ladies; Home, Sweet Home; Auld Lang Syne; Onward, Christian Soldiers; America; The Star-Spangled Banner.

Ship Ahoy! Two of these girls are now making the tour described above.

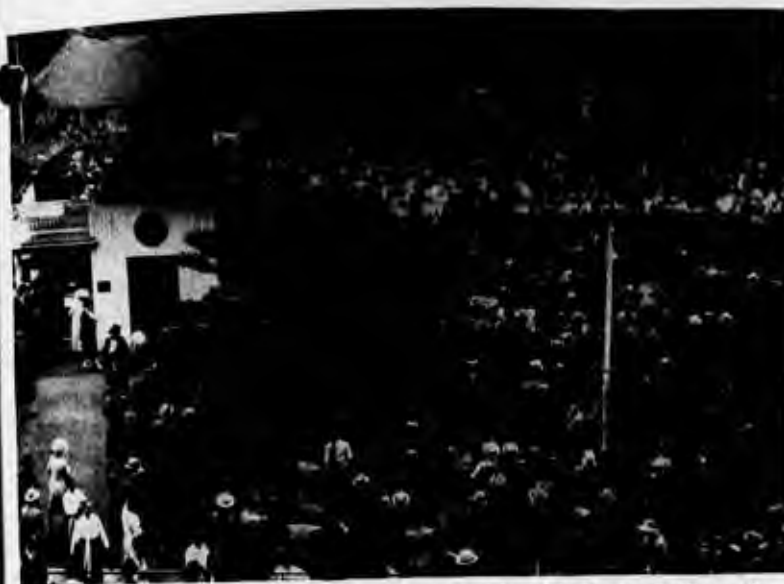


16 · *The Minute Man*

### *Film Stars Tour To Sell Bonds, Stamps*

TWO STARLETS of the MGM picture, *Ship Ahoy*—Jitsy Parker and Dorothy Schoemer—are making a Nationwide tour, appearing at rallies and meetings of all kinds to help promote the sale of War Savings Bonds and Stamps.

The appearances of these two starlets are arranged by an advance representative of the War Savings Staff working in cooperation with State WSS administrators and local WSS committee chairmen. The "Minute Girls" help sell stamps at special War Savings booths in department stores; appear at meetings of luncheon clubs; speak at rallies of store, office and factory employees; sell stamps in theater lobbies; take part in radio programs over local stations; and help promote bond sales.



Another view of the Los Angeles Victory House.

### *Public Address Systems Needed*

WAR BRINGS many occasions for the use of public address systems. However, Times Square in New York, and Pershing Square in Los Angeles, among the very few large outdoor meeting places in this country which are so equipped.

Public address systems in the downtown business sections where large numbers of people regularly congregate are needed now, as never before, to broadcast patriotic music, addresses and ceremonies, to broadcast civilian defense instructions, air raid warnings, etc., and for many other purposes. Radio listening which is done in the privacy of homes and offices, and meetings, even those in big auditoriums and stadiums, do not provide a satisfying substitute for the out-of-door parade, mass meeting and rally. However, except in very small towns, affairs of this kind will not be

successful unless there are enough loud speakers to let everybody follow the proceedings. The leather-lunged orator of days gone by has yielded to modern sound amplification.

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### *The Cover*

THE PICTURE on the cover of this issue was taken at the San Diego naval base. The man at the right is Isidor Q. Reyes who said that he had "offensive" reasons for buying War Savings Bonds. He is a native of the Philippines.

On the day this picture was taken every officer and enlisted man on four destroyers bought War Bonds or Stamps for a total investment of \$7,100. In War Savings as well as in other ways our fighting men are setting splendid examples for us civilians.

*The Minute Man* · 17



# What War Savings Buy

From Official Army and Navy Sources

Use this list of approximate costs of some of the things needed to bring Victory to our armed forces to select appropriate goals for War Savings drives in schools, clubs, unions, plants, offices, communities, etc.

## \$0.10 to \$1

5 cartridges, .45 caliber.....	\$0.10
Insignia, one set.....	.10
Soldier's mess kit.....	.25
Dozen bandages.....	.25
Message bag.....	.30
Fuel oil to run a destroyer 1 mile.....	.50
Navy bean pot.....	.50
Barbed wire, 12 yards.....	.50

## \$1 to \$10

Arm splint.....	1.00
Entrenching shovel.....	1.00
First-aid kit.....	1.50
Pair of flying gloves.....	1.50
Blanket.....	2.00
Steel Helmet with liner.....	2.75
1 round for a 37-mm anti-tank gun.....	3.50
2 leg splints.....	5.00
First-aid kit (Air Corps).....	5.00
Navy raincoat.....	5.00
Life ring (Navy).....	5.00
Antitank shell.....	6.00
Steel projectile.....	6.31
Gas mask.....	9.25

## \$10 to \$100

Tent (Army).....	10.00
Winter flying jacket.....	18.75
Field telephone.....	18.75
Principal items of a chemical warfare protection outfit (Navy).....	18.75
81-mm. trench mortar shell.....	19.36
Breeches buoy.....	30.00
Wall tent Complete (Ma- rine Corps).....	37.50
Marine barometer.....	37.50
Cannister (Coast Guard).....	40.00

18 • The Minute Man

## \$10 to \$100—Continued

Bombardier kit.....	\$52.00
Pistol, .45 automatic.....	65.00
Shot line.....	75.00
Field range (complete).....	75.00
Garand rifle.....	85.00
Binoculars, one pair.....	85.00
Clothing for the average en- listed man (Army).....	90.35

## \$100 to \$1,000

Submachine gun (Army).....	150.00
Parachute.....	150.00
Horse.....	165.00
Submachine gun (Marine Corps).....	184.00
Life float for 10 people.....	185.00
5 fragmentation bombs.....	185.00
Depth bombs.....	187.50
Mule.....	190.00
Lyle gun (Coast Guard).....	226.00
1,000 rounds of .50 antiaircraft fire.....	240.00
Calculator (Navy).....	243.50
Pilot flying clothing and equipment.....	260.00
17 surgical beds.....	370.00
Propeller for Navy training plane.....	375.00
Diving outfit.....	375.00
Motorcycle.....	400.00
60-mm. mortar.....	500.00
Motor trailer.....	500.00
.30 machine gun.....	600.00
Bantam car (Jeep).....	900.00

## \$1,000 to \$10,000

Reconnaissance car.....	1,000.00
.50 machine gun.....	1,500.00
81-mm. mortar.....	1,800.00
2½-ton truck.....	2,000.00
Aerial camera.....	3,400.00

## \$1,000 to \$10,000—Continued

Radio communication truck (without equip- ment).....	\$3,955.00
Scout car.....	5,000.00
Sound locator.....	5,000.00

## \$10,000 to \$100,000

Barrage balloon.....	10,000.00
Personnel carrier.....	11,000.00
75-mm. cannon.....	12,000.00
Primary training plane (Army).....	15,000.00
Pontoon bridge.....	15,000.00
75-mm. gun, self-propelled. Primary training plane (Navy).....	18,000.00
155-mm. howitzer.....	20,000.00
Light tank (13 tons).....	25,000.00
Light tank (14 tons).....	28,000.00
Antiaircraft searchlight.....	30,000.00
90-mm. antiaircraft gun.....	40,000.00
Scout observation plane (Navy).....	41,000.00
Advanced training plane (Navy).....	46,000.00
155-mm. gun.....	50,000.00
Amphibian tractor.....	50,000.00
Medium tank.....	56,000.00

## \$100,000 to \$1,000,000

Fighter plane (Army).....	100,000.00
Heavy tank (60 tons).....	120,000.00
Pursuit plane (Army).....	137,000.00
Scout bombing plane (Navy).....	143,000.00
Fighter plane (Navy).....	165,000.00
Light bombardment plane (Army).....	175,000.00
Torpedo bomber plane (Navy).....	188,000.00
Medium bombardment plane (Army).....	200,000.00
Transport plane (Navy).....	250,000.00
Heavy bombardment plane (Army).....	350,000.00
Patrol bomber (Navy).....	735,000.00

## \$1,000,000 and Up

16-inch coast gun.....	2,000,000.00
Subchaser (1,200 tons).....	2,400,000.00
Destroyer (1,800 tons).....	3,600,000.00
Submarine (1,500 tons).....	3,000,000.00
Cruiser (10,000 tons).....	20,000,000.00
Battleships (35,000 tons).....	70,000,000.00



When this picture was taken, Dale Gulick was a 23-year-old farmer living between Vinton and LaPorte City, Iowa. Then he sold his farm, invested the proceeds of about \$10,000 in War Bonds, and joined the Navy "to free the world."



Get in Line!  
**BUY BONDS**  
FOR DEFENSE ★★

This poster painted by Fletcher Martin of the Kansas City Art Institute was a feature of the Institute's Besant Arts Ball which this year was dedicated to War Savings.

The Minute Man • 19



## With the FIELD FORCE

### New York Committee

#### Represented in Army Day Parade

Two of the most attractive features of New York's big Army Day parade were the units entered by the War Savings committee:

Two hundred uniformed girls—members of the Retailers Volunteer Corps—sold War Savings Stamps to the spectators at the curb all along the line of march.

The Minute Man float—pictured on another page—was one of the most beautiful floats in the parade and was greeted with spontaneous applause as it passed by.

### New York WSS Leaders Hold Successful Conference

MORE than 1,200 members of State and local WSS committees from all parts of the State crowded the first State convention of the New York WSS. The first day was devoted to a series of instructional conferences and to a truly notable dinner meeting. Next day, the State headquarters held "open house," where those attending from outside New York City had an opportunity to talk over particular or individual problems with State leaders.

"You're in the Army Now" was the feeling shared by WSS workers when mess call was sounded for dinner at the Hotel Waldorf-Astoria. The menu was limited strictly to Army and Navy rations. Mess hall

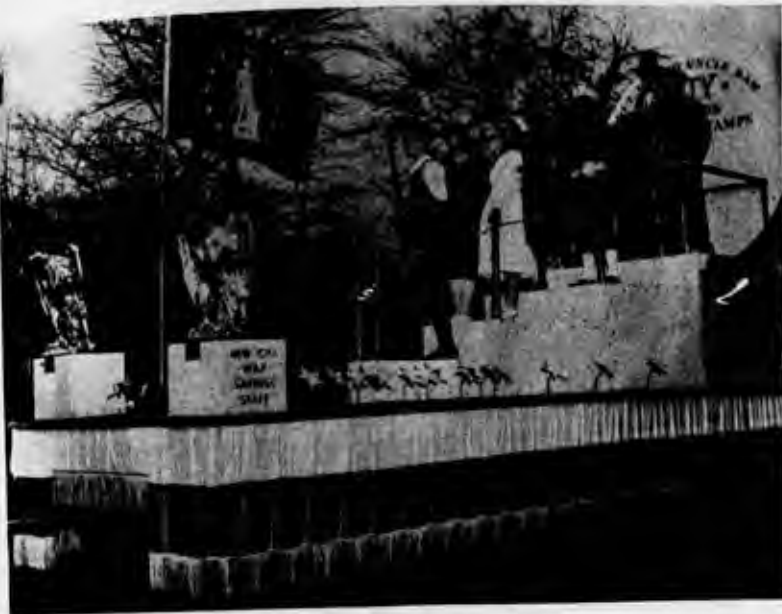
20 · *The Minute Man*

atmosphere was provided by red tablecloths covering long tables supported by wooden trestles.

Among the speakers at the dinner were: Honorary State Chairman Gov. Herbert H. Lehman; former Postmaster General James A. Farley; State Administrator Nevil Ford; the Rev. Dr. Norman Vincent Peale; Executive Committee Chairman Bayard C. Pope; State Vice-Chairman Helen H. Hull; Edward H. Letchworth, representing upstate New York; Lewis E. Pierson, representing downstate New York; Thomas J. Lyons, representing the AFL; Gustave Strebler, representing the CIO; Walter S. Gifford, representing management; and National Field Director Robert W. Sparks.

State Chairman Col. Richard Q. Patterson, Jr., was toastmaster for the occasion. G. Lynn Sumner, chairman of the dinner committee, was master of ceremonies for an entertainment program that included appearances of such celebrities as Tyrone Power, Cornelia Otis Skinner, Janet Gaynor, Stylist Adrian, Lucy Monroe, Mary Small, and B. A. Rolfe with his "Daughters of Uncle Sam" orchestra.

Another interesting feature was the appearance of the three well-known cartoonists, Otto Soglow, Jolly Bill Steinke, and Billy DeBeck, who vied with each other in drawing heroic cartoons against the Axis in full view of the audience.



Three of the many beautiful War Savings floats which have taken part in Army Day and other patriotic parades. Above—Uncle Sam is at the helm of the Ship of State in this float of the New York War Savings Staff. Left—Treasury flag posters were used on this float made by the General Outdoor Advertising Co., in Denver, Colo. Below—The float which led the Cincinnati Army Day parade.



*The Minute Man* · 21





Bond parade in Lafayette, La. This mile-long patriotic demonstration was organized by the Women's Division of the local WSS committee, Mrs. Helen M. Moulton Landell, chairman.

### Virginia WSS Has News Letter

VIRGINIA has joined the large group of States which issue regular War Savings news letters to keep members of their local committee informed of State policies and plans and of progress being made in other communities of the State.

News of local activities is presented in a department called "Action Notes From the Field." Purpose of this department is explained as follows: "These notes of things being reported here may stimulate your imagination to get out and do likewise, or even better. Try to put some of these ideas to use in your own community. Show this material to members of your committee."

Here are a few of these action notes: Members of the Fredericksburg Kiwanis Club have distributed 1,720 War Savings albums, each containing one 10-cent stamp, to the students in the public schools. . . . Miller &

Rhoads, large Richmond department store, has converted one of its most conspicuous show windows into a bond and stamp sales booth with a door and steps heading down into the street. Governor Darden made the first purchase. . . . A rooster donated to a War Savings rally at Red Top was auctioned off, bidders getting their money back in War Savings stamps. Originally bringing a dollar he was sold several times, for a total of \$112.59. . . . Kiwanis Clubs in Roanoke and Ashland each loaned \$200 to the school board to use as a revolving fund for the purchase of stamps for resale in the schools. The Ashland Club estimates that the local fund will be turned over 90 times during the school year. . . . The Kiwanians in Fredericksburg purchased a stamp for each child in the public schools, made an elaborate presentation, and promised to buy the last stamp toward the purchase of the first bond.

### Many Patriotic Rallies Richmond

THE RICHMOND, VA., War Savings committee has had a full program of special events during recent weeks. Parades and rallies were held to launch the pledge campaign early in April.

On April 26 the Negro Division of the Richmond committee held an enthusiastic parade and rally.

On Navy Day the Richmond committee joined with the local naval recruiting station in sponsoring a large meeting at which Helen Jepson, Metropolitan Opera star, was the principal attraction. Admission to the highly successful affair was free to all who purchased \$1 worth of War Savings Stamps.

This attractive bond and stamp booth in the window of the Miller & Rhoads store in Richmond, Va., may be entered from sidewalk.



May 13 Dorothy Lamour, Patsy Garrett, the Ship-Ahoy girls, and a group of entertainers from Camp Lee staged a big show on behalf of War Savings at the Mosque Auditorium. Dr. Francis Pendleton Gaines, president of Washington and Lee and chairman, of the Virginia War Savings committee, was the principal speaker.

During her visit to Richmond, Miss Lamour also spoke to a combined luncheon meeting of all the city's service clubs, made appearances and talks on War Savings at a large number of factories, stores, and schools; and led a patriotic rally on the steps of the State capitol.

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In Spokane, Wash., 5-year-old Donald Claymen earns money to buy bonds by selling sand to be used in event of air raids to extinguish incendiary bombs.



# Six experts tell how to give a War Bond Sales talk



"Talk with them"  
Dorothy Lamour  
Paramount Film Star

¶ Talking *with* people is much more effective than talking *at* them. ¶ The audience may be bankers or factory workers, businessmen or employees, parents or children; I have had them all, and I always try to be simple and direct in my speech. ¶ Look your best, relax, and give your message from your heart. ¶ This war is serious. Women, even better than men, know that. Women do not need elementary explanations of the "need" of money in wartime. Women appreciate simple, matter-of-fact plans for saving money on housekeeping and other expenses. Budgets appeal to everybody. Thrift is the most popular subject in every American home today.

¶ We hear hundreds of speeches these days. We remember few of them. Why? Because their subject matter is all very much the same. People want *new* information, *new* things to think about, *new* courses of action to take to help win this war. ¶ U. S. Savings Bonds have been on the market for a year. Thousands of speeches have been made, millions of pamphlets, posters, and advertisements have been published, the movies have been full of the subject. Millions of men and women have been spurred to buy bonds. But millions more remain to be sold. What a chance for a great speaker! ¶ When a great speaker on the subject of war investments rises in America, he will be interesting, so interesting that we will hang on every word he says. He may discuss anything that is pertinent to the subject, from the "fifth column" and the "sixth column" to improved methods of selling on the payroll savings plan, but he will always be interesting.



"Be interested"  
Richard C. Patterson  
Chairman, New York  
War Bond Drive



"Be earnest"  
Gale F. Johnston,  
Vice Pres., Metropolitan  
Life Insurance Co.

¶ The best speaker can do little with poor material. Spend at least one hour in careful preparation for each ten minutes you are asked to talk. Every word counts. Every idea must be carefully weighed before you place it in peoples' minds. ¶ If you wish to use a funny story or an anecdote, be sure it is fresh and new to your audience. Then they laugh with you, not at you. ¶ Be serious in talking about War Savings Bonds and Stamps, you have one of the most serious subjects ever offered to an American audience. The subject is twofold: war and investment. Joking about either of these things is usually out of place. A few minutes of earnest, convincing exposition is far better than a whole hour of comedy. ¶ The better people understand the true nature of the securities we are issuing, the more bonds and stamps will they buy.

speeches, but in fifteen years as a radio executive I have listened to thousands of them. Few men practice public speaking as earnestly as they practice golf. It pays to rehearse a speech thoroughly, at least three or four times aloud before you deliver it. ¶ When you talk on the radio, remember you are not talking to a crowd but to two or three people in their homes. Talk as if you were in their sitting rooms. Avoid long words and long sentences. Remember that if you bore your listeners, or shout at them, they will instantly dial you out. ¶ If you can't take lessons, model yourself on the best radio speakers. Those who are good are President Roosevelt, Winston Churchill, Franklin D. Roosevelt, and Ika Chase, and others who have studied and practiced. The style used by Adolph Hitler is too ornate for the American radio audience. Talk to radio listeners as confidentially as if you were in their homes with them.

¶ The first essential is earnestness. If you have not first sold yourself, you cannot sell others. Let your audience realize that you have bought the service or the securities which you are selling. ¶ In any human dealing, warmth is more effective than coldness, a sincere smile is better than a frown. Present yourself, on the platform, as a man whom every person in the audience would like to have as a friend, remembering, of course, that to make a friend, you must *be* a friend. ¶ Do not read your speech unless absolutely necessary. Know your subject so well that you need scarcely ever refer to the manuscript. Allow a pause after each sentence, so that the thought may sink in. You are there to convince people. Talk in their own language, and be sure that they feel that you are on their side—that you are taking an interest in their welfare, their problems.



"Practice"  
Vincent Callahan,  
Director, Press Relations  
Radio, WSS

¶ Most speeches are at least ten minutes too long. If you are asked to fill 20 minutes or 30 minutes, you must do so, but to hold your hearers' attention so long, you will need every trick of the trade. ¶ What are the tricks? Well, Henry Beecher did not hesitate to "sell" an actual girl from Brooklyn pulpit when he was preaching for emancipation. He held up a bunch of ripe figs before the Roman Senate and said: "These were growing at Carthage yesterday, so they are the enemy to our walls!" ¶ A lot of words, read from a typewritten manuscript, are not worthy of an intelligent audience that wants action. Try for action on the spot. Give your audience something to look at, if possible. Don't be afraid of pausing. Invite questions. Hold your breath naturally as if you were conversing with your hearers, at a time. As the old verse says: "Begin low, talk slow; rise higher; rise higher; Wax warm, sit down in a storm."



"End soon"  
Harford Powell, Consulting  
Expert, WSS



"Prepare"  
Robert W. Sparks, Field  
Director, WSS



### Town Honors Own Hero Of Bataan

"Aid Andy Week" was the slogan of Burlington, Wis., five-and-a-half-day bond and stamp drive. "Andy" is Sgt. Leroy Anderson, a Burlington soldier who won fame for his heroism in Bataan Peninsula. As a result of his bravery under fire, he became the first selectee to be awarded the Distinguished Service Cross.

"Aid Andy Week" was proclaimed by Mayor Runkel to boost sales of bonds and stamps to new highs. It did. Inspired by the example of their Number 1 hero, Burlington citizens bought \$173,116 during the week. Record, to date, for a city of 4,411.

### Record Sale of War Bonds On Army Day

As a feature of the Army Day parade in Pittsburgh, Pa., 25 large barrels appropriately marked and decorated were placed at strategic points in downtown Pittsburgh and these served as sales counters for War Savings Bonds. "Cash on the barrel head!" The orders were solicited by Pittsburgh investment bankers who reported that their sales on Army Day totaled \$3,500,000.

The Pittsburgh War Savings committee entered a large float in the Army Day parade and participated in the demonstration and rally which was held in front of the city-county building. A feature of this meeting was the report made by a Pittsburgh school child that in 16 weeks, War Savings Bond and Stamp sales in Pittsburgh schools had amounted to the magnificent total of \$1,000,000.



This spectacular bond display dominates Capital Square, Montgomery, Ala.



"Shoulder to the Wheel" is the message of this poster panel designed for outdoor display. Kiwanis International had 20,000 produced and through its 2,000 local clubs is asking members and firms represented by members to provide showings.

### Bond-Bardment Day In Cut Bank

CUT BANK, a thriving Montana oil town of 2,500 population, set the pace for the rest of Montana's War Savings activities with its spectacular "Bond-bardment Day," according to Montana's WSS Administrator Wm. H. Bartley.

Besides selling \$30,300 in bonds and stamps, the day's events made the occasion one that "excited more interest and attracted more newspaper, radio, and other forms of publicity than anything this town ever did before," according to Dan Whetstone, editor of the Cut Bank Pioneer Press and member of the Glacier County WSS committee. Mr. Whetstone developed the program of the day with Mrs. G. E.

Chambers, county WSS committee chairman. "The day proved," he writes, "that a great majority of the people are hungry to do something helpful for their nation, and don't care whether the assignment is large or small."

Sally Payne, who plays feature roles in western pictures, was the hit of the day. Her husband is an air-line official who formerly lived in Cut Bank and she was flown in from California especially for the day's events. Visitors were also delighted with the attendance of a delegation of Blackfeet Indians and a group of eight Canadian aviators who had been touring Canada for the Canadian Victory Loan drive. The principal speech of the day was delivered by E. G. Toomey, Helena attorney and chairman of the Lewis and Clark County WSS Committee.

"We are going to urge every Montana community to put on a similar celebration," writes Administrator Bartley.

Sally Payne arrives in Cut Bank for Bond-bardment Day and is greeted by Reuben Black Boy, Mrs. Buffalo Robe, and Chief Bull.



### Mid-West Town Blacks Out To Launch Bond Drive

A 5-MINUTE black-out heralded the start of a period of intense effort by the WSS committee in Waterloo, Iowa. Mayor Slippy, proclaiming the black-out declared:

This country is at war. It is the first time since the signing of the Declaration of Independence that this country has been threatened with invasion. It is a war in defense of principles upon which the American way of life is based. The outcome of this war will decide whether the government of the people, for the people, and by the people shall exist or shall perish from the earth.

As citizens, we will be called upon for sacrifices to an extent that we never have been before. The Government is calling on every patriotic citizen to invest as large an amount of his income as he possibly can in War Savings Bonds.

Our coastal cities are making preparations in earnest for protection against invasion and bombing by declaring official black-outs. We in the middle west are not yet in a situation where this has become necessary. But, in order to impress upon our citizens the necessity of doing everything that we can for the defense of our Nation, I hereby fix the time from 8 to 8:05 p. m. central war time, Tuesday,



March 3, 1942, as the time for a patriotic black-out.

It is my suggestion that these 5 minutes of the black-out be spent in silent meditation and prayer: Prayer that our armed forces will have victory; that those who have gone to the defense of our country may return strong in mind and unbroken in body; that those who are called upon to pay the supreme sacrifice or suffer injury may have the blessing of God; and that an everlasting peace will be the fruit of our endeavors.

### *Hawaiian Life Underwriters Help Sell Pay-Roll Savings*

DEPUTY Administrator John Snell reports that the Life Underwriters' Association of Hawaii has been very helpful in promoting the sale of War Savings Bonds in the Territory and that in the month of March, sales of \$130,000 were directly attributed to their efforts.

Hawaii life underwriters have been responsible for the installation of pay-roll savings plans in two of the five large sugar plantation agencies in the Territory—American Factors, Ltd., and Theo. H. Davies & Co., Ltd., and in many smaller business concerns.

War Savings booth at the Southwestern Stock Show, Fort Worth, Tex. Both bonds and stamps were sold here by the Junior Women's Club.



28 · *The Minute Man*

### *Reading Parades to Celebrate Opening of Victory House*

THE biggest Reading parade crowd since the sesquicentennial celebration in 1923, and the "whoopiest, cheeringest throng since the days of the First World War" turned out to see the mounted and mechanized cavalry regiment from Indiantown Gap march with thousands of Berks County citizens to celebrate the opening of Victory House and Bond Day in Reading, Penn.

The parade was a big affair. Hundreds of military vehicles of all kinds were in the line of march—horse vans, mobile field kitchens, repair shops, ambulances, trucks bearing machine gun squads; scout cars, "jeeps," "peeps," motorcycles and many other types. As the various units passed the reviewing stand an Army officer speaking over an amplifying system explained their various functions.

Ray Bolger, movie comedian was a guest of the city for the occasion. He sang and danced, and spoke to the crowds to urge wholehearted support of the War Savings program.

At least 35 local organizations participated in the parade. Some entered floats, others delegations of marchers. Boy Scouts carried placards bearing the names of local business concerns whose employees had earned the right to display the Treasury's Minute Man flag.

Reading's Victory House is an appropriately marked and decorated store space on Penn Street. It is to be the headquarters for all bond and stamp sales promotional activity for the duration, and both bonds and stamps will be on sale there. Bond

sales will be handled by the treasurers and assistant treasurers of the various Federal Credit Unions in the community who have formed a special committee for this purpose and will rotate the responsibility. They will be on duty each day between 6:30 and 8 p. m. and on Saturdays during the afternoon as well.

The women's division, under Mrs. Lee Erdman, will recruit other volunteer attendants. Defense products made in Reading will be on display and other attractions are planned.

General chairman of the Berks' County committee is Harold G. Evans.

War Savings booth at the annual Hobby Show sponsored by the Flint, Mich., Junior Chamber of Commerce. Posters on the back drop are from the Oldemobile Division of General Motors.



*The Minute Man* · 29



### *Volunteers Help With Chicago's Publicity Program*

THE Chicago staff reports that a large and able group of volunteers are helping prepare press releases, house magazine articles, radio scripts, and other publicity material. These men and women are from Chicago banks, investment houses, insurance companies, and other business organizations. They work after office hours in the evenings on a regular schedule and their services have proved indispensable.

Among the companies who are making a substantial contribution to the War Savings program in Illinois are those which are providing full-time or part-time office help on what they refer to in Chicago as a "lend-lease" basis. Included in the list of companies which are helping in this way are Swift, Armour, Illinois Bell Telephone, Peoples' Gas, Continental Illinois Bank, First National Bank, and Hart Schaffner & Marx.

### *Catholic Groups Active In Chicago*

STAMP and bond sales by Catholic parishes and clubs amount to nearly half a million dollars, according to reports received and compiled by the Catholic committee of the Chicago WSS, which is headed by Homer J. Buckley and Mrs. Leo P. Cummings.

War Savings Bond committees have been established in all of the councils of the Knights of Columbus in the Archdiocese of Chicago, and a regular method by which purchases of members are reported to district and national leaders put into effect.

30 · *The Minute Man*

### *A South Dakota County Publishes News Letter*

THE "Brown County Victory Herald" is the name of the news letter published by the WSS committee in Aberdeen, S. Dak. It is "dedicated to the loyal committeemen who are doing more than their share in the promotion of the sale of war savings stamps and bonds in Brown County."

From this excellent little publication—one of the best issued by any city or county WSS committee—we learn that two townships in Brown County are 100 percent—every family is buying bonds . . . "Buy an Extra Bond Week" is scheduled . . . 80 of the 108 rural schools in the county are selling stamps.

### *Veteran Gives Away 10,000 Stamps*

IN BALTIMORE, LeRoy Lipman, World War veteran, has completed a 'strange mission—giving away 10,000 25-cent War Savings Stamps. The job was not hard, but it did take a lot of time, as when Mr. Lipman gave stamps he also explained how to save stamps to buy bonds and exacted promises that those to whom he gave them would fill their albums and exchange them for bonds.

"I was a machine gunner in the last war," says Mr. Lipman. "I figured this idea of giving away stamps to people in all walks of life—salesmen, doctors, barbers, taxi drivers, elevator men, etc., would help a lot. If all who accept albums from me live up to their promises, \$187,500 will have been poured into Uncle Sam's war chest."



### *Effective Publicity Boosts Sales In Huntington, W. Va.*

THE Huntington, W. Va., WSS committee reports these special events and publicity features in connection with its recent efforts to boost stamp and bond sales:

Special flag awarded to the school having the best sales record; weekly goal of \$100,000 established for sale of stamps; full page newspaper advertisements for War Savings sponsored by local merchants; many special newspaper features such as a picture of the mother of a Huntington boy who was lost on the U. S. S. *Houston* taking her change in War Savings Stamps at her grocery store; arrangements made for outlying communities to compete for War Savings Stamp purchase honors; a special "flying squadron" organized to keep merchants well stocked with stamps.

Chicago honors 10,000th man to enlist in the Navy! A view of the noonday ceremonies at the busy loop intersection of State and Madison when the 10,000th man was publicly inducted into the Navy. Army and Navy officials and members of the Illinois and Chicago WSS committees participated. The WSS retail division stimulated retailers to create special window displays for this day and in other ways call attention to this event.

### *Association Buys Stamps For Members*

#### *Instead of Bonds for Itself*

MANY organizations are investing their reserve funds in War Savings Bonds, and this is, of course, a familiar idea. Down in Giddings, Tex., however, officers of the Germania Mutual Aid Association decided there was another way in which to help the War Savings program. At the suggestion of County Chairman Paul Nerger, they voted to use association funds to give every member four 25-cent savings stamps in an album with a specially printed jacket.

*The Minute Man* · 31



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## HIGH LIGHTS

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• *Military equipment displayed.* The Business Men's Club in Portland, Oreg., in cooperation with the local War Savings committee and Army and Navy officials arranged a display of military equipment. The display was held on a Saturday afternoon in the Grant High School Bowl with thousands in attendance. The costs of all items on display were translated into terms of \$25 denomination War Savings Bonds.

• *Parade.* More than 5,000 persons witnessed the Victory Day parade arranged by the War Savings committee in Merryville, Tenn.

• *Bond cavalcade.* Rutherford County, Tenn., paid tribute to its famous daughter, Mrs. Douglas MacArthur, with a "Mrs. MacArthur Bond Cavalcade" which has completed a 3-day tour of middle Tennessee. The cavalcade began at Murfreesboro, former home of Jean Faircloth MacArthur and visited Chattanooga and Nashville as well as dozens of smaller towns. A band and a company of infantry accompanied the cavalcade which included several buses and many private cars.

• *Colin Kelly Day.* Captain Kelly's home town, Madison, Fla., named a day in his honor recently as part of the campaign to increase purchases of War Savings Bonds and Stamps. Schools were dismissed early and a big patriotic rally was held in Courthouse Square.

• *Pie suppers revived.* Jeff Woods, a professional auctioneer who has banged his hammer on a half-million head of livestock during the past 30 years is helping the Poplar Bluff, Mo., American Legion Post sell bonds to buy bombers. He auctions off pies, the high bidder being the one who will agree to buy the most War Savings Bonds or Stamps. "There is not much difference," Woods reports, "in selling cattle than pies, you use the same technique. As a matter of fact, I believe it is easier to sell bonds for this bomber than pigs for pork. Anyway it is a lot of fun. The people of the Ozarks, in the little towns, and even those way back in the woods are anxious to help in any way they can to win this war." At a recent pie supper in Oak Grove, Mo., sales of War Savings Bonds and Stamps totaled \$1,382.35. One man paid \$1,000 for a pie baked by a woman who has one son fighting in the Philippines and another with the Pacific Fleet.

• *Sgt. Alvin York,* Dinah Shore, the Vanderbilt University a capella choir, a 25-piece orchestra, and a group of local radio stars appeared on the program of the "War Bond Victory Rally" in Nashville, Tenn. Free tickets to the big affair were given to anyone who purchased \$1 worth of War Savings Stamps at one of the leading retail stores in the city which helped finance the event.

• *At the "Victory Scoop" dinner* of Twin Cities Newspaper Guild in St. Paul, Minn., more than \$55,750 worth of War Savings Bonds and Stamps were purchased. A rail-

road locomotive bell in the lobby of the hotel where the dinner was held—changed every time a sale hit the \$100 mark—rang almost continuously. Jack Dempsey and the two MGM starlets, Jetsy Parker and Dorothy Schoemer, who are now making War Savings tours, attended the dinner and helped boost bond and stamp sales.

• *Two big "On to Victory" War Bond rallies* were held recently in Hartford, Conn. Edna Ferber, Raymond Massey, Walter O'Keefe, Clem McCarthy, Barry Wood, Mike Jacobs, and Hoot Gibson were among the celebrities who participated. The Retail Trade Board cooperated with the Hartford WSS committee in arranging the program.

• *Gene Autry* who appeared recently in Cleveland, Ohio, with his rodeo was drafted by Percy W. Brown, cochairman of the Cleveland War Savings committee to make a series of appearances on behalf of War Savings during the week in which he appeared there.

• *The "Victory Day" bond rally* in Anamosa, Iowa, included displays of an Army parachute manufactured locally, an Army jeep from the proving ground at Savanna, Ill., and other pieces of military equipment. Taking part in the parade were Red Cross nurses, Boy Scouts, Cub Scouts, school bands, etc. Retailers set up special stamp booths near the display of military weapons, and members of local women's clubs provided volunteers to staff these booths. Persons purchasing bonds or stamps during the day received small feathers to wear in their coat lapels.

• *"Bonds Buy Torpedoes,"* is the slogan adopted by the War Savings committee of Alexandria, Va. The local naval torpedo station is cooperating with the War Savings drive by putting a torpedo on exhibition in the business center of the city.

• *A dance* which was arranged by the junior chamber of commerce has raised a small fund for incidental expenses for the Spokane WSS committee. Admission was 50 cents with tickets exchangeable for 25-cent War Savings Stamps.

• *The special cast* of the Northern States Power Co., which is producing the War Savings play, Mother Buys a Bond, played to a large and appreciative audience at Stillwater, Minn., the other day—the inmates at the State prison. The prisoners there have invested \$25,000 in war bonds.

• *Community parties* where various games are played and war bonds and stamps are given as prizes are being held regularly in Wilbur, Wash. First, Harold Brown sponsored a cribbage tournament with a \$25 bond as the first prize. Aksel Peterson following suit with another cribbage tournament. Ted Watts then staged a billiard tournament. Other such affairs are planned for bridge, pinochle, golf, and horseshoe pitching, and there is talk of an old-fashioned spelling bee.

• *Service clubs* in Wabash, Ind., are helping to promote the newspaper carrier-boy plan. Each week one of these clubs has the week's star carrier-boy stamp salesman as the honor guest at its luncheon.



# PAY-ROLL SAVINGS

## General Motors Launches Bond Drive

Twelve noon, April 16 was "zero hour" in the 93 factories, plants and offices of General Motors Corporation. At that time, rallies, mass meetings and other special events marked the beginning of an all-out company-wide drive to enroll every GM worker in the pay-roll savings plan.

"Save and Serve for Victory," was the slogan of the General Motors' war bond drive. For several days before the April 16 "zero hour" the letters SSV on plant bulletin boards, special posters and banners, and other likely and unlikely places aroused great interest. Within a short time everyone was asking, "What do the letters mean?" This advance "teaser campaign" was a great publicity build-up for the drive.

Other highlights: The unveiling of honor rolls listing former employees now in the armed services was a feature of the opening of the bond drive at many plants . . . To accomplish the objective of 100 percent employee participation, division competed against division, plant against plant, office against office, department against department and shift against shift . . . Special red, white and blue banners were awarded to each unit, department or office as

soon as 100 percent of all workers had signed up . . . Quota boards were displayed in plants and offices . . . Red, white, and blue lapel buttons, auto windshield stickers, posters and mailing pieces publicized the "Save and Serve for Victory" slogan of the drive . . . Fay Wray, screen star, spoke at the bond rally of the GM plant in Trenton . . . The Governor of Indiana addressed the opening bond rally at GM plants in Indianapolis . . . C. E. Wilson, president of General Motors; Frank Isbey, chairman of the Michigan War Savings committee; and J. M. Jerpe, director of the GM bond drive addressed three large rallies in the GM building in Detroit on the opening day of the drive.

In 2 days, 65 percent of the entire GM organization numbering more than 230,000 had signed up and 9 of the company's 93 plants and offices were 100 percent! By April 26, 10 days after the campaign began, 97 percent of all employees had enrolled, 54 plants and units were 100 percent and all of the 39 other plants and units had percentages of participation of more than 90 percent.

Hats off to General Motors' employees and to the members of the War Savings committees in the plants and offices who conducted this successful sales drive!

## AN Urgent APPEAL

in  
**OUR NATION'S  
FIGHT  
FOR LIFE**

### TODAY >>

The cost of the nation's  
Victory Armament Building Program  
*is reaching*  
**STAGGERING PROPORTIONS**

From Dawn 'til Dawn  
... every 24 Hours

OUR NATIONAL  
WAR EXPENDITURES  
CURRENTLY



Approximate  
**ONE HUNDRED SIXTY-SIX  
MILLION DOLLARS**

Think of it! **ALMOST**  
**\$7,000,000 PER HOUR**

..and the cost is steadily rising!

Since then ..

### EVENTS HAVE CHANGED!

..our shores have been attacked.  
..our island possessions invaded.  
..our citizens killed.  
..our future threatened.



America has changed from  
**A NATION AT PEACE .. TO  
A NATION AT WAR!**

and ..

\*General Motors and  
General Motors' employees  
will ..

**SAVE AND  
SERVE  
FOR  
VICTORY**

Four of the series of fifty large charts used to present purposes and procedures of General Motors bond campaign to drive chairmen and canvassers.





### General Motors Start Bond Drive with Mass Meeting

Enthusiastic rallies like these launched war bond drive in plants and offices of General Motors. At the left, Chevrolet bond committeemen in General Motors' Philadelphia zone get information on the bonds preparatory to signing up fellow workers; below, employee rally at the plant of the Diesel Engine Division, Cleveland, Ohio. Workers in foreground carry the "Remember Pearl Harbor" pennant of the UAW; one of a series of mass meetings in the auditorium of the General Motors Building, Detroit.



36 • The Minute Man

### General Electric Bond Drive Described

Every business firm in the United States employing as many as 100 persons has received from the Secretary of the Treasury a copy of the pamphlet issued by the War Savings Staff to describe the pay-roll savings bond campaign of the General Electric Co.

During the first weeks of the war employees of this company launched a well-thought-out campaign to enroll every worker as a regular purchaser of war bonds. By December 31, 83 percent of the firm's 121,270 employees were making regular pay allotments to buy bonds and had pledged themselves to invest more than \$130 apiece during 1942.

In the firm's largest plant—the Schenectady works—more than 93 percent of all employees signed up. How these results were achieved is told in detail in the pamphlet which has been distributed by Secretary Morgenthau to business and industrial executives, Government executives, Congressmen, and many others. In an accompanying letter the Secretary said:

The most effective, single method for promoting the systematic purchase of United States Savings Bonds is through the pay-roll savings plan. I am writing to you, not only to thank you for your helpful cooperation up to date, but to ask for your increased effort in the future.

*Time is short.* The ever-increasing demands of our war machine create an urgency that we cannot escape or evade. To raise the billions which we now need to win the war, and to do all in our power to check inflation, we must raise our sights. I am suggesting, therefore, as a total or quota for those administering the pay-roll savings plan, that at least 10 percent of gross pay roll be set aside by the employees for the purchase of United States Savings Bonds.

To help achieve this new goal, I am sending you herewith the story of one successful method for accomplishing this. This is the first of a series of "case histories" which we hope to send to you from time to time. This campaign conducted by the General Electric Co. has not succeeded in reaching our new goal, but it seems to me that it is along lines such as here outlined that we can most quickly and simply succeed.

Here are a few highlights from the GE pamphlet: Each employee was solicited individually to make sure that he understood the bonds, the pay-roll savings purchase plan and the reasons for buying bonds regularly. . . . The solicitor organization was set up by "drive chairmen" appointed in each factory or office by the local manager. Drive chairmen selected "captains" for each department; captains selected "lieutenants" and lieutenants selected solicitors. . . . Each solicitor was asked to call on about 20 fellow employees. . . . The GE publicity department prepared special material for employee publications, posters, a booklet of instructions for solicitors and other materials. . . . Training of the solicitor organization began with the chairmen instructing their captains, who in turn instructed their lieutenants, who in turn instructed their solicitors. . . . Before the canvassing began all solicitors in the factory or office were brought together for final instructions and a "pep talk." . . . Each solicitor was given a definite list of persons to see and for each of these persons a pay-roll allotment authorization card on which the employee's name and location had previously been filled in by company paymasters. . . . Day-by-day progress of the drive was reported and the entire campaign completed in about one week.







# W O M E N

## *New York Women Develop Strong Organization Set-up*

WHEN Mrs. Lytle Hull was appointed vice chairman of the New York State Defense—now War—Savings committee by Secretary Morgenthau and put in charge of organizing the women in the State of New York, a complex organizational problem confronted her.

With 7 million people concentrated in New York City and another 7 million spread throughout the entire State, she realized that an organizational set-up would be necessary which would successfully correlate the activities of the two groups.

One of her first moves was to appoint Marion Miller, an able administrator, as executive head of the organization. Their consideration of the difficulties involved led to Mrs. Hull's appointing two divisional vice chairmen. Mrs. Courtlandt D. Barnes was chosen to supervise New York City and Mrs. Oscar Solbert was given charge of the up-State area.

It was found practical to divide this up-State area into eight districts which conform generally to the Federal Reserve districts, with a woman chairman for each of the districts. These districts were then subdivided into their constituent counties, 62 in all, each with a women's War Savings committee. In addition, each city of any con-



Marian Miller, the executive head of the Women's Division of the New York State WSS.

siderable size, outside of New York City itself, has a women's committee.

Periodically local committees submit reports of their activities to their county committees. County chairmen submit these reports together with a report of their own activities to their district chairmen, and this same pattern is followed through in all district and city committees. As a result at frequent intervals a complete picture of the activities of every group in the State is placed before the State executive committee.

## *Women Can Win Award of Merit*

emphasize the need for buying bonds and stamps systematically, a handsome award of merit signed by Secretary Morgenthau will be presented to any club or organization which can show that 90 percent of its members are buying bonds or stamps regularly. Groups should submit such proof, which may consist of signed pledges by the membership, to the local War Savings committee.

The District of Columbia has its own 100 percent pledge signing campaign underway. In Washington, D. C. an honor poster, designed by Jean Wallace, daughter of the Vice President, will be awarded to any women's organization showing 100 percent participation.

## *Women Volunteers Join War Corps To Sell Stamps*

FUN-LOVING New Yorkers, seeking relief from the summer's heat at ball fields, beaches, parks, and nearby resorts will find that a spritely new type of salesperson, hawking a vastly different product, has invaded the domain of the peanut and popcorn vendor.

An army of retail store saleswomen, wearing red, white, and blue striped pinafores, and armed with War Savings Stamps in all denominations is being assigned to cover all public activities during the summer.

These salesgirls from New York department stores have banded together under the leadership of Mrs. Douglas Gibbons, who is in charge of War Savings Stamp booth volunteers for the women's committee of

New York State. Mrs. Gibbons is training the girls, giving them their assignments and has been instrumental in securing the colorful patriotic pinafores.

In another part of New York City, in the Borough of Queens, two thousand Victory aides are bringing War Stamps within the reach of the man on the street. Wearing conspicuous buttons reading "I Sell Defense Stamps," these Victory aides are doing a brisk business selling stamps on subway stations, busses, street corners and wherever they go.

Miss Helen Jannicelli, an active member of New York's Retail Volunteer Corps, is shown here in her RVC pinafore uniform. Sturdy pockets across the front hold four denominations of war stamps. The center one with button holds change securely.





# EDUCATION

## School Children Get Chance To Sign Own War Savings Pledge

A SPECIAL War Savings school pledge (see illustration) is giving America's school children a chance this month to sign their own declarations of war against the Axis. Through WSS administrators, the pledges have been distributed to all schools for signing before the summer vacation begins. Each signer will be encouraged to take his pledge home as a visual reminder of the obligation he has assumed toward his country's fight for victory.

Millions of school children are signing this pledge.



Morale building is the chief purpose of this pledge. It is an answer to the schools' problem of how to keep their War Savings programs active among students throughout the summer vacation; and, because it calls for no fixed amount of savings, it offers to every child an equal opportunity to "join up" publicly with his nation's war effort.

Several suggestions for planning the school pledge campaign were made to State administrators in a field memorandum last month. They included:

1. Arrange special pledge-signing ceremonies, possibly on a State-wide "School Pledge Day (or week)." These ceremonies should be simple and dignified, accompanied by patriotic music and a pledge of allegiance to flag and country.

2. Publicity, including regular newspaper releases on plans for the school pledge campaign in the State and its progress. The dramatic possibilities inherent in making the pledge to members of the armed forces, suggested several ideas for publicity. For example:

Groups of children could sign their pledges in the presence of actual soldiers, sailors, or marines. Or mass pledge-signing ceremonies could be arranged for the "last day of school" with Army, Navy, or Marine officers

formally accepting the children's pledge to their forces.

Children whose fathers are in the armed services could be asked to sign the "first pledges" in each school or town.

Interviews could be arranged between children and soldiers with children telling how they plan to earn the money to fulfill their pledges. Or reporters could simply interview selected children on this question. Radio possibilities here.

The school pledge should not be confused with the regular pledge campaign. It is quite different in that the school pledge does not require a promise to save a fixed amount, and that there are no duplicates, or other bookkeeping details. It should be made perfectly clear to each community that a school pledge may supplement a regular pledge but does not take its place.

## Colleges Asked To Broaden Their War Savings Programs

COLLEGE presidents throughout the Nation have been asked by the WSS to make their institutions training centers for faculty and student leaders who can explain the present-day and post-war aim of the War Savings program both on the campus and in the college community.

More than half the colleges are already selling stamps and the others report willingness to begin, but the WSS wants them to do more than this—to devote their educational resources and influence to the task of helping everyone understand that

there is more to the War Savings program than war finance.

The request was made in "A Program for Colleges," prepared by the Education Division, War Savings Staff, in consultation with college presidents, leading educational organizations and the Office of Education. Five copies of the plan were mailed direct from Washington to every college president in the country with a letter signed by Secretary Morgenthau. Additional copies were sent to all State administrators for distribution to the local committees in the college and university towns within their States.

To make their War Savings programs mean more to faculty and students than just another drive, college presidents are asked to appoint separate faculty and student committees that are fully representative of all segments of campus life.

The faculty committees are asked to incorporate War Savings as a subject for study in economics, sociology, politics, and history classes; as an activity project in speech and drama; as a recurring topic for discussion in forums, round-tables, radio programs and meetings both on campus and in the college town. They are asked to train corps of faculty and student speakers who can address meetings at college and assist the local WSS committees to cover all meetings in the surrounding community. A major activity of the faculty committee will be to stimulate participation in pay-roll savings among all of the college employees. Many colleges are already operating pay-roll savings plans successfully; others use the pledge or group-agent system.



# BANKING *and* FINANCE

## *All Louisville Banks Operate Bank Draft Plan*

THE PLAN for purchasing War Savings Bonds regularly by simply authorizing periodic bank drafts on checking accounts has been installed in all Louisville banks. A standard bank draft authorization form was prepared and printed by the Louisville Clearing House and distributed to all checking account customers along with the regular monthly statements. In addition, the Louisville War Savings committee is making a special effort to sell the plan to all lawyers, doctors, and dentists. Speakers have appeared before practically all service and luncheon clubs in the city to explain War Savings in general and the bank depositors' draft plan for buying bonds regularly in particular. Several hundred business and professional men have adopted the plan and its popularity is reported to be steadily increasing.

## *Bank Sponsors Essay Contest*

PRIZES totaling \$240 in War Savings Stamps were offered to school children by the First National Bank of Shreveport, La., for the best essays on the subject, Why We Should Buy War Bonds. The contest was limited to students in Shreveport high schools and prizes were given for the two best essays in each of the grades in each school.

44 • *The Minute Man*

## *Honor Roll for Savings & Loan Associations*

AN HONOR ROLL has been established for savings and loan associations, cooperative banks, and homebased associations taking a significant part in the sale of war bonds.

The Federal Home Loan Bank Review in May published a list of all member associations of the Federal Home Loan Bank System which have sold an amount of War Savings Bonds equal to 5 percent of their assets. The Review will print this honor roll in each monthly issue, placing a star after the name of associations for each additional 1 percent in sales.

The presidents of the 12 district Federal Home Loan Banks will let the Review posted on the sale records of their associations. This also will enable the Review to publish a citation list of associations which have inaugurated commendable war bond programs and provided ideas for other associations. This list will serve to honor some of the largest associations which may have difficulty in obtaining the 5 percent ratio in the near future because of their size.

A recent issue of the Review carried a story on one of the most comprehensive pay-roll savings plans developed by a savings and loan association—that of the Harvey Federal Savings and Loan Association in Harvey, Ill.



These Minute Men helped the Peoples Bank & Trust Co., of Westfield, N. J., publicize its Victory Club plan of buying War Savings Bonds. Mayor Fell at the window had the honor of being the first to enroll in the club.

## FINANCE HIGH LIGHTS

The Fidelity Union Trust Co. of Newark, N. J., has sold 32,000 U. S. Savings Bonds during the past 12 months—approximately \$13,000,000 worth. The company has recently added 10 people to its staff to handle the growing volume of War Savings Bonds sales.

The Farmers & Mechanics Bank in Minneapolis has opened 18,000 individual accounts for the purchase of Savings Bonds. Sales of Series E Bonds by this bank amounted to \$2,714,000 in the 10 months following May 1, 1941.

Every Federal Savings & Loan Association in Florida has qualified as an issuing agent for Series E Bonds.

- Sale of 30 million dollars worth of war bonds in 1942 is the goal the Ohio Credit Union League has set for its members.
- All the banks in Cottonwood, Minn., stayed open on a recent bank holiday in order to sell War Savings Bonds.
- First business firm in Richmond, Va., to sign up 100 percent for pay-roll savings was the *First & Merchants National Bank*.

Huge Minute Men panels and a war service flag dominate the lobby of the State-Planters Bank & Trust Co., Richmond, Va.



*The Minute Man* • 45



# The Fall of France

By KARL M. RICHARDS

*The Deputy WSS Administrator for Washington personally witnessed the French military debacle in 1940. Here is his story of this catastrophe as he has told it to many War Savings meetings in his State*

I was a witness to the fall of France and I believe that we in America can learn many lessons for which the French have paid a horrible price. Many people feel that France fell because she was a decadent nation; because the French people have many weaknesses. In my opinion this is a most unfortunate approach to the problem. I believe that France fell because she suffered from the inherent weaknesses of any democracy at war. I am alarmed to find that here in America we are making many of the same mistakes which the French made; we are suffering from the same weaknesses inherent to a democracy because democracies are not primarily designed for war which they hate and try to avoid.

Let me emphasize one or two points with respect to the fall of France. First, when war was declared on September 3, 1939, the French nation for the first time in years moved toward unity as all democracies do when outside danger is apparent. The Germans, however, did not attack as was expected. Germany had faced a united France in 1914-18 and did not relish a repetition of this experience. She therefore launched a psychological war to undermine French national unity. German planes flew over France and instead of dropping bombs they dropped propaganda designed

to divide France and her allies in England, and appealing to the French prejudice against war. They knew that the prevailing feeling in France was peace at any price.

The most effective attack on French national unity, however, was a very clever campaign launched to lull the French into a feeling of false security just as we felt about Japan before Pearl Harbor. The Germans strengthened the belief, by many little tricks, that France was safe back of the Maginot Line and that Germany could be starved out with an economic boycott. The same tactics Japan used against us.

Feeling that they were secure back of the Maginot Line, the French people indulged in all the luxuries of a peacetime democracy. French labor campaigned for higher wages, French capital for greater profits, and French politicians used the emergency to further their own pet schemes. France was very much divided and confused when Hitler struck on the 10th day of May 1940.

In 4 days the German hordes had overrun Holland, they had broken through the fortifications of Belgium, and in 12 days, to the surprise of the world and the dismay of the French, they cracked the little Maginot Line at Sedan. As the German panzer units poured into northern France, the French people, who had felt

secure back of their Maginot Line, realized that they had no security; they were panic stricken. Millions of them left their homes in the cities, villages, and farms of northern France, poured out onto the roads, blocking the military, fighting to reach safety toward the south. As the German blitzkrieg swung down the Somme Valley, these civilians were caught in the path, and thousands of innocent women, children, and noncombatants were slaughtered with their soldiers. I was caught in this blitzkrieg and was an eye witness to these horrible killings. I can assure you that no man, woman, or child is spared in modern total warfare.

The second point which I wish to emphasize is this: when the French realized the danger they moved toward the strength of which democracies are capable when aroused in time. They replaced General Gamelin with General Weygand, the strong man of the army. Paul Reynaud started reorganizing and strengthening his Government. Labor and capital forgot their selfish fight and the entire French nation concentrated on national security. It was too late! General Weygand did not have time to build the thousands of tanks and planes that he required,

and national unity in France did not have the time to assert itself. In just 37 days the French countryside was completely overrun by the German panzer units. France was forced to capitulate to avoid unnecessary slaughter.

If I were to tell you that 5 months after the declaration of war in France, less than 20 percent of the French people were buying Government bonds to support the war effort, you would say "No wonder France fell." Unfortunately, however, this statement does not apply to France but to my own United States of America. Less than 10 million Americans have purchased bonds and at least 50 million are financially able to do so. This is an alarming picture. Something must be done about it.

Please do not misunderstand me; I have every confidence in the American people. If they see the picture, if they know what they must do and what is expected of them and the reasons why this must be done, there is no question as to their response.

This "duo-motion" illuminated, painted bulletin board, 55 feet in length, is one of the most dramatic War Savings advertisements to be seen anywhere in the country. It is located on the most heavily traveled thoroughfare in Louisville, Ky., and is a contribution of the Oertel Brewing Co.



The Minute Man · 47

# Fighting Mad!

*Condensed from Printers' Ink*

I'M TALKING as an average citizen. I'm saying, not what I'd like to tell the country, but what I'd like to be told.

' Sure, I'm buying bonds. I'm paying taxes. I'm doing with less sugar. But deep down inside, down where it really matters, I'm all a welter of confusion. It keeps me mopping my brow when I ought to be clenching my fists.

You understand? It's like this. I want to be told—not to buy Defense Bonds or Stamps. I want to be told to buy War Bonds.

I want to be told—not to remember Pearl Harbor. I want to be told to take Tokio, to bomb Berlin.

I want a positive program instead of a passive one. I want to be told something to fight *for*. I'm sick and tired of having only something to fight *against*. I want something to do—not just to wait for.

I'm fed up with singing plaintive songs. I want to sing battle songs. Don't tell me there'll be bluebirds over the white cliffs of Dover. Tell me there'll be vultures and a deathly silence over Berchtesgaden.

I want to sail against Germany, against Italy, against Japan. If they can sail against us and our allies, why can't we sail against them?

I'm bored with keeping a stiff upper lip—I want to develop a stiff uppercut. I'm tired of being made to feel sad. I want the experience of being made to feel mad. *Fighting mad.*

You get me?

—WALTER WEIR

48 - *The Minute Man*

THE TREASURY DEPARTMENT  
WAR SAVINGS STAFF  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

NOTES 8 5 GOVERNMENT PRINTING OFFICE: 1942

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, 500%



June 1, 1942

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

### PAYROLL SAVINGS

The payroll War Savings Plan has now been installed by 86,232 concerns throughout the nation. A total of 21,745,246 employees, or 62 per cent of the 34,800,000 employees of private industry, federal, state and local governments now have the plan available to them.

### SERIES E BONDS

A tabulation, analysis and maps of Series E bond sales in March is attached.

Two outstanding facts emerge from this analysis:

- (1) New York is losing ground in relation to the other states;
- (2) Iowa did an outstanding job in March. This latter observation may reflect the fact that there were several War Savings rallies staged in Iowa in March by the Motion Picture & Special Events Section of our staff.

### RETAILERS

Four leaflets and bulletins explaining the activities of the Retail Advisory Committee are attached. They are:

6/1/42  
HAG 6/1/42

RETAILERS (Continued)

(1) The organizational set-up of the Victory Display Committee for Washington, D. C. and vicinity.

(2) Copy of the latest issue of "Retailers for Victory".

(3) Outline of the July promotional campaign among retailers aimed at the selling of \$1,000,000,000 in War Bonds and Stamps during the month.

(4) A report to the "Commandos of Main Street" which is a digest of the Retailers meeting at the Sherman Hotel in Chicago on the 4th of May.

NEWSPAPER CARRIER SALES

Sale of ten-cent War Savings Stamps by the newspaper carrier boys of 883 daily papers now totals 307,737,972. This represents an increase of 13,203,909 ten-cent stamps sold by the carrier boys since May 21.

A tabulation showing the total sales by carrier boys over a seven week period is attached.

RALLIES

Adrienne Ames, screen star and radio columnist, led War Savings rally for Ithaca, N. Y., May 22. Committee reports her appearance materially aided quota drive.

Vera Zorina and Gloria Stewart, stage and screen stars, sold \$75,000 in War Bonds at Princeton, N. J., rally April 29.



RALLIES (Continued)

Gloria Stewart and Wythe Williams, stage and screen star and noted commentator, respectively, appeared at Bond rally at Wilmington Advertising Club at duPont Hotel, Wilmington, Delaware, May 8.

Vera Zorina and Allen Jones, stage and screen stars, participated in War Savings rallies in Providence and Newport, R. I. May 11.

Southernaires, one of the best known male quartettes, covering Chicago, Cleveland, Pittsburgh, Hanover, Pa., Wheeling, W. Va., Aliquippa, Pa., and Jamestown, N. Y. sold \$31,000 in Bonds and Stamps.

Three inter-racial rallies, Chicago, May 27; Detroit, May 31, and New York City, June 3, with predominant negro participation all doing great job for public morale and War Savings. Olivia de Haviland, Marian Anderson, Paul Robeson and Richard Crooks (in Chicago only) are the top personalities in these events. Negro press reaction very favorable. Average of 15,000 attendance.

"United Nations Day" celebration, Soldier Field, Chicago Sunday, June 14, expected to attract 125,000. Assistant Secretary John Sullivan to speak. Stage and screen personalities, headed by Binnie Barnes, Shirley Ross, Mrs. Pat O'Brien, with Bob Hope as master of ceremonies, will make appearances.

RALLIES (Continued)

Chicago Herald-American is sponsor, War Savings will be only government agency represented.

Edith Fellows, Juvenile star, appeared at Los Angeles Manual Arts High School rally to promote War Savings.

Patricia Morison, screen star, appeared at Naval Air Base, San Francisco. Local Committee reports big results.

Five hundred Hollywood autographed Stamp albums sent to Portland, Oregon for War Savings promotion at rallies.

John Garfield and two other stars to appear at Portland Rose Festival and participate in nation broadcast, June 10.

Judy Canova to make several appearances in Chicago and Milwaukee for War Savings.

VICTORY WINDOWS -- Two stars a week now appearing at I. Magnin Company store in Los Angeles. Grover Magnin has invested \$60,000 in Victory Windows for all stores in publicity exploitation, uniforms for girls who deliver Bonds and Stamps any place in the city and other expenses. He has set \$5,000,000 as Victory Window quota for remainder of year.

VICTORY HOUSES -- Santa Monica, Cal., Victory House, officially opened on May 23, Hollywood personalities in attendance.

Outstanding days at Los Angeles Victory House were Victory Sunday Day, Will Rogers Day, L. A. Fire Department Day and the appearances of Gypsy Smith, great evangelist.

Community Sing -- Through interviews, spot announcements and broadcasts of the Lucy Monroe Song Fest, the following



RALLIES (Continued)

radio stations aided in promoting attendance at Lucy Monroe's appearances throughout the South:

Stations WQAM, and WIOD of Miami, Fla.

Stations WSUN and WTSP of St. Petersburg, Fla.

Stations WMBR, WJAX, WJHP of Jacksonville, Fla.

Stations WMOB and WALA of Mobile, Ala.

Stations WJDX and WSLI of Jackson, Miss.

Stations WJBO of Baton Rouge, La.

Stations KRLD, KGKO and WRR of Dallas, Texas.

Stations KWKH and KTBS of Shreveport, La.

Stations WREC, WMPS and WMC of Memphis, Tenn.

Stations WAPI, WSGN and WBRC of Birmingham, Ala.

Station WIS of Columbia, S. C.

NEWSREELS -- All five newsreels now carry War Savings message on release sheets to distributors like -- "Patriotic Theatres Sell War Savings Stamps."

Payroll Savings Picture, now being filmed in International Harvester Plants, soon to be completed. Prints will be supplied all state offices.

CURRENT RELEASE -- Fox-Movietone News carries three subjects dealing with War Savings. The end frame on this newsreel now states "Back your fighting men -- buy War Bonds now!"

RALLIES (Continued)

MINUTE MAIDS -- The M-G-M "Ship Ahoy" Girls are now completing their tour of the nation. They have exceeded their quota of \$3,500,000 to buy a destroyer for the Navy.

PRESS

The amount of newspaper space devoted to the War Savings program during May was the greatest yet achieved in any one month. Pledge campaigns in a majority of the states and the national quota campaign contributed in large measure to the amount of publicity obtained. Copies of several newspapers devoting entire issues to the War Bond Pledge Campaign are attached.

The color comic "Small Fry", contribution of Al Capp, noted cartoonist, to the War Savings Program, was published for the first time Sunday, May 31 in approximately 85 of the nations leading newspapers. It is estimated that the amount of space which will be given this cartoon in the course of a year's time will amount to approximately \$500,000. This estimate is based on circulation figures published by "Standard Rate and Data." More papers are daily being added to the list publishing "Small Fry."

Among the larger papers using this feature are: N. Y. Journal American, Washington Star, Cleveland Plain Dealer, Columbus Citizen, Deseret News (Salt Lake), New Haven Register, Boston Globe, Detroit Free-Press, Akron Beacon-Journal, Chicago Times, St. Louis Post-Dispatch, Dallas News, Fort Worth Star-



PRESS (Continued)

Telegram, Los Angeles Times, Seattle Times, San Francisco Chronicle and Portland Oregonian.

Attached are Jumbo telegram blanks and a poster being issued by the Postal Telegraph Company in behalf of the War Savings Program.

Also attached is a copy of the Bridgeport, Connecticut, Sunday Herald which in addition to carrying the full page pictures on the War Bond Campaign also carried other material extensively throughout the publication.

Attached is a copy of the current issue of the Saturday Evening Post which reproduces the citation award of the Curtis Publishing Company by the Treasury Department. Also attached is a list of 71 magazines, 62 of which have definitely reported that they will use War Savings emblems on their July covers.

LABOR PRESS

Attached are copies of the special labor news and feature material sent to all New York newspapers in connection with the New York State Pledge Campaign. Also attached is a copy of the current issue of the Guild Reporter which tells of the activities of Guild members in the War Savings Program.

FOREIGN LANGUAGE PRESS

A special story on the new \$100,000 annual limitation on series F and series G bonds was sent to 22 Foreign Language newspapers.

A test distribution of copy is being made to determine if editors prefer to make their own translations of our English

FOREIGN LANGUAGE PRESS (Continued)

copy, or if they prefer to have the articles sent them in their own language.

RELIGIOUS PRESS

The current issue of "America", National Catholic weekly devoted its whole back cover to reproduction of the Minute Man and an appeal for War Bond sales. The entire back cover of Catholic Digest, a religious publication similar in format to the Readers Digest was given over to a War Bond editorial in the June issue.

An article entitled "How your church may profit through War Bonds", was carried in the June issue of Church Management. Other leading religious publications carrying Bond appeals include the Christian Herald, The American Hebrew and The Criterion.

RADIO

New copy is being sent to all radio stations, sponsors, advertising agencies, and directors of women's, farm and foreign language programs, on the 10% sticker and button campaign. These announcements are scheduled for mailing on June 5th along with samples of the 10% sticker and a mimeographed fact sheet explaining the promotion. Copies of these are attached.

Arrangements have been made for special promotion on the 10% club and button idea to be carried by the following radio programs:



RADIO (Continued)

Lowell Thomas -- Sunoco News,  
The Pepsi Cola War Bond Jingle contest,  
Esso News,  
Bulova Time Signal,  
The BC Headache Powder  
The Quiz Kids

A special Women's round table interview on the 10% idea will be released to all stations.

A total of 783 radio stations out of the Nations 868 are now broadcasting "The Treasury Star Parade" series of programs three times weekly.

FARM PUBLICATIONS

We have been notified by 27 farm publications, with a total circulation of 9,756,300 farm readers, that they are using our advertising release in an early issue. An analysis of this response is attached, showing circulation, the size ad to be used, and the date of issue.

Also attached is a tear sheet from the June issue of the Country Gentleman showing their reproduction of our citation and their editorial comments on it.

BUSINESS PUBLICATIONS

Returns to date indicate that 366 publications with a total circulation of 3,302,512 are running our current advertising release. Returns are still being received daily.

COMPANY PUBLICATIONS

Primary returns indicate that 366 company publications are using several of our prepared pieces for War Bond promotion in their next issues.



## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JUN 1 1942

TO Secretary Morgenthau  
 FROM Mr. Haas  
 Subject: Operation of the payroll savings plan in the shipbuilding, aircraft, and railroad industries.

I am transmitting herewith tables covering the operations of the payroll savings plan in large companies in the shipbuilding, aircraft, and railroad industries. These industries are three of the important ones in the country in which the average salary per employee is above the national average for employees in companies with payroll savings plans. The tables cover companies employing 40 percent of the persons working in commercial shipyards, 50 percent of the persons working in aircraft plants, and 80 percent of the persons working for the railroads. These samples, it is believed, are sufficiently large to permit generalizations to be made for these industries as a whole. The figures are not as current as we would like them to be -- May figures will not be available for two weeks or so -- but they are entirely adequate to bring out two important conclusions:

- (1) Until the first of May, at least, the percentage of employees participating in payroll savings plans in companies in the shipbuilding, aircraft, and railroad industries was smaller than the national average for all companies with payroll savings plans.
- (2) The percentage of wages deducted for the purchase of savings bonds was smaller than the national average for the railroads; was about the same as the national average in aircraft companies; and was larger than average in shipbuilding companies.

Summary figures covering the foregoing conclusions appear below:

*Ted gamble this is a  
 poor showing. What  
 can be done about it ???*

Secretary Morgenthau - 2

## Operation of Payroll Savings Plans

	National Average		18 Ship-building Companies	17 Aircraft Companies	39 Railroads
	Mar.	Apr.	Apr.	Mar.-Apr.	Mar.-Apr.
Percent of employees participating	52%	56%	46%	43%	35%
Percent of pay of past employees deducted	4.9%	4.9%	5.9%	5.0%	4.0%
Average monthly wage	\$170.00	\$170.00	\$221.00	\$207.00	\$189.00
Average monthly deduction	\$ 8.08	\$ 8.31	\$ 13.12	\$ 10.33	\$ 7.66

The companies listed in the table above have undoubtedly made some progress in extending their payroll savings plans since the date of our last report from them. Their progress would have had to have been rather considerable, however, to have brought the industries, as a whole, up to the national average as it now stands.



Operation of Payroll Savings Plans in  
Large Shipbuilding Companies Reporting to the Treasury

April, 1942

Name of Company	Number of Employees	Number of Employees Participating	Percentage of Employees Participating	Percentage of Pay Deducted Per Employee Participating	Average Deduction Per Employee Participating
California Shipbuilding Corp.....	30,666	18,033	59	5.7	\$ 16.48
Newport News Shipbuilding & Drydock Company.....	26,745	16,848	63	7.1	13.02
New York Shipbuilding Corp.....	22,131	14,125	64	3.7	9.02
Sun Shipbuilding & Dry Dock Co.....	19,610	9,900	50	4.3	10.10
Seattle-Tacoma Shipbuilding Corp.....	13,445	782	6	6.7	14.30
Seattle-Tacoma Ship Yard.....	11,307	979	9	10.6	20.62
Todd-Bath Iron Shipbuilding Corp.....	11,000	2,000	18	5.2	8.50
Consolidated Steel Corp., Shipbuilding Division.....	9,782	8,084	83	8.9	17.24
Gulf Shipbuilding Co.....	9,518	2,539	27	9.4	18.60
Delta Shipbuilding Co., Inc.....	9,000	8,000	89	6.2	13.75
Cramp Shipbuilding Co.....	7,468	4,197	56	7.4	14.37
Bath Iron Works Corp.....	7,010	3,476	50	5.3	11.89
South Portland Shipyard.....	7,000	450	6	2.7	4.67
Tampa Shipbuilding Co.....	6,532	1,688	26	5.7	11.78
Los Angeles Shipbuilding & Drydock....	6,053	3,700	61	5.4	12.16
Alabama Dry Docks, Emergency Dept.....	6,000	150	3	5.5	10.00
Alabama Dry Docks, Repair Dept.....	6,000	500	8	5.1	16.00
Maryland Dry Dock Co.....	<u>5,711</u>	<u>2,909</u>	<u>51</u>	<u>4.0</u>	<u>8.16</u>
 Total - 18 Companies Reporting...	 <u>214,978</u>	 <u>98,360</u>	 <u>46</u>	 <u>5.9</u>	 \$ <u>13.12</u>

Operation of Payroll Savings Plans in  
Large Aircraft Companies Reporting to the Treasury  
March - April, 1942

Name of Company	: Month : of : Latest : Report	: Number : of : Employees	: Number : of : Employees : Participating	: Percentage : of : Employees : Participating	: Percentage of : Pay Deducted : Per Employee : Participating	: Average : Deduction : Per Employee : Participating
Consolidated Aircraft Corp.....	Apr.	40,706	7,630	19	5.3	\$ 9.17
Glen L. Martin Company.....	Apr.	40,000	9,062	23	4.7	10.66
United Aircraft Corp.....	Mar.	37,675	25,210	67	5.2	13.68
Lockheed Aircraft Corp.....	Apr.	33,814	10,921	32	3.9	7.92
Boeing Aircraft Co.....	Apr.	28,500	16,150	57	6.5	12.01
Curtiss-Wright (Buffalo).....	Apr.	23,000	10,240	45	4.0	9.12
Vega Aircraft Corp.....	Apr.	19,295	4,470	23	4.0	8.05
North American Aviation, Inc.....	Apr.	18,425	14,148	77	4.2	7.32
Wright Aeronautical Corporation (Lockland).....	Apr.	13,545	13,017	96	2.8	5.15
Allison Engineering Division.....	Mar.	13,485	4,173	31	10.0	21.49
Bell Aircraft Corp.....	Apr.	12,000	4,800	40	4.9	9.38
Brewster Aeronautical Corp.....	Mar.	11,374	5,437	48	5.1	10.11
Curtiss-Wright (Caldwell).....	Apr.	10,333	4,396	43	4.1	10.94
Curtiss-Wright (St. Louis).....	Apr.	9,012	2,413	27	9.2	15.48
Curtiss-Wright (Columbus).....	Apr.	8,391	2,591	31	5.1	10.93
Northrup Aircraft Mfg. Co.....	Apr.	7,742	4,492	58	5.2	9.35
Vultee Aircraft, Inc.....	Mar.	5,804	4,822	83	5.0	10.42
 Total - 17 Companies Reporting		<u>333,101</u>	<u>143,972</u>	<u>43</u>	<u>5.0</u>	<u>\$ 10.33</u>

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

May 29, 1942.



Operation of Payroll Savings Plans in  
Large Railroad Companies Reporting to the Treasury  
March - April, 1942

Name of Company	Month	Number of Employees	Number of Employees Participating	Percentage of Employees Participating	Percentage of Pay Deducted Per Employee Participating	Average Deduction Per Employee Participating
	: of Latest Report					
Pennsylvania Railroad Co.....	Apr.	148,110	68,575	46	4.3	\$ 8.60
New York Central System.....	Mar.	119,090	18,524	16	3.5	7.02
Southern Pacific Company.....	Mar.	58,994	8,896	15	3.8	7.54
The Baltimore & Ohio Railroad Co. Atchison, Topeka & Santa Fe Railway.....	Apr.	57,783	31,889	55	3.9	7.14
Union Pacific Railroad Co.....	Apr.	55,255	13,447	24	5.9	10.42
Illinois Central System.....	Apr.	52,000	34,387	66	4.4	8.65
Missouri Pacific Lines.....	Apr.	37,807	24,000	63	3.3	6.01
Louisville & Nashville Railroad Company.....	Apr.	32,000	7,178	22	2.6	5.24
Chicago, Milwaukee, St. Paul & Pacific Railroad.....	Apr.	30,500	19,229	63	5.0	8.44
Chesapeake & Ohio Railroad Co.....	Mar.	30,301	16,825	56	4.0	7.75
Chicago & Northwestern Railway Co. New York, New Haven & Hartford Railroad Co.....	Apr.	28,355	2,772	10	5.1	9.12
Chicago, Burlington & Quincy Rail- road Company.....	Mar.	27,000	5,449	20	3.7	6.94
Norfolk & Western Railway Co.....	Apr.	26,624	2,843	11	1.7	3.10
Rock Island Lines.....	Apr.	25,894	11,270	44	5.3	9.73
Northern Pacific Railway Co.....	Apr.	21,589	5,901	27	3.5	6.19
Reading Company.....	Mar.	21,500	4,050	19	2.9	5.68
Seaboard Airline Railway Co.....	Apr.	21,271	2,122	10	2.9	5.39
Atlantic Coast Line Railroad Co.....	Apr.	19,000	3,382	18	3.0	5.70
Texas & New Orleans Railway Co.....	Mar.	17,322	2,699	16	3.2	6.18
St. Louis-San Francisco Railway Company.....	Apr.	17,191	944	5	7.5	12.70
Boston & Maine Railroad.....	Apr.	16,503	5,623	34	4.5	7.72
Delaware, Lackawanna & Western Railroad.....	Apr.	15,892	5,194	33	4.8	8.83
New York, Chicago & St. Louis Railway.....	Apr.	14,920	12,764	86	4.3	7.77
Central Railroad Co. of New Jersey	Apr.	14,820	7,300	49	3.4	5.80
Wabash Railroad Co.....	Mar.	12,023	2,055	17	4.2	8.38
Lehigh Valley Railroad Co.....	Apr.	11,572	4,700	41	1.5	2.99
Canadian National Railways.....	Apr.	11,270	3,074	27	2.5	4.70
Delaware & Hudson Railroad Corp....	Apr.	10,814	2,981	28	3.9	6.88
Texas and Pacific Railway Co.....	Apr.	9,084	2,104	23	4.0	7.00
Denver & Rio Grande Western Railroad Co.....	Apr.	8,565	2,103	25	4.3	7.68
Minneapolis, St. Paul & Sault Ste. Marie Railway Co.....	Apr.	8,350	4,700	56	5.3	9.58
St. Louis, Southwestern Railway Lines.....	Mar.	7,539	6,135	81	5.6	11.06
Nashville, Chattanooga & St. Louis Railway Co.....	Apr.	7,504	1,205	16	3.2	6.57
Pere Marquette Railway Co.....	Apr.	6,600	662	10	4.8	8.25
Elgin, Joliet & Eastern Railway Company.....	Apr.	6,330	960	15	2.9	5.29
Alton Railway Company.....	Apr.	6,100	3,160	52	4.9	9.57
Central of Georgia Railway Co.....	Apr.	5,831	3,495	60	4.4	8.57
	Apr.	5,470	2,565	47	1.8	3.50
	Apr.				1.7	2.99
<b>Total - 39 Companies Reporting.....</b>		<b>1,038,073</b>	<b>358,511</b>	<b>35</b>	<b>4.0</b>	<b>\$ 7.66</b>

May 29, 1942.



Sales of United States Savings Bonds <sup>72</sup>  
 From May 1 through May 30, 1942  
 Compared with Sales Quota for Same Period  
 (At issue price in millions of dollars)

CONFIDENTIAL

Date	Series E				Series F and G				Total			
	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales
	May 1	to	May 1	to Date	May 1	to	May 1	to Date	May 1	to	May 1	to Date
Daily	to	to	as % of	Daily	to	to	as % of	Daily	to	to	as % of	
	Date	Date	Quota		Date	Date*	Quota		Date	Date	Quota	
1	\$ 12.7	\$ 12.7	\$ 14.0	90.7%	\$ 7.3	\$ 7.3	\$ 9.0	81.1%	\$ 20.0	\$ 20.0	\$ 23.0	87.0%
2	11.6	24.3	25.7	94.6	7.9	15.2	16.0	95.0	19.4	39.4	41.7	94.5
4	22.3	46.5	47.8	97.3	10.3	25.5	29.5	86.4	32.6	72.0	77.3	93.1
5	8.9	55.5	57.8	96.0	7.6	33.1	37.1	89.2	16.6	88.6	94.9	93.4
6	18.4	73.8	70.5	104.7	15.6	48.8	49.8	98.0	34.0	122.6	120.3	101.9
7	23.2	97.0	84.0	115.5	12.1	60.8	60.3	100.8	35.3	157.9	144.3	109.4
8	17.2	114.2	98.0	116.5	6.4	67.2	69.3	97.0	23.6	181.4	167.3	108.4
9	14.5	128.7	109.7	117.3	5.6	72.8	76.3	95.4	20.0	201.5	186.0	108.3
11	23.3	152.0	131.8	115.3	8.1	80.8	89.8	90.0	31.3	232.8	221.6	105.1
12	9.4	161.3	141.8	113.8	4.6	85.4	97.4	87.7	14.0	246.8	239.2	103.2
13	15.8	177.1	154.5	114.6	9.0	94.4	110.1	85.7	24.8	271.5	264.6	102.6
14	16.9	194.0	168.0	115.5	7.7	102.1	120.6	84.7	24.6	296.2	288.6	102.6
15	14.9	208.9	182.0	114.8	6.8	108.9	129.6	84.0	21.7	317.9	311.6	102.0
16	14.3	223.2	193.7	115.2	5.2	114.1	136.6	83.5	19.5	337.4	330.3	102.1
18	24.3	247.5	215.8	114.7	9.4	123.5	150.1	82.3	33.7	371.1	365.9	101.4
19	9.8	257.4	225.8	114.0	4.2	127.7	157.7	81.0	14.0	385.1	383.5	100.4
20	13.7	271.1	238.5	113.7	11.2	138.9	170.3	81.6	24.9	410.0	408.8	100.3
21	19.4	290.5	252.0	115.3	10.6	149.5	180.8	82.7	30.0	440.0	432.8	101.7
22	19.1	309.6	266.0	116.4	7.1	156.6	189.8	82.5	26.2	466.2	455.8	102.3
23	14.1	323.7	277.7	116.6	4.8	161.4	196.8	82.0	18.9	485.1	474.5	102.2
25	23.8	347.5	299.8	115.9	9.9	171.3	210.3	81.5	33.7	518.8	510.1	101.7
26	13.1	360.6	309.8	116.4	7.9	179.2	217.9	82.2	20.9	539.8	527.7	102.3
27	15.1	375.7	322.5	116.5	10.1	189.3	230.5	82.1	25.2	565.0	553.0	102.2
28	16.9	392.6	336.0	116.8	6.9	196.2	241.0	81.4	23.8	588.8	577.0	102.0
29	15.8	408.4	350.0	116.7	10.7	206.9	250.0	82.8	26.5	615.3	600.0	102.6
30	13.4	421.8	350.0	120.5	5.7	212.5	250.0	85.0	19.1	634.4	600.0	105.7

June 1, 1942.

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

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.  
 \* Takes into account daily trend within the week, but does not take into account the trend by weeks during the month.



C O P Y

Refer to File No. 103-A 73

TREASURY DEPARTMENT

Washington, D. C.

June 1, 1942

Office of the Chief  
U. S. Secret Service

RE: Radio  
38.180 Megacycles FM  
Two-Way

Mr. Frank J. Wilson  
Chief, U. S. Secret Service  
Treasury Department  
Washington, D. C.

Sir:

A Frequency Modulated Radio network is now being established under the direction of yourself and Supervising Agent M. F. Reilly. The installation and maintenance is handled by a Signal Corps Detachment from the U. S. Army, under the lead of Lieutenant Colonel W. A. Beasley.

The net began in Washington, D. C., and now comprises twenty-five field cars, including the White House cars and the armored cars used by the President, equipped with 35 and 50 watt mobile sets. The fixed stations of 250 watts power are on the Reno water tower and the State Department building. A receiver has also been installed on the Post Office building. The main operating console is located in the White House and is being installed in the basement of the new East wing. Other consoles are in the Field Office of the Secret Service, the office of M. F. Reilly, and the Bureau.

A device now in preparation will allow anyone to go on the air through any telephone through voice-operated relay controls.

A 250 watt set has been installed at Hyde Park and will probably be moved to the Vanderbilt estate or to some isolated building in the immediate vicinity. This shift is caused by poor operating location at the President's estate. It is necessary to establish reliable two-way communication between the estate and New York City, and this was not possible due principally to the lack of height at the estate and commercial interference in New York. This condition is being corrected. The 50 watt survey set installed in New York City will be replaced with a 250 watt set which will maintain constant communication to Hyde Park and to all mobile equipment coming within its range.

This mobile equipment includes two field cars in use by the New York Office and the 50 watt set installed on the President's train which communicates with New York when in that area. Another mobile unit has just been installed on a speedboat operated by the U. S. Coast Guard out of New York and operating up to Hyde Park. The New York installation is temporarily in the McGraw-Hill building at 42nd Street between Eighth and Ninth Avenues, and it is intended to secure that site permanently. The set will then be remotely controlled from the New York Office. It is possible that due to the high noise level in the city it may be necessary to install one or more receivers in strategic spots around the city in order to maintain constant communication between the fixed station and mobile units.

Plans are now under way to install additional fixed stations of 250 watts in Philadelphia and possibly Baltimore in order that a chain of communication may be operated from Washington D. C., to Hyde Park. It will probably be necessary to train guards and agents in the operation of the stations.

An additional mobile unit is on order and is to be installed in the car of Secretary Henry Morgenthau for his use when travelling between New York City and Fishkill and while at Fishkill. It is possible that he may also communicate with other Secret Service cars which are equipped while they are in the vicinity of Hyde Park.

A survey has been made and installation ordered for a permanent station at Thurmont, Maryland, where the President plans to spend some time this summer. A 250 watt unit will be installed at the camp and two-way communication will be possible from mobile units to Catoclin or Washington at any time. A switchboard similar to that at Hyde Park will connect all the sentry booths which will be manned by Marines.

Included in the network in the Washington area are fixed stations at the Tenth Precinct Police Station, Office of Civilian Defense, Fort Meyer, Virginia, Army Engineers, and National Airport, Anti-aircraft. Direct telephone lines paralleling fixed radio circuits feed into the Signal Corps switchboard in addition to circuits from Army and Civilian Coastal Defense and information centers from Norfolk, Virginia, to Baltimore and Philadelphia. A line seizing device at this board will also permit immediate warning of Secretary Morgenthau, Chief Wilson, and others as soon as an emergency is flashed to the board. A 24-hour watch is maintained at all fixed stations in the Washington area. All fixed stations are independent of power failures, having been provided with emergency power units.

No details have been overlooked in making the incoming warnings and the outgoing notification the most accurate and fastest obtainable. Within a few minutes of an actual warning, additional police and Military Police will be at the White House or on the way, fire apparatus



- 3 -

will be in position, and a large and well-equipped force of Army engineers will be on the way from Fort Meyer to clear away any damaged areas and provide emergency facilities.

Low frequency amplitude modulated units of 50 watts are also in operation at Hyde Park on the State Police frequency and on the Army portable set frequency. A portable set frequency is likewise in operation at Washington to maintain communication with the Military Police Patrol around the White House.

Very truly yours,

/S/ George J. McNally

George J. McNally  
Agent

## TREASURY DEPARTMENT

Washington, D. C.

June 1, 1942

RE: Protection of the President  
at his Hyde Park estate

Mr. Frank J. Wilson  
Chief, U. S. Secret Service  
Treasury Department  
Washington, D. C.

Sir:

At the direction of Supervising Agent M. F. Reilly, I proceeded to Hyde Park and supervised the details in connection with personnel and the installation of apparatus used for protection. The principal piece of apparatus is an electric "eye" system installed by the American District Telegraph Company of 155 Sixth Avenue, New York City. This system is now in operation and appears to be working well. The system completely surrounds the estate from the cross road running from the Library rear to the Swan Cottage, westward through the woods to the apple orchard and north to the road fork, then up the hill back of Plog's house, north again to the estate boundary and then east to the rear of the Library.

The beams of the eye are of the infra-red type and not visible except in a direct line with the beam. They are also crossed vertically and horizontally, using double beams and mirrors so that it would be very difficult to miss breaking them. At the same time they are not subject to breakage by small animals, leaves, etc. The mirrors are heated to prevent alarms from fog or sweating. It is believed, however, that a heavy fog will break the beam. The light source in the transmitters is double and will stand from 90 to 95 per cent cut-off without alarm. A synchronized motor operating apertures prevents anyone from operating the beam manually while passing through and thus defeating the alarm system. The system as installed is the most modern and practical of its kind. The amount of maintenance, however, and the cost of operation are not yet determined and may prove to be considerable, since the estate is removed from the city and the apparatus is fairly complicated requiring expert service.



Alarm recorders are installed in the Secret Service main booth in front of the house to the north and according to a ground plan nearby, the area where the beam has been broken is immediately identifiable within a hundred feet or so in either direction. Beams run from about fifty feet to two hundred and fifty feet roughly. The longer ones being in the clear and the short ones in wooded or uneven areas. Sentry booths are located near most of the beams, and it is easy for the agent on guard in the main booth to phone to the agent in the booth nearest where the beam has been broken to investigate.

When the President is not in residence it is the duty of the guards to investigate the breaks which occur. The guard force at the estate has now been increased to eight men with Glenn Hanlin appointed acting sergeant. The men work three eight-hour shifts from midnight to eight a.m., from eight a.m. to four p.m., and from four p.m. to midnight with a thirty-two hour swing. Three men are on the midnight shift. Sergeant Hanlin has a roving commission and will be there during the day ordinarily and at night when conditions warrant it. He is also to guard the estate of Secretary Henry Morgenthau, Jr., when he is in residence at Fishkill. The guard duty is from about ten or eleven at night to seven the following morning.

All guards are taking courses from the local Red Cross in First Aid, and all are appointed Deputy Sheriffs of Dutchess County. In the event of Sergeant Hanlin's absence for any reason, George Carnahan has been appointed next in command.

All personnel at the estate have had air-raid instruction and a pair of loud air horns mounted on top of the main booth will warn everyone in the event of trouble. Fire extinguishers, both soda-acid and carbon tetrachloride, are scattered throughout the house and in the room housing the electrical apparatus. In addition, a small soda-acid fire engine loaned from the CCC camp is in the garage ready for immediate use. All personnel have been provided with gas masks and the roof of the main house is supplied with sand and shovels for use against fire or incendiary bombs. There are also stirrup pumps with pails in several bathrooms on the top floor for use against fires.

The guards are armed with pistols with which they have been trained and in addition are provided in the main booth with gas billies and riot guns. All guards live in Poughkeepsie in rooming and boarding houses or with their families, and transportation is by means of one Government car furnished by the New York Office. Sergeant Hanlin also has an official car.

There is no agent stationed at the estate, and investigations will be conducted from New York. It is now felt that there is sufficient personnel at the estate to handle all emergency situations. Outside assistance is quickly available from the New York State Troopers, Dutchess County Sheriff's Office, and the Poughkeepsie Police. An agent from New York is available within two hours.

Very truly yours,  
/S/ George J. McNally, Agent.





### Further expansion in national income

Further expansion in national income payments during April carried the annual rate of payments to a new record high of \$108.6 billions. This is more than \$2 billions higher than the rate of payments attained in March. (See Chart 1.) Moreover, it contrasts with an annual rate of \$92 billions for the calendar year 1941.

Income payments rose more rapidly than living costs during April, and, as a result, the purchasing power of income payments reversed the trend of recent months and turned upward to a new record high. (Refer to Chart 1.)

### Factory payrolls still rising

The long upward swing in factory payrolls, which began in the summer of 1940, reached a new peak in April as the result of a further rise of nearly 2 percent over the previous month. (See Chart 2.) Factory employment also expanded moderately, and rose slightly above the previous record high of last October. The gain in employment during the month was larger than the normal seasonal expansion, while the gain in payrolls was in marked contrast to a customary decline from mid-March to mid-April.

Inasmuch as payrolls continued to expand more sharply than employment, a further rise to a new high occurred in the estimated average weekly earnings of factory workers. (Refer to Chart 2.) By mid-April these earnings stood nearly 26 percent above year-earlier levels and 45 percent above the levels prevailing in July 1940, just before the extended rise got under way.

Total civil nonagricultural employment in April reached a new record peak of nearly 40,800,000. This total was nearly 400,000 higher than in March, and more than 2,500,000 higher than in April 1941.

### Farm income gains but rural sales decline

In addition to the gains shown in factory workers' earnings, national purchasing power has been further swelled by substantial gains in farm income. Thus, on the basis of preliminary and confidential data, farm income in April ran more than 43 percent above year-earlier levels, as compared with a year-to-year gain of 41 percent in the previous month. (See Chart 3.) These large gains, of course, have been due largely

to the substantial rise in the prices of farm products which has occurred during the past year.

Despite the continued high levels of farm income, rural sales of general merchandise declined in April, and the gain over the corresponding month of 1941 narrowed to 16 percent. (Refer to Chart 3.) On a seasonally-adjusted basis, rural sales dropped nearly 10 percent from March to April.

Sales of Sears Roebuck and Company in April were only 1 percent above the corresponding month of 1941. In connection with this slowing up in sales, the Chairman of the Board pointed out near the end of April that wartime restrictions in effect were wiping out 6 principal lines of business with an aggregate prospective annual sales volume of \$100,000,000. The lines mentioned were tires, refrigerators, washing machines, stoves, radios and electrical appliances.

#### Department store sales below year-earlier levels

On the basis of recent department store sales figures, the lag in retail sales volume has continued in May. Thus during the first week in which the retail price ceiling was in effect (week ended May 23), department store sales dropped 2 percent below year-earlier levels. With the exception of the week after Easter, when sales comparisons were distorted by the later Easter week last year, this was the first time in 1942 that weekly sales figures fell below the corresponding period in 1941.

Preliminary reports for the past week indicate that the lull in retail trade continued. Thus Dun and Bradstreet estimated that retail trade last week fell from 3 to 5 percent below the corresponding week a year ago. Moreover, it was reported that the recently-imposed price ceilings had stimulated relatively little new business, and that "scare buying" was not a prominent factor in the sales volume.

#### Ceilings control quoted prices but not costs to consumers

The magnitude of the problem of administering the general maximum price regulation has become increasingly apparent in the third week of its operation. Clarification of its provisions is going on continuously through supplemental orders, direct rulings in individual cases, and meetings of OPA officials with the various trade associations. Nevertheless, the numerous methods of evasion being brought to light indicate that actual costs to consumers may continue to rise, even though price quotations are stabilized.



Evasion of the price ceilings may take the form of concealed increases or outright violations difficult to police. Hidden price increases are taking several forms, according to various press reports. Manufacturers may simply discontinue their lowest-priced items, or a new grade at a higher price may be substituted. The quality of the article may be cheapened, resulting in an increase in real cost to the consumer. Another scheme is to make a slight change in specifications and then mark up the price.

More outright evasions of the general maximum price regulation by meat packers have been disclosed. It has been charged that unrepresentative sales were made in the March base period in an effort to eliminate customary price differentials; that the "highest March price" for better grades of the same cut were charged for inferior grades; and that the same price was charged for local deliveries as for deliveries at greater distances. The OPA promptly threatened to establish a system of fixed differentials, or to revise downward the level of maximum prices in the meat industry "in order to correct the price rise, which is the real effect of disregarding price differentials which prevailed in the past".

#### OPA acts to prevent evasions

It is recognized by the OPA that evasions of this kind may nullify the retail price control program, and measures are being taken to forestall them. Although there is no authority to prevent the manufacturer from establishing a new product of a better grade, the OPA does have the power to fix the price of the new article. In the case of discontinuance of the lowest grade of a product, the OPA has ruled that a manufacturer must show cause for his action. The OPA has indicated that manufacturers and distributors may not refuse to sell established merchandise in order to operate under a higher ceiling price for a non-standard product. While the OPA cannot prosecute if the distributor merely refuses to sell the standard product, it can take action under the price control act if a slightly different product is offered.

Manufacturers forced to use substitute materials at costs higher than the materials used in March may not mark up the price of the finished product. They may drop the product if unprofitable, or follow the formula specified in the general maximum price regulation and await an investigation by the OPA. To forestall evasions in connection with the order issued last week setting the prices of women's fall clothing, the OPA has prohibited the adding of a new price line higher than the highest price line in the base period.

- 5 -

Wholesale commodity prices move slightly upward

At the close of the first fortnight of trade under the general maximum price regulation, the BLS all-commodity index of wholesale prices again stood at its war-time high of 98.7 percent of the 1926 average, and 31.6 percent above its pre-war level of August 1939.

With a gain of 0.2 point in the latest week (ended May 23), the all-commodity index has risen 1.3 percent above its highest level during March 1942. Sharp increases in prices of some foods and farm products not subject to control, including fruits, vegetables, livestock, and poultry products, accounted for the advance in the latest week. The component food price index in that week averaged 3.3 percent above its highest weekly level in March.

Controlled prices stable; uncontrolled prices decline

The BLS price index of 8 uncontrolled basic commodities declined moderately last week, while the index of 20 controlled commodities held practically unchanged. (See Chart 4.)

We have prepared a fan chart to show the price changes for each of the 8 uncontrolled basic commodities from December 6 (the day before the Pearl Harbor attack) to May 9 (the last market day before wholesale price ceilings were imposed on other commodities), and to last Friday, May 29. (See Chart 5.)

It will be noted that hogs and flaxseed have shown the sharpest price gains since the Pearl Harbor attack, and that hog prices have continued to advance since the general wholesale price ceilings were imposed. All other commodities in this group, except barley, have declined during the latter period. It is possible that price squeezes on various processed farm commodities that are under ceilings will tend somewhat to bring down farm prices.

Higher prices paid farmers in May; prices at parity

Prices of farm products as of May 15 averaged 100 percent of parity for the first time since January. The Department of Agriculture's weighted average index of prices received rose to another war-time high of 152, as compared with 150 in April, and 146 in March. Prices paid by farmers for goods bought rose less than prices received for farm products.

Estimates by the Department of Agriculture indicate that the maximum price regulations are now indirectly affecting about 60 percent of the farm products entering into the index



of prices received by farmers, and that ceilings have been placed on prices of about 75 percent of the commodities included in the index of prices paid, interest, and taxes. As a result of the ceiling price regulation, the Department expects that the parity index will not advance as fast as in previous months.

The price movements for farm products as a group, and for important individual commodities, from January to May 1942, and in the years 1940 and 1941, are shown in Chart 6. The rise in mid-May reflected chiefly increases in prices for poultry products, fruit, and dairy products, -- principally for butterfat. Apple prices rose slightly more than seasonally, with carlot shipments sharply lower and storage holdings 40 percent below those of the previous year.

#### Freight carloadings decline due to drop in LCL loadings

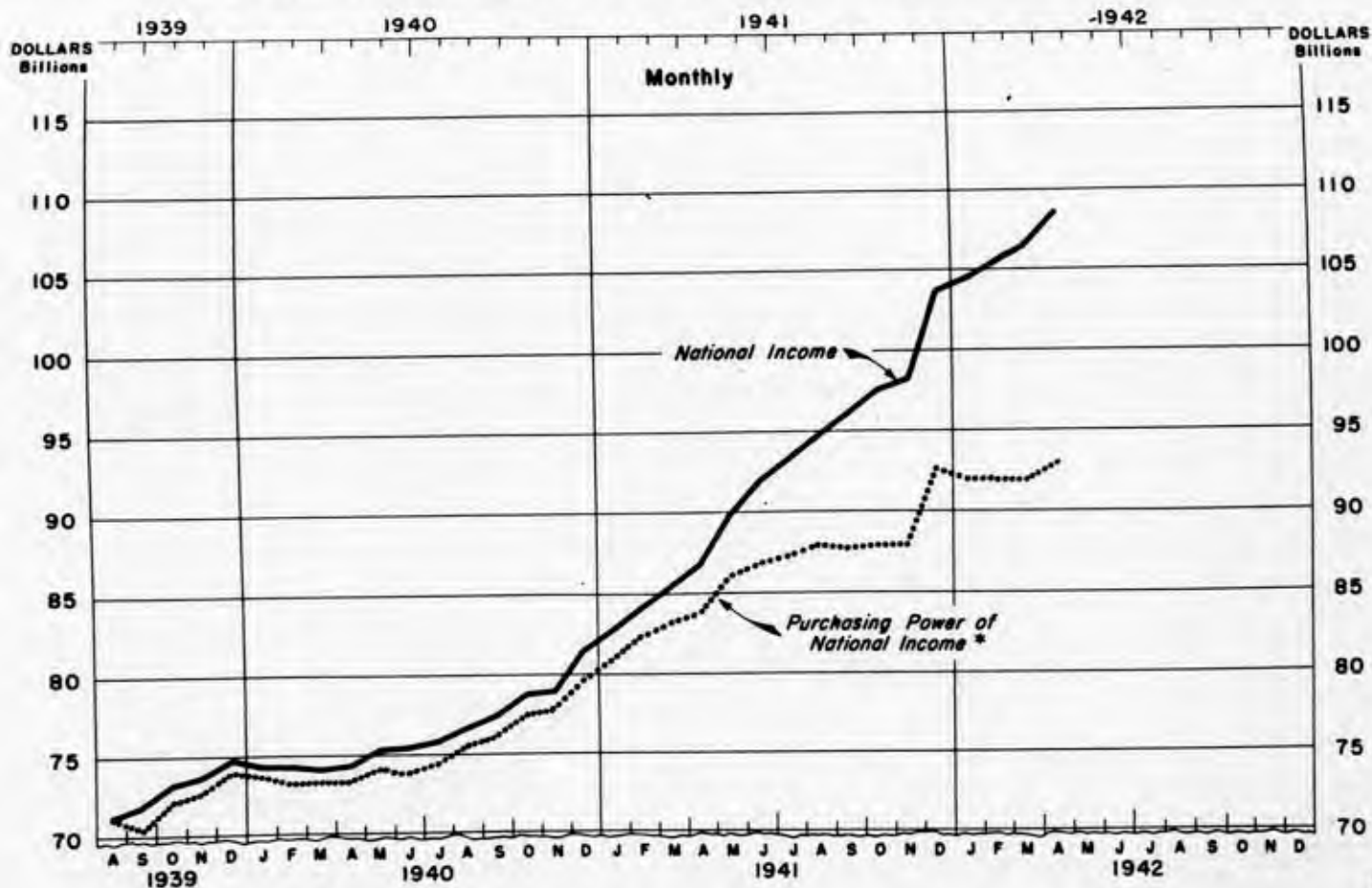
Despite the heavy pressure on domestic transportation facilities, freight carloadings have been declining since the latter part of April, and in the week ended May 23 they fell 28,000 cars below year-earlier levels. This decrease has been due to a sharp drop in less-than-carload traffic, which in the week mentioned ran 66,000 cars under the corresponding week in 1941. The decline in LCL loadings is due in part to an order imposed by the Office of Defense Transportation at the beginning of the month fixing a 10-ton minimum on merchandise loadings under certain conditions, and effecting other economies in equipment use. Among other influences is the fact that many companies which formerly shipped small lots to many different customers are now shipping in heavy volume to one customer -- the United States Government.

#### Coal traffic on Great Lakes cut to speed ore shipments

In a further move to step up the shipment of iron ore down the Great Lakes during the current shipping season, the Office of Defense Transportation last week issued an order placing certain restrictions on lake shipments of coal. As a result of the new regulations, effective June 1, it is estimated that additional shipping facilities for the movement of 2,000,000 more tons of ore will be made available.

Iron ore consumption in the first 4 months of 1942 was 13 percent higher than in the corresponding period of 1941. Shipments of ore down the Great Lakes by the end of April were 24 percent ahead of year-earlier levels, while stocks of ore on hand at furnaces and Lake Erie docks were 22 percent higher and approximated 21,000,000 tons.

# NATIONAL INCOME AND ITS EQUIVALENT PURCHASING POWER



\* Based on cost of living index of B.L.S. Aug. 1939=100

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

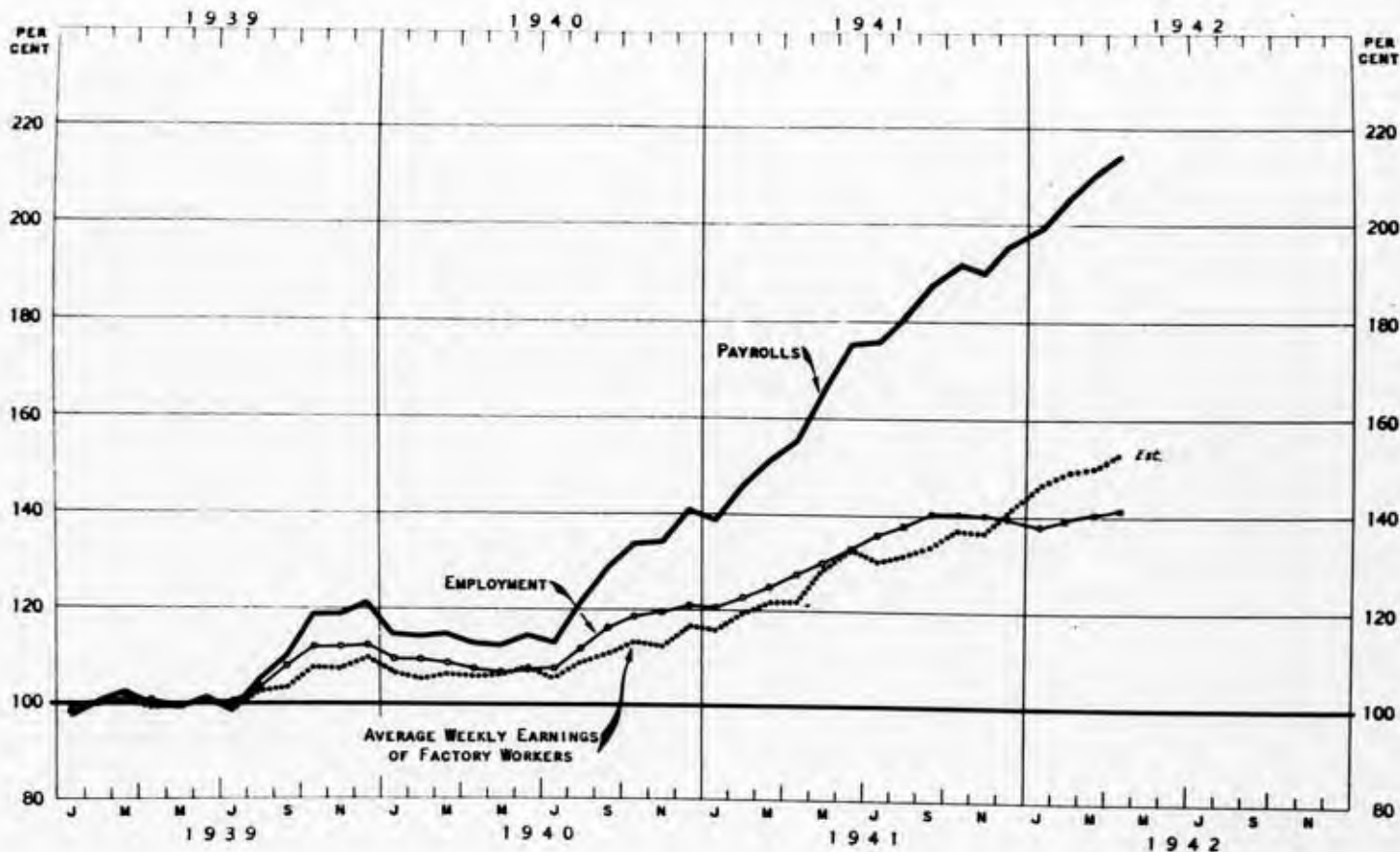
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Chart 1



**FACTORY EMPLOYMENT, PAYROLLS AND WAGES**  
 FIRST 6 MONTHS OF 1939 = 100, UNADJUSTED



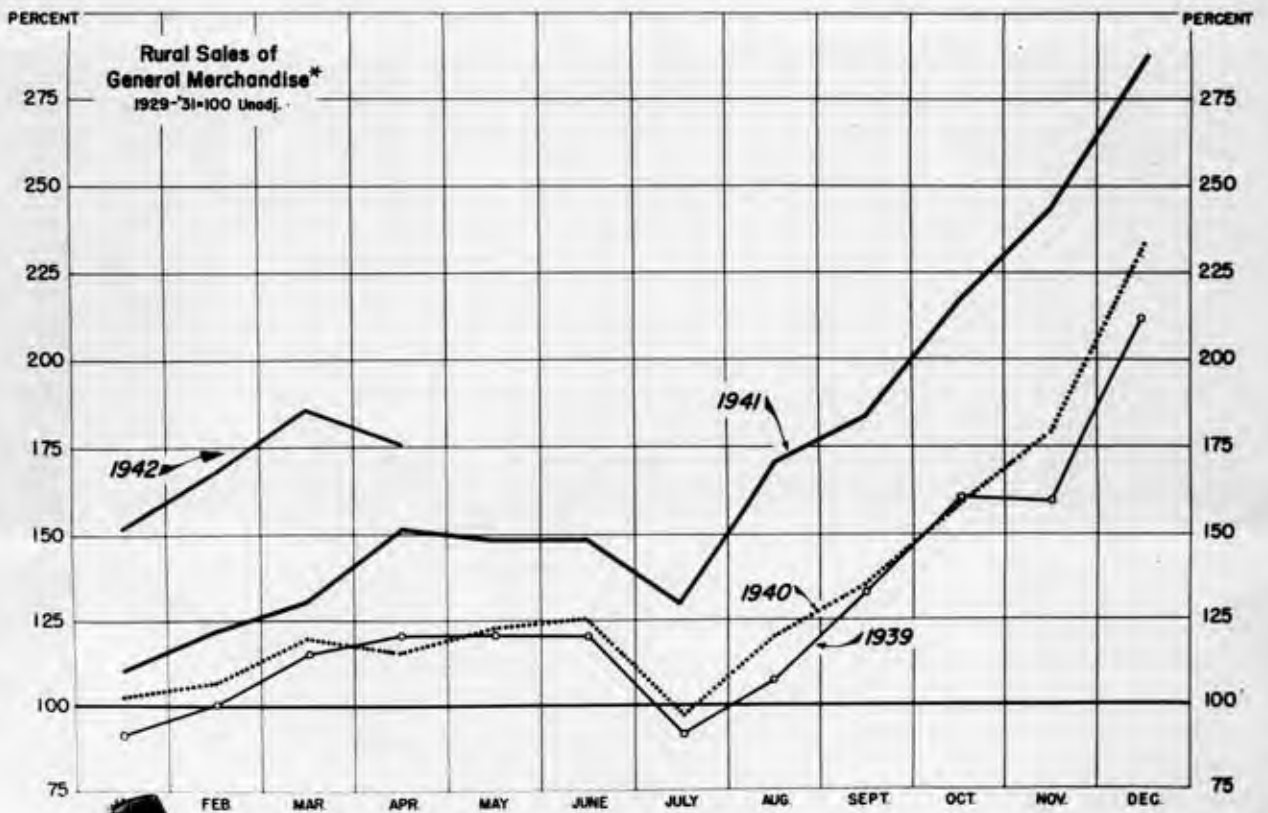
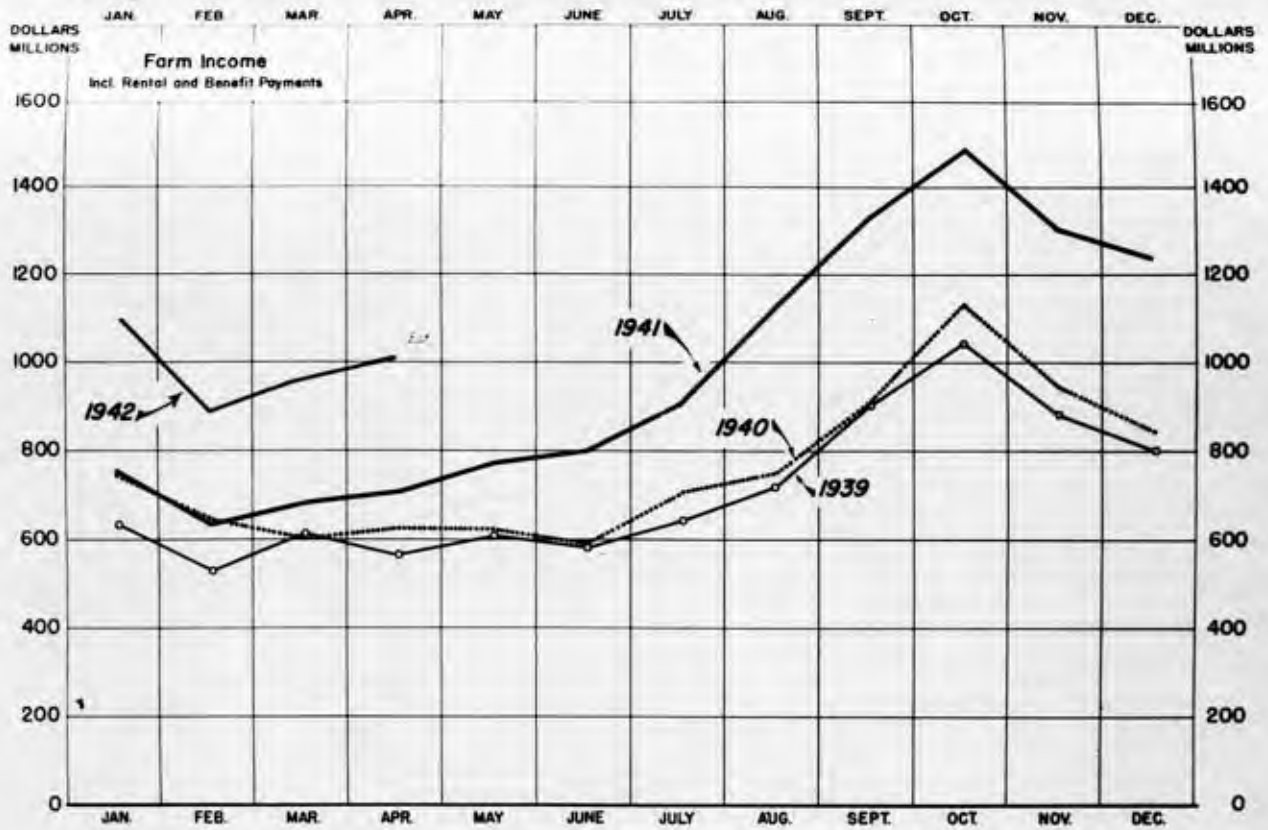
SOURCE: B.L.S.

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

Chart 2  
 85

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 Regraded Unclassified

# FARM INCOME AND RURAL SALES OF GENERAL MERCHANDISE

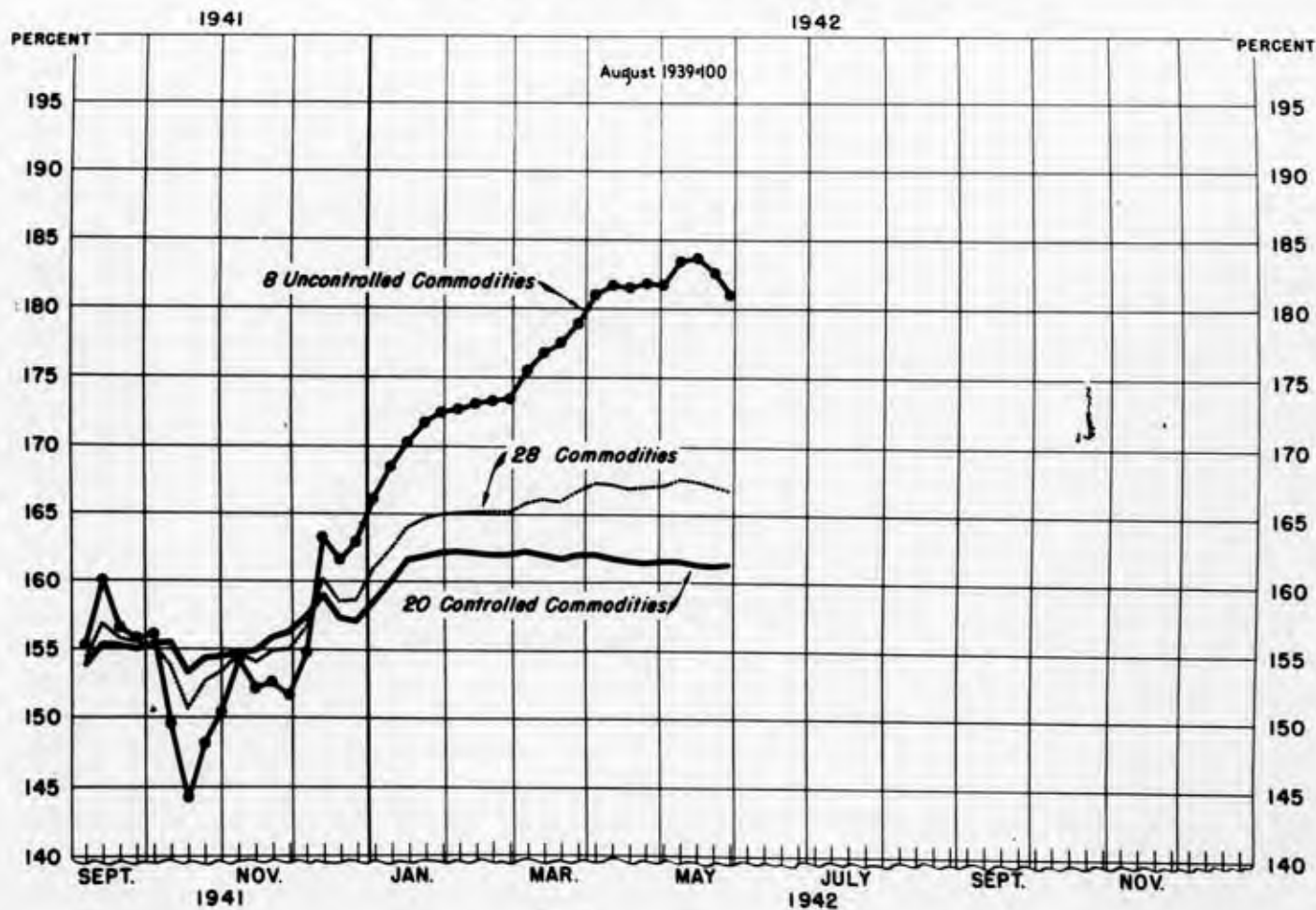


\*Dept. of Commerce index of dollar sales of general merchandise in small towns and rural areas.



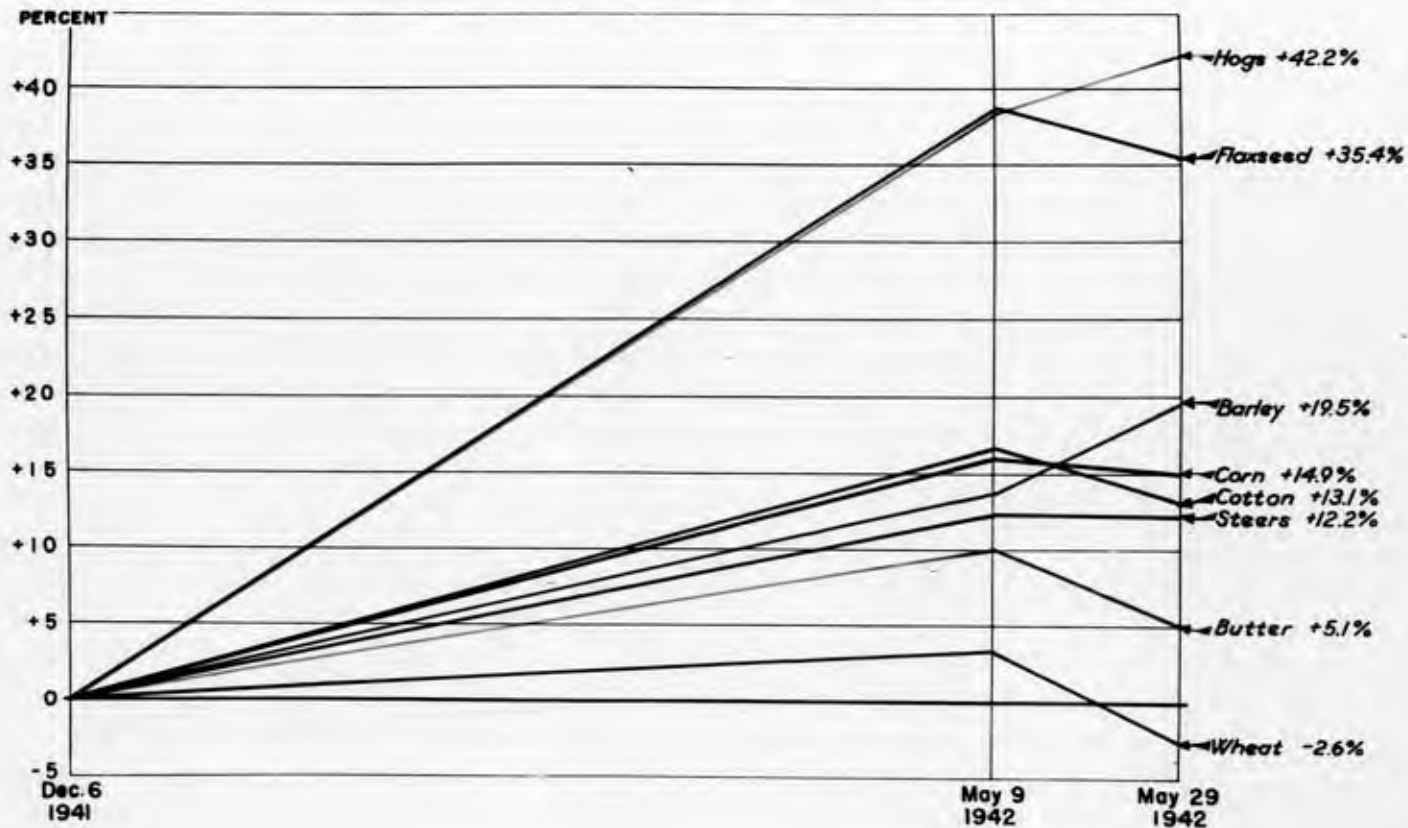
# WHOLESALE PRICES OF 28 BASIC COMMODITIES

Controlled and Uncontrolled Components



# PRICES OF 8 UNCONTROLLED BASIC COMMODITIES

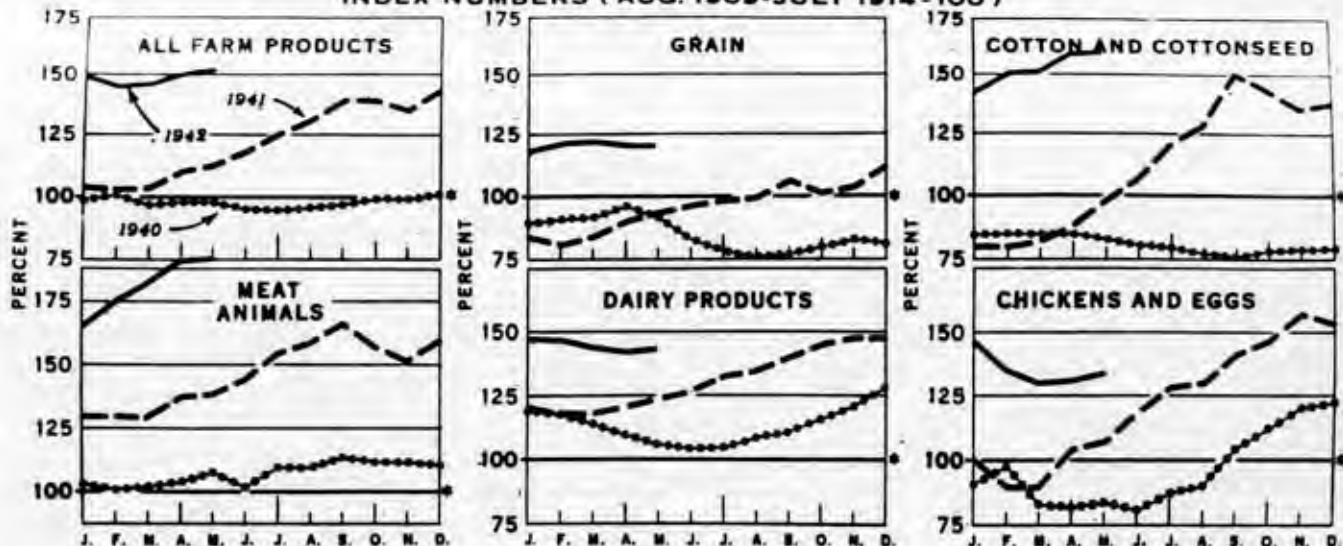
Percentage Change December 6, 1941 to May 9 and May 29, 1942



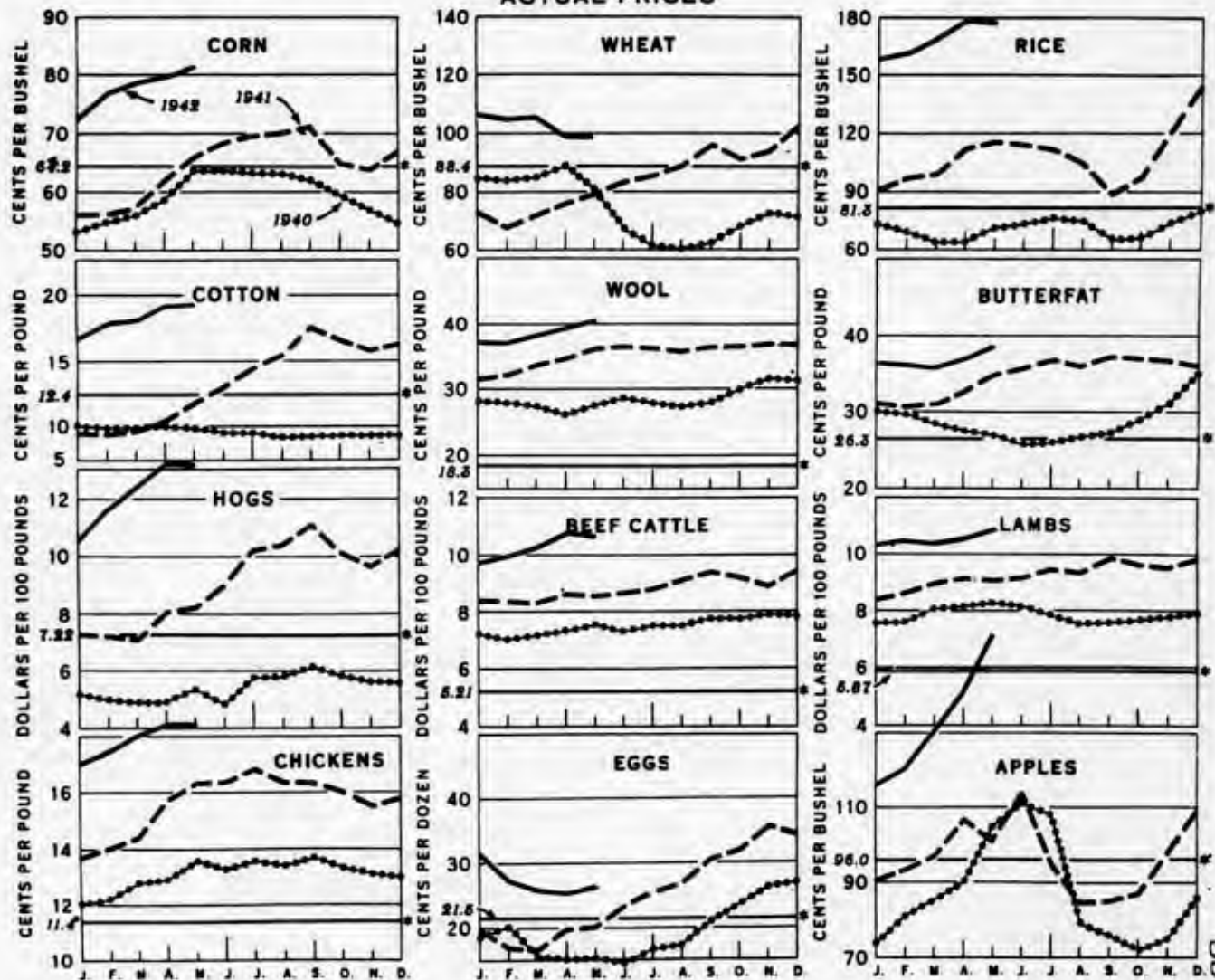


AVERAGE PRICES RECEIVED BY FARMERS: GRAPHIC SUMMARY FOR THE UNITED STATES

INDEX NUMBERS (AUG. 1909-JULY 1914=100)



ACTUAL PRICES



\* 8-YEAR AVERAGE, AUGUST 1909-JULY 1914

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

*General - 90*

DATE June 1, 1942

TO Secretary Morgenthau  
FROM Mr. Haas *[Signature]*

Employment under the Work Projects Administration decreased from 796,000 persons to 775,000 employed during the week ended May 19, 1942.

Attachments



WORK PROJECTS ADMINISTRATION  
 Number of Workers Employed - Monthly  
 United States

	Number of Workers (In thousands)
1939	
July	2,200
August	1,842
September	1,790
October	1,902
November	2,024
December	2,152
1940	
January	2,266
February	2,324
March	2,288
April	2,092
May	1,926
June	1,665
July	1,701
August	1,691
September	1,704
October	1,779
November	1,821
December	1,878
1941	
January	1,895
February	1,867
March	1,708
April	1,560
May	1,464
June	1,368
July	1,036
August	1,045
September	1,033
October	1,047
November	1,060
December	1,041
1942	
January	1,032
February	1,023
March	923
April	840

Source: Work Projects Administration.

Monthly figures are weekly figures for the latest week of the month.

They include certified and noncertified workers.

WORK PROJECTS ADMINISTRATION  
Number of Workers Employed - Weekly  
United States

Week ending	Number of Workers (In thousands)
1941	
October 1	1,032
October 8	1,037
October 15	1,040
October 22	1,044
October 29	1,047
November 5	1,050
November 12	1,056
November 18	1,058
November 25	1,060
December 2	1,063
December 9	1,060
December 16	1,055
December 23	1,046
December 30	1,041
1942	
January 6	1,017
January 13	1,020
January 20	1,025
January 27	1,032
February 3	1,032
February 10	1,032
February 17	1,028
February 24	1,023
March 3	1,007
March 10	984
March 17	961
March 24	943
March 31	923
April 7	893
April 14	878
April 21	857
April 28	840
May 5	818
May 12	796
May 19	775

Source: Work Projects Administration.



# WORK PROJECTS ADMINISTRATION Number of Workers Employed United States



Source: Work Projects Administration

Office of the Secretary of the Treasury  
Division of Economic and Statistics

TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION

DATE June 1, 1942

TO Secretary Morgenthau  
FROM Mr. Thompson

The exchange of official personnel of the United States and of the Japanese Government will get under way on June 14, 1942, when boats will sail from New York and a Japanese port for the exchange of this personnel at Lourenco Marques, in Portuguese East Africa. So far as the Treasury is concerned, our people in Hong Kong, Kobe, and Shanghai will be returned to the States, but the Philippine personnel is not included in the exchange. The State Department has advised us that the Japanese Government is unwilling to discuss the exchange of Philippine personnel at this time.





## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 1, 1942

TO Mr. White

FROM Mr. Hoflich

Subject: Report from Mr. Casaday on the British Voluntary Savings Campaign.

The appended cable from Mr. Casaday describes the voluntary savings campaign in the West Midlands region, of which the regional headquarters are at Birmingham, the important industrial city with an estimated population of a million. Three-quarters of the population are said to be war industries workers and their dependents.

The following highlights are of particular interest:

1. Administration is being decentralized as rapidly as possible. The West Midlands region is being divided into three districts, each in charge of a district commissioner. In Birmingham, where administration has been highly centralized, permanent sub-committees have been established to handle (a) war bonds (large investors), (b) industries (to organize savings groups in large industrial establishments), (c) schools, (d) street groups, and (e) publicity.

It is emphasized that decentralization should be striven for at the outset. If delayed it becomes increasingly difficult, as those in responsible positions are apt to resist change which may diminish their authority and prestige.

2. Great emphasis is being placed on the organizing of street groups, the ward committees being allowed considerable latitude as to publicity, selling methods, etc.

3. Birmingham's Warships Week was featured by daily parades with a different motif each day. The week began with Navy Day, which was followed by City Day, Army Day, Merchant Navy Day, R. A. F. Day, Civil Defense Day, Allies Day and Workers Day, each with appropriate exercises. It is admitted that the parades, requiring much time and effort, probably reached very few people.

4. Some of those interviewed believe that in large cities intensive city-wide drives are of limited utility. Consequently there is a growing tendency to supplement such efforts by encouraging ward committees, factory savings groups and other small units to hold special weeks of their own when renewal of efforts is needed.

5. Special campaigns by local ward committees feature neighborhood parades, large indicators representing thermometers and speedometers, entertainments and contests.

6. Individual factories, under the auspices of the industrial subcommittee, have also staged special weeks of their own, using interdepartmental competition, bonus certificates offered by employers, appeals over the plant loudspeaker system by fellow-workmen--preceded by popular music--just before the lunch hour and quitting time. In one plant savings group membership was raised from 25% to 75% of the employees, during such a special week.

7. During the special weeks a better response is obtained when the target is stated in terms of a specific object such as a Bren gun or a navigation instrument.

8. "Ready-made audiences" (such as department store and theatre crowds) in Birmingham have not responded well to savings appeals.

9. Appeals to patriotism alone have not been very effective. More successful is the appeal to personal security, although here (as in Gloucester) some workers' groups resent this as an attempt to indoctrinate them with the virtues of the capitalist system.

Workers have been found very responsive to the argument which stresses the basic facts that (a) the war must be won, (b) to accomplish this end, productive power must be diverted from consumption goods to war industries, and (c) saving on an unprecedented scale is essential to both of these premises.



WWM

PLAIN

London

Dated May 27, 1942

Rec'd 12:10 a.m.; 30th

Secretary of State,  
Washington.

3001, Twenty-seventh

FOR SECRETARY OF TREASURY FROM CASIDAY.

Department's 1730, April 22 and Embassy's 2281  
April 30 and 2391, May 5.

A visit was made to Birmingham, Midland industrial city of estimated one million population three quarters of which are said to be war industries workers and their dependents. Birmingham is the regional headquarters of the West Midlands region comprising Shropshire, Warwickshire, Hereford, Worcestershire and Staffordshire. Total population of this region is estimated at more than four million.

The process of decentralization referred to in my telegram 2391 of May 5 is likewise being developed as rapidly as possible in Birmingham and throughout the West Midlands region. Originally the work in this region was administered by a regional commissioner and from three

and from three to five deputy regional commissioners to cover the five counties named above. Gradually it was found necessary to give the deputy commissioners more and more help in the form of assistant commissioners. The work is now being reorganized in the following manner. The region has been divided into three districts each in the charge of a district commissioner responsible to the regional commissioner. The headquarters of these districts are: Birmingham (district office to be entirely separate from regional office located in same city) Wolverhampton, Stoke. Each district commissioner will have an appropriate number of assistant commissioners and each of the latter will be made responsible for a specified portion of the district in which he works.

The considerations used in delineating the districts and in assigning the portions thereof to the assistant commissioners are: the number of towns and localities to be covered, the total population, the density of the population, the number of savings groups now in existence. According to the plan now going into operation the Birmingham district will have nine assistant commissioners four of whom will cover specified portions of the city of Birmingham. The

remaining five



-3- #3001, May 27, 1942, from London

remaining five will cover specified outlying areas embracing from four to ten towns and containing 1941 populations varying from approximately 190,000 to 260,000. Wolverhampton district will have five assistant commissioners each responsible for six to nine towns and total population varying from 54,000 to 278,000. Stoke will have four assistant commissioners whose assignments vary within roughly similar limits. The objectives are to define the responsibility of each paid worker and insofar as possible to give to all of them tasks of roughly comparable over-all difficulty. All of the workers referred to above are of course full time paid civil servants.

The preliminary tabular form illustrating the above described organization will be forwarded by air pouch.

The same process of decentralization is now being applied to the organization of the volunteer work in Birmingham and other cities in this region, but these efforts have been only recently undertaken. It was pointed out that in any large city there seems to be a "natural tendency" toward centralization rather than toward a more efficient and all-embracing organization

-4- \$3001, May 27, 1942 from London

organization.

In Birmingham, for example, the local committee is said to "include everybody in town". It meets only two or three times per year and is said to be of limited utility owing to its size and composition. Consequently from the beginning of the present war the burden of volunteer organizing fell upon a few individuals notably Sir Ernest R. Canning, Chairman of the local committee and described as a person of enormous energy and zeal. The Chairman gathered around him a more compact group known as the executive committee which seems to function much as a local committee would in a smaller locality. The Chairman also has developed a still smaller group of dependable and able volunteer workers who function as a panel of speakers and who aid him in organization and propaganda work.

Recently, however, several new departures have been made. Five permanent sub-committees have been established responsible to the executive committee and dealing respectively with war bonds (large investors) industries (to organize savings groups in factories and other large industrial establishments) schools, street



-5- #3001, May 27, 1942 from London

schools, street groups and publicity. Great emphasis is currently being placed on the street groups sub-committee. Under its auspices ward committees are being organized throughout the city whose function is to organize street and social groups. In fact the street groups sub-committee consists principally of the various ward organizers. Each ward committee is allowed considerable latitude as to publicity, selling methods and similar matters but is encouraged to confer with the street groups sub-committee, the publicity sub-committee, the Birmingham local executive committee or the regional office before embarking on new ventures. Also the ward committees are definitely limited to the organizing of street and social groups and do not work in the schools, industrial establishments or other fields even though opportunity for good work in these spheres may present itself. Such work must be referred to the local executive committee or to one of the appropriate sub-committees.

The Birmingham local committee (really the local executive committee) is allotted #2000 per year (#2 per 1000 of population) for publicity and propaganda work and administrative costs. Some of this may be  
made available

45- #3001, May 27, 1942 from London:

schools, street groups and publicity. Great emphasis is currently being placed on the street groups sub-committee. Under its auspices ward committees are being organized throughout the city whose function is to organize street and social groups. In fact the street groups sub-committee consists principally of the various ward organizers. Each ward committee is allowed considerable latitude as to publicity, selling methods and similar matters but is encouraged to confer with the street groups sub-committee, the publicity sub-committee, the Birmingham local executive committee or the regional office before embarking on new ventures. Also the ward committees are definitely limited to the organizing of street and social groups and do not work in the schools, industrial establishments or other fields even though opportunity for good work in these spheres may present itself. Such work must be referred to the local executive committee or to one of the appropriate sub-committees.

The Birmingham local committee (really the local executive committee) is allotted \$2000 per year (\$2 per 1000 of population) for publicity and propaganda work and administrative costs. Some of this may be made available



-6- #3001, May 27, 1942 from London

made available to the ward committees. A large proportion of the literature, posters, et cetera, are developed and printed locally but there is available at all times here and throughout the country a great variety of attractive posters, leaflets and other literature supplied by the national committee with space provided for over-printing by the local committees. This latter device makes for cheaper printing costs, maintains a high level of artistic and literary merit and yet gives scope for local ingenuity and makes possible the use of any specially effective local appeals. Samples of both types of posters and publications as used in Birmingham have been promised and will be forwarded when available.

In response to questions it was brought out that the decentralization movement in both national and local organizations is being developed only after 2-1/2 years of war not because the need for it has only recently arisen nor because the need is only now being recognized but rather because the present organization "just grew". By all means, it was stated, decentralization should be striven for at the outset. The longer it is put off the more difficult it becomes

..7- #3001, May 27, 1942 From London

it becomes as persons who early assume responsibility for a given area later resist change and resent any real or fancied diminution of their authority and prestige. During special weeks a special allotment of ten shillings per 1000 of population is made. It was emphasized that many of the devices used in smaller towns both for generating enthusiasm and for raising money for campaign expenses are likely to be comparatively ineffective in a large city like Birmingham if attempted on a city-wide basis. Consequently the ward committees are given some of the available funds and encouraged to hold local or neighborhood entertainments, contests, socials and the like and industrial establishments may also have their own special activities during the week.

Descriptive literature pertaining to Birmingham's city-wide Warships Week activities is being sent by air pouch. For the arousing of interest the chief feature of these activities was a daily parade with a different motif and to some extent a different sponsorship each day. The week began with Navy Day and was followed by City Day, Army Day, Merchant Navy Day, Royal Air Force Day, Civil Defence Day, Allies Day and



-8- #3001, May 27, 1942 from London

Day and Workers Day. On each occasion there were speeches, saluting ceremonies, demonstrations and other activities accompanied by loud speaker commentary.

It was admitted that these parades may have been somewhat overdone in that great effort and much time on the part of many people were required and that probably "only a handful" of Birmingham's one million people was reached. Owing to traffic difficulties the parade route (which was almost identical day after day) was very restricted in relation to the city area. In confirmation of this point I talked with a considerable number of people who seemed to have only the vaguest notion of the activities engaged in during Birmingham's Warships Week.

For the raising of money the Birmingham local executive committee relied principally upon street sales of flags, buttons and the like since entertainment and social activities could not be utilized effectively on a city-wide basis.

The foregoing considerations have led some of those interviewed to the conclusion that in large cities city-wide special weeks while undoubtedly worth participating in as a part of the national program are of limited utility in producing concrete results in terms of new savings and even in terms of

new savings

-9- #3001, May 27, 1942 from London

new savings and even in terms of interest and enthusiasm. Consequently there is a growing tendency to supplement such efforts by encouraging individual ward committees, factory savings groups and other small units to hold special weeks of their own whenever the need for renewal of effort is seen or whenever the time seems appropriate. This is now being made possible by the decentralized organization described above.

Ward committees sometimes singly and sometimes in competition with one or more neighboring wards have held special campaigns. Neighborhood parades including local bands, school children clubs are used. Indicators representing thermometers, speedometers, et cetera, are placed in neighborhood shopping centers or at the principal street intersection in the area. Local social activities, entertainments and contests can be used effectively here. Individual factories under the auspices of the industrial sub-committee have also held special weeks of their own from time to time. Interdepartmental competition bonus certificates offered by employers and other devices already reported on are used. In one plant effective use was made of  
the plant



-10- #3001, May 27, 1942 from London

the plant loudspeaker system. Just before lunch hour and quitting time each day for a week the loudspeaker system suddenly began broadcasting popular music. This was followed by a very brief appeal preferably by a workman or a well-liked shop foreman, a different speaker being chosen on each occasion. The special week in this plant raised group membership from 25% to 75% of the employees.

It was emphasized that the task of holding group membership is more difficult than organizing new groups hence while it is well to stimulate competition among campaign workers both paid and voluntary no great premium should be placed merely on the number of groups organized. The percentage of the unit enrolled in the group and the consistency with which a given level is maintained or improved should also be taken into account. The maintenance of group membership is greatly facilitated by the decentralized organization and by the holding of special weeks from time to time by each group whether the unit be a school, a club, a ward, a parish, a street or a factory.

In any of these special weeks much better response is obtained when the target is a specific object such  
as a Bren gun

-11- #3001, May 27, 1942 from London

as a bren gun, a navigation instrument or the number of bombs that fell on the area concerned during the last blitz.

Two miscellaneous observations as reported by persons interviewed and not covered in the foregoing may be of interest.

(1) "Ready-made audiences" in Birmingham have not responded well to savings appeals. Booths were set up in large department stores in cinema foyers and from time to time at special exhibitions or other gatherings. During my recent visit to Birmingham the regional office was conducting a savings booth at a large food exhibition then in progress in the city. None of these it was said sold enough certificates or provoked enough interest to justify the attendant's time.

(2) Appeals to patriotism alone have not been very effective (this was also reported in Gloucester). More successful is the appeal to personal security after the war although, again as in Gloucester, some workers' groups resent this as an attempt to indoctrinate them and give them a "stake in the country" so they will be content with the present capitalist system after the war. Workers



-12- #3001, May 27, 1942 from London

war. Workers have been found very responsive to the so-called "common-sense" or "economics" argument which stresses the basic facts that the war must be won; that to accomplish this end production power must be diverted from consumption goods to war industries; and that saving on an unprecedented scale is essential to both these premises. Workers are reported to show greater aptitude in understanding the economics of the argument, the necessity for preventing competition for consumer goods and the basic nature of money as a mere symbol of the country's productive resources than many middle-class and upper-class groups.

For a time the appeals of fear, horror and even hate were tried but this provoked great opposition throughout the community (and throughout the country as will be shown in later reports) and the effort was dropped.

WINANT

EMB

TREASURY DEPARTMENT

110

INTER OFFICE COMMUNICATION

DATE June 1, 1942

TO Secretary Morgenthau  
FROM Mr. Kamarck  
Subject: Of Possible Interest: Russian Comments on American Tanks

(If you have not already seen the attached New York Times item, you might find it of interest).

1. Two or three American tanks are already at the front receiving battle tests.
2. One brigade (about 200 tanks) will be ready for the front lines in a week. Several more brigades are being formed. The tank drivers assigned are veteran drivers and take less than three weeks to learn to use the American tank.
3. "To eyes accustomed to Soviet and British tanks, the American machines looked surprisingly high...."
4. The tanks have gone through training tests extremely well.
5. One tank driver liked his American tank better than the Russian machines.
6. Another thought the rubber tracks would be useful in winter because they would not freeze overnight but would be too tender for hard use.
7. One gunner was concerned about the narrow traverse of the largest gun (30°, compared to 360° of our new M4 tank).
8. The tanks possess good riding-qualities.



## Russian Unit of U. S. Tanks Ready to Battle Germans

By RALPH PARKER

Wireless to The New York Times

AT A RED ARMY TANK BASE, Russia, May 30—A brigade of American medium and light tanks has been completed and it will be ready to go into line with Soviet and British tanks at the front within a week. Several other brigades are in process of

completion. Two or three American tanks are already at the front, undergoing real battle tests. This has not yet had news of them. A group of foreign newspaper correspondents, accompanied by Brig. Gen. R. Faymonville, head of the United States supply mission, and Capt. James Hugo, heading the American section of Lieut. Gen. F. N. MacFarlane's British military mission, are on a visit to the training ground where British and American tanks, arriving from Europe, are put through their paces.

The visitors were conducted by Brig. Gen. Ivan Lebedeff of the Red Army engineers, a tall, spare man who has been handling British tanks since early last Fall and American ones for the last few weeks. It was emphasized that the tanks are sufficient. American tanks here to form several brigades and that the delay caused by the need to train Soviet tankmen on the new types amounts to less than three weeks.

These American infantry tanks will soon be in operation with the Red Army infantry against the Germans. More than half the tanks are short, wiry men of many nationalities, their wind-burned faces reflecting their buoyant, optimistic spirit—have already been in action against the Germans and most of the rest have been through tank training.

Accompanied by a light German reconnaissance car captured during the Winter, our convoy of tanks turned off the highway and bumped over a sandy track through a heathy country of hillocks and thin undergrowth. Soon we reached our objective—the brigade of American tanks marshaled diagonally under spruce and birch

The commander, Colonel Rodion Shabalín, wearing the Red Banner medal and Red Army twentieth jubilee decoration, stepped forward to greet his colleagues. Trained as a cavalryman and a participant in the civil war, Colonel Shabalín has handled tanks for twelve years and has fought against the Japanese, Poles and Finns since 1938.

### Tanks High but Tough

To eyes accustomed to Soviet and British tanks, the American machines looked surprisingly high, presenting broad, tall faces studded with rivets. One was soon relieved, however, to find these big targets made of toughened steel and that the tanks' heavy armament is capable of keeping the enemy at a considerable distance.

Colonel Shabalín was guarded in his remarks about the American tanks, saying the only real test was that of battle, but he said they had gone through training tests extremely well. Asked if he thought them superior to the British matériel, he said he would answer that when he had destroyed a couple of thousand Germans.

But members of the crews went further. A 22-year-old dark, wind-burned little Siberian tank driver, who had handled his machine for twenty days, said he liked it better than the Russian tanks. Others had detailed criticisms. One thought the rubber tracks would be useful in Winter because they would not freeze overnight as the sharp steel tracks do, but would be too tender for hard usage. A gunner was concerned about the narrow traverse of the largest gun.

### Russians Able Critics

But if these criticisms were given freely, they did not mean a lack of appreciation of quality and quantity. Correspondents never talk with Red Army men about foreign equipment without hearing careful, balanced criticism. Most of these tankmen have worked in factories and understand their machines well. They understand what is good and what could be better.

The easy-riding quality of the American medium tanks had its best testimonial in the fact that correspondents who insisted on having a ride emerged unbruised and in the good humor of kids finishing a trip on an elephant.

The Red Army's well-disciplined and polite tankists kept straight faces with difficulty as the representatives of the American press chambered into blue overalls and donned handsome ribbed crash helmets.

Henry Shapiro of The United Press and Henry C. Cassidy of The Associated Press looked as much like tankists as any journalist could. Leland Stova of The Chicago Daily News, Larry L. of the Columbia Broad

Service and Robert Magidoff of the National Broadcasting Company wore their uniforms with dignity. But Walter Kerr of The New York Herald Tribune, displaying the legs of a ballet dancer; James E. Brown of The International News Service and your correspondent, wearing overalls much too tight, caused ribald laughter when they took their places within or on the roofs of tanks, which set off on a lurching furling steeplechase over sandhills and across various obstacles, finally smashing down a hefty pine tree.

Earlier in the day we had visited a brigade of British Matilda and Valentine tanks, both types well known on several Russian fronts. The appearance of these tanks is much more like that of the Russian types, though the Matilda's encased tracks give it a certain distinction. This brigade was on the point of moving up to the battle line.

In conversations we learned that more than half of the crews had been in battle against the Germans. Some had been wounded; others had been captured and had escaped. Many nationalities were represented—Russian, Ukrainian, Georgian, Uzbek, Tartar and Kazak. Most of the men had seen at least four years' tank service.

Yesterday as we drove along wide dusty roads past trim lumber cottages in whose gardens lilacs were in full bloom, Allied aid to Russia seemed ubiquitous. Land convoys of Ford, Dodge and Morris trucks passed us. British and American tanks lay concealed under trees. Ubiquitous, too, were tough, efficient-looking, keenly disciplined Red Army men, ready to use this equipment and whatever more comes.

TRB

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

Chungking

Dated June 1, 1942

Rec'd 11:26 a.m.

Secretary of State,  
Washington.

635, June 1, 9 a.m.

FOR THE TREASURY DEPARTMENT FROM FOX.

TF41. Weekly Economic by Adler.

One. Chungking wholesale prices April (Institute of Wartime Economics, January-June 1937 equals 100); general 4,360 food 3,050 or increases of roughly 5% each on March and of over 25 and 35% respectively on January.

Two. Sales of saving certificates to May 27 CN dollars 57 million.

Three. Fapi in Shanghai fell recently to two per Central Reserve Bank dollar and nine per military yen.

Four. In TF39 of May 21, section two, paragraph one, third sentence substitute "after" for "before".

GAUSS

EDA



AS

PLAIN

Lisbon

Dated June 1, 1942

Rec'd 3:13 p.m.

Secretary of State,  
Washington.

626, first.

FOR TREASURY.

Dyar leaving Lisbon June 2, arrives Bern about  
June 6.

FISH

EDA

COPY NO. 13BRITISH MOST SECRET  
U.S. SECRETOPTEL No. 183

Information received up to 7 A.M., 1st June, 1942.

1. MILITARY

LIBYA. By the evening of the 31st the enemy appeared to have formed bridgeheads covering the gaps in the minefields to the west of EL HARMAT. Our artillery has again taken toll of his forces attempting to pass through.

2. AIR OPERATIONS

WESTERN FRONT. 30th/31st May. COLOGNE was bombed from 12.55 A.M. to 2.25 A.M. by 868 aircraft which dropped 530 tons of H.E. (including 86 4,000 pounds) and 929 tons of incendiaries amounting to more than 470,000. One of our bombers yesterday reported missing has since returned safely. Five Mosquitos carried out visual reconnaissances the following day and reported the city enveloped in smoke up to 15,000 feet. 3 of them dropped some bombs. One Mosquito is missing. 31st. About 18 Squadrons of Spitfires carried out 4 offensive operations, 2 Minesweepers which were attacked subsequently ran aground near WALCHEREN and an armed Trawler was sunk. 4 enemy fighters were destroyed and 5 damaged. 8 Spitfires are missing. 31st May/1st June. Two Wellingtons bombed COLOGNE. About 50 enemy aircraft operated against this country of which 20 carried out a sharp attack on CANTERBURY between 1.15 A.M. and 2 A.M. 1 was destroyed and another probably destroyed over this country and 2 more were destroyed over Dutch aerodromes.

LIBYA. 29th/30th. Our aircraft bombed MARTUBA landing ground and EL TMIMI and on the following night started large fires at DERNa landing ground. On the 30th two enemy aircraft were destroyed over the battle area, one probably destroyed and two damaged. We lost 11 fighters.

MALTA. Between three P.M. 30th and 11.50 A.M. 31st during small air attacks two enemy aircraft were destroyed and three damaged. One Spitfire was lost but pilot is safe.



- 2 -

3. HOME SECURITY

31st/1st. CANTERBURY. Preliminary reports, about 20 large fires were reported near the Cathedral mostly in large commercial buildings. The fire situation is well in hand. It is believed that the Cathedral suffered some damage from blast but was not hit and that casualties were not heavy.

4. The 23 Japanese Divisions in MANCHUKUO are reported to have been reinforced by one Division from CHINA.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 1, 1942

TO Secretary Morgenthau  
FROM Mr. Kamarck  
Subject: Summary of Military Reports

Raid on Cologne

1,040 bombers were used in the raid on Cologne. Included were 340 heavy bombers made up as follows: 131 Halifax, 88 Sterling, 73 Lancaster and 48 Manchester. At the same time, 48 bombers and 38 fighters were sent to attack airdromes in Germany, France and Holland. The total number of planes sent out was, therefore, 1,126. (The newspaper reports have covered most of the unusual features of this raid. It was, of course, several times larger than anything the British have done to date, and probably all the first-line aircraft of the Bomber Command participated. The number of heavy bombers taking part, 340, is more than the usual nightly number of all bombers sent out.)

(U.K. Operations Report, May 31, 1942)

New R.A.F. Plane

The British report that a German bomber, operating against shipping during the night of May 28-29, was damaged by a "Mosquito". (This is the first mention that has been made of this plane. It is described as being a twin-engined, two-seater, high-speed fighter-bomber.)

(U.K. Operations Report, May 29, 1942)

Russian Supply Route

(In the last week, the Germans have been claiming a series of constant successful attacks on a convoy proceeding to Russia. According to the Germans, they destroyed most of the convoy. As usual, the German claims are exaggerated.) The convoy to Russia arrived in the morning



of May 30. Out of 34 ships, 7 were sunk; six by airplane and one by a submarine. The total tonnage lost was about 40,000 tons. Five of the ships sunk were American. (This represents probably a loss of around 100 tanks.)

(U.K. Operations Report, May 31, 1942)

German Air Force

Two groups of Ju-88 bombers (60 planes) which were withdrawn from Sicily to France about three weeks ago, have now been moved to south Norway. (This may be for defense against the coming Allied invasion, or to attack the Russian supply route.)

(U.K. Operations Report, May 31, 1942)

June 2, 1942  
9:24 a.m.

HMJr: Clif.

Clifton Mack: Good morning, sir.

HMJr: Clif, how are you?

M: Fine, thank you.

HMJr: Clif, let's have an understanding between each other, and that is this. I don't know who you look to as your boss these days besides me.....

M: Yes.

HMJr: .....but if something goes wrong, please get it to me; or if you're in any hot water or need any advice, let me know so that I can see you.

M: Very good.

HMJr: And don't wait for me to send for you.

M: All right.

HMJr: But if you've got anything important that's bothering you or isn't going right or you're getting into trouble, you come and see me.

M: All right, I'll do that.

HMJr: But the burden is on you, you see?

M: That's fine. I do have something that I'm working on now that I would like to see you about as soon as I have it in shape. Probably a couple of days.

HMJr: Well, whenever you're ready, tell Stephens. In other words, if there's some problem over there that's out of the ordinary, you take the initiative and you ask to see me, and I'll see you.

M: Well, very good. I'm trying not to bother you because I know that you're up to your neck.

HMJr: I am.



- 2 -

M: But I'll save it until I know that I really need your help and then I'll get in touch with you.

HMJr: Okay.

M: Fine.

HMJr: Thank you.

M: Thank you, sir.

June 2, 1942  
9:35 a.m.

## GROUP

## Present:

Mr. Gaston  
Mr. Sullivan  
Mr. Bell  
Mr. Graves  
Mr. Buffington  
Mr. Paul  
Mr. Schwarz  
Mr. Thompson  
Mr. Blough  
Mr. White  
Mr. Foley  
Mr. Haas  
Mrs. Klotz

H.M.JR: Harold, are you on deck?

MR. GRAVES: Briefly.

H.M.JR: How long are you going to be here today?

MR. GRAVES: Just a couple of hours.

H.M.JR: Can you be here that much?

MR. GRAVES: I think I ought to. I think we have got some big business this morning.

H.M.JR: You have?

MR. GRAVES: With Dan.

H.M.JR: Well, I am not going to be able to do it at ten o'clock on account of the air raid, so we will just have to postpone that. I mean, I have got to go to the White House.



- 2 -

This Franklin Lamb thing will take how long, at ten-thirty?

MR. BELL: It is not mine.

H.M.JR: Anybody in that?

MR. GRAVES: Probably take a half an hour.

H.M.JR: I am going to allow an hour. I am going to put you, Bell, to be in at eleven-thirty. Have you got anything then?

MR. BELL: I don't know, but I will break it. I don't think so.

H.M.JR: There is no use starting this other meeting; in fact, I have got to leave here at five minutes of ten.

MR. BELL: I would like to have about ten minutes on some other stuff.

H.M.JR: Well, if I get through--

MR. BELL: After that meeting?

H.M.JR: Or before. If the Franklin Lamb meeting doesn't last an hour I will let you know.

Are you going to be here when Major Namm is here?

MR. GRAVES: Yes.

H.M.JR: Who else?

MR. GRAVES: Mr. Coyne and Mr. Pulte.

H.M.JR: I hope that Coyne has explained my attitude on this thing. Have you seen Coyne since I have seen Coyne?

MR. GRAVES: No.

H.M.JR: Will you have a talk with him before ten-thirty? I don't know how well you are, whether you can stay until eleven-thirty or not.

MR. GRAVES: I will.

H.M.JR: All right, but please talk to Coyne before ten-thirty.

MR. THOMPSON: They say the drill is supposed to be for half an hour, but they have told us that we can end it, so far as the Treasury Department is concerned, in ten or fifteen minutes, so I think we might do that.

H.M.JR: I should think five minutes would be enough, I mean, to get the people down there.

MR. SULLIVAN: And find the proper station.

MR. THOMPSON: Eddie Bartelt is going to give a little talk over the loud speaker system on War Bonds.

MRS. KLOTZ: That is wonderful.

H.M.JR. As soon as Eddie is through, tell them to be at ease.

MR. THOMPSON: I will take care of the Professor Welch case. Peter Odegard is getting fifty-two hundred dollars now. He was getting eight thousand part time, but he switched back to the fifty-two hundred basis full time, which was equivalent to the higher rate on the time he put in.

H.M.JR: I don't know what Welch - it should be on the same basis.

MR. THOMPSON: Odegard's per diem basis was \$22.22.

H.M.JR: Why not make it \$20.00?



MR. THOMPSON: We could not do that. The per diem basis is at the rate of \$22.22, or the next lower rate of \$18.05.

H.M.JR: I think the \$22.22 would be best.

MR. THOMPSON: Mr. Kuhn said we could go ahead with the sign.

H.M.JR: That is right.

MR. THOMPSON: That is all I have.

H.M.JR: I decided entirely on my own that if the Carnegie Library in New York was to have one of these signs in front of it, after all, the Treasury could have one, too.

MR. THOMPSON: That is all.

H.M.JR: Mr. Bell?

MR. BELL: Here is a letter that just came to me this morning for your signature, acknowledging the donation. I assume Senator Pepper gave it to you. (Letter addressed to Mr. Fayette Holland, Secretary-Treasurer, International Association of Machinists, Jacksonville, Florida.)

H.M.JR: Is that the Florida Canal?

MR. BELL: That is probably the first installment.

H.M.JR: Incidentally, just so that you people know it, I am trying to write a speech - it isn't written yet - for tomorrow night, to sort of summarize what has happened since the President made his seven-point program. I am trying to show what has been done and how the public is responding because of all that the Treasury is putting up to the public, particularly no ceiling on wages and forced savings, and so forth and so on, and to make a favorable report based on facts, prices, and so forth, what has happened to prices.

I am leading off, so if anybody has any approach - there have been a lot of good things happening, and I am going to say so to the public, that the public responded

as they always do when the President appeals to them. So if anybody has any bright ideas please send them in to Kuhn between now and two o'clock. He is supposed to be locked up in his room.

MR. SULLIVAN: Over the transom?

H.M.JR: That is right, so if anybody has any ideas please get them to him.

MR. BELL: That is all.

H.M.JR: Professor white?

MR. WHITE: We have examined a little more of the information with respect to the tax on the moving picture company earnings in England. It still looks as though a further investigation might reveal some information; it might show that taxes should have been paid. Before John goes any further with the investigation, which might involve auditing the books, we want your idea on it.

H.M.JR: In England?

MR. WHITE: No, no, here; that is, their taxes on revenue in England.

H.M.JR: You want to do what?

MR. WHITE: Just want to make sure that it is all right with you before he goes ahead because they probably will know that their books are being audited.

MR. SULLIVAN: I think they ought to. Somebody is lying, Harry.

MR. WHITE: I just want to make sure you know what is going to happen.

H.M.JR: A question of auditing '41 books?

MR. WHITE: '41, maybe '40.

H.M.JR: Well, why not?



- 6 -

MR. SULLIVAN: I don't know why not, but Harry wanted to clear with you before we went ahead.

H.M.JR: Is that added to the seven hundred?

MR. SULLIVAN: We added them yesterday afternoon. Harry wanted to clear with you.

H.M.JR: It is all right.

MR. WHITE: Germany is trying to get rid of dollars, and because of the Treasury ruling which Foley put out on currency the discount on dollars is increased so that they are trying to sell them in Switzerland and Spain for twenty-three cents, dollar currency, because of the difficulties of getting it in the United States.

H.M.JR: What did you buy the last time?

MR. WHITE: No, no, I am talking about Germany having actual U. S. currency for which they are trying to get Swiss francs. They want to buy - as a matter of fact, they are trying to buy silver in Spain and other things in Spain, but the difficulties of getting the dollar into this country legally have been so increased by the order, the risk is so much greater, that the discount on the dollar has increased greatly and it is now selling for around the equivalent of twenty-five cents.

MR. FOLEY: We extended the license that applied to the importation of securities to include U.S. dollars, and anybody bringing in more than two hundred and fifty dollars has to account for the origin of the dollars.

H.M.JR: You mean the dollar in Switzerland is selling on a twenty-five cent basis?

MR. WHITE: Germany is trying to sell on a twenty-five cent basis, dollar currency. It just shows the increasing effectiveness of the control.

MR. BELL: There is also a great discount in Turkey.

- 7 -

MR. WHITE: Yes. It has increased everywhere, but the discount is particularly high where the difficulty of getting money in is the greatest.

I am much disturbed by the number of men we have lost and are going to lose, and I would like to suggest if you would appoint a committee to reexamine the question of deferments very quickly - I think the Treasury is out of line with other departments. I think your policy is an incorrect one. I should like to present my view before an appointed committee and have their conclusion brought to you.

H.M.JR: Well, Harry, do you mind, instead of saying my policy is incorrect, saying that you disagree with me.

MR. WHITE: I said I believe.

H.M.JR: No, you said my policy is an incorrect one.

MR. WHITE: I disagree with your policy. I said that I believe it is incorrect, which is another way of saying that I differ.

H.M.JR: I mean - well, you may say you differ, but that doesn't mean because you differ that it is incorrect.

MR. WHITE: No, of course not, but unless I had some grounds for believing that my difference had supporting arguments and weight, which others in other departments of the Government feel, I wouldn't have said that. Let me withdraw it. I will make it as politic as I can. I would like to have some opportunity to present--

H.M.JR: There is no use having a committee. The only person to talk to is myself.

MR. WHITE: Fine. All right, as long as I get an opportunity.



- 8 -

H.M.JR: Why camouflage the thing?

MR. WHITE: Because I thought you had appointed a committee sometime in the past.

H.M.JR: No committee that I know of, is there, Norman?

MR. THOMPSON: No, I take up with Mr. Gaston what relates to his office, with Sullivan what relates to his office. We do check around.

H.M.JR: You can see Norman, Gaston, and me.

MR. WHITE: Fine. I am going to lose three men very soon.

H.M.JR: You had better put it in writing. Put your case in writing so that it doesn't get too personal. I mean, state your case in writing.

MR. WHITE: I will be glad to. I can make it more effective orally.

H.M.JR: That is just why I want it in writing.

MR. WHITE: I don't quite understand. Are you afraid you will be convinced?

H.M.JR: I don't want to get it on a personal basis. I mean, I don't want any more statements like the way you introduced your remarks, so put it in writing.

MR. WHITE: Hershey said - when he put in Selective Service he said, "There are two policies which can harm the Selective Service, those which defer everybody and those which defer nobody." I think that the policy needs reexamination. I will be glad to put it in writing. I should think you would prefer to have it orally. It is all right with me.

H.M.JR: I am asking you to put it in writing, and you can back it up - you can present it personally.

- 9 -

and say anything you want to, but I would like to have it in writing. Whenever it is ready let me know. How long will it take you?

MR. WHITE: I will do it this morning.

H.M.JR: When you are ready let Norman know and Gaston know and I will see you.

Have three copies made. Is it all based on three people?

MR. WHITE: I am going to lose three more right away, possibly eight or ten more a little later; but I don't think I am looking at it purely from my own division, though I am interested, particularly, in one or two men, and particularly interested in Southard and one other. But unless my position can be substantiated from the point of view of how it affects the entire Treasury, how the policy affects the entire Treasury, then it doesn't stand; but the reason why I had wanted to present it to a committee was because I feel that it is a question of a Treasury policy rather than putting it on the basis of one or two particular men that I might want to try to hold on to.

H.M.JR: Put it any way you think most effective and let Norman know and Gaston, and I will talk to you.

MR. WHITE: and these men are not seeking deferment at all that I am mentioning. It is I who don't want to lose them. They are perfectly willing to go along.

H.M.JR: O.K. What else?

MR. WHITE: That is all.

H.M.JR: Chick?

MR. SCHWARZ: Nothing.

MR. HAAS: I don't know if you have noticed or not, but several panels, State by State charts, are already in the room--



- 10 -

H.M.JR: I have been in the room, but I was so floored by the overwhelming picture of Lucy Monroe that I didn't have a chance to look at yours.

MR. HAAS: That overshadows ours?

H.M.JR: Completely - it so overshadowed everything that I couldn't see yours, but I expect to look at yours.

MR. HAAS: I know you haven't seen this for some time.

(Mr. Haas handed chart to the Secretary.)

H.M.JR: Still seven hundred seventy-five thousand people in WPA - that surprises me.

MR. PAUL: How many?

H.M.JR: Seven hundred seventy-five thousand.

Harold?

MR. GRAVES: Nothing.

H.M.JR: I just want to - I have to leave in five minutes; so if I am getting the worst of an argument I am not walking out on anybody.

Roy?

MR. BLOUGH: Nothing.

MR. PAUL: I think that you and Dan Bell and Roy and I, and perhaps some others, should have a talk on the twenty-five thousand limitation, because after you told us to take it up with Dan, we did that. Dan generally feels that we shouldn't go through with the whole idea before executive committee--

H.M.JR: Dan? I am out of tune; I don't know what you are talking about.

- 11 -

MR. PAUL: Twenty-five thousand dollar limitation on - the President's twenty-five thousand dollar--

H.M.JR: Where does Dan Bell come in?

MR. PAUL: He can speak for himself, but as I understand it, he thinks we ought to lay off the thing.

MR. BLOWEN: You asked us to clear it with him.

H.M.JR: I asked you to?

MR. BLOWEN: Some items in it with reference to bonds.

H.M.JR: Oh, with reference to bonds.

MR. BELL: They had one or two items they brought in to me to clear. I questioned whether you ought to take it up or not. Apparently the President made the statement half-heartedly, and you are going to be voted down unanimously. I don't see much use in sticking your neck out on the thing; You are going to get beat again. Just let the thing die. It is dead, anyhow.

H.M.JR: If you don't mind my differing with you, my instructions definitely hold true. I want it to go through just the way the thing was written. I mean if there is something technical, that has nothing to do about the twenty-five thousand.

MR. PAUL: We can clear the technical part.

H.M.JR: I definitely want you to go through.

MR. PAUL: All right.

H.M.JR: May I just say this, I won't mention - some agency came to me the other day - they had to see me - the head of an agency. For half an hour he told me how he was trying to fight an executive order that the President asked to carry out, and wouldn't I help him. Of course I wouldn't.



- 12 -

Let's say the President is wrong on this thing, which I don't say that he is, but that is what he said, and now it is up to me to carry it out a hundred percent. There is just too much in this town - the President says something and then nine times - not nine times, but in many, many cases nothing happens. And that is - I don't want to be in that school. He said this thing. I want to go through with it. He hasn't told me he has changed.

MR. PAUL: I agree with you, but I wanted to put Dan's point of view--

H.M.JR: It isn't - for the benefit of everybody on my staff, this is what the President wants; all right. Now, I want to go through with it.

MR. BELL: I heard there was a certain background on that. He made that statement for a particular situation, and that situation has passed over.

H.M.JR: Well, I--

MR. SULLIVAN: I heard that, too, Mr. Secretary, what Dan just said.

H.M.JR: But he hasn't communicated it with me, and my phone still works. I take it you are referring--

MR. BELL: That question raises the question as to whether you shouldn't communicate with him before you go ahead with it.

H.M.JR: No, I am not going to put myself in the position of the President saying, "What is the matter with you, Henry, can't you read or understand English? I said this thing; what makes you think I have changed?"

What situation are you referring to?

MR. SULLIVAN: What Dan said, about its being used for one particular purpose.

H.M.JR: What is that?

- 13 -

MR. BELL: Well, I don't know just what it was. It was something in Detroit where the labor unions were up in the air about industry getting so much out of the war effort that he came out with that statement, and I understood that the statement he made clarified the whole situation as far as labor was concerned in the Detroit area.

H.M.JR: The purpose of our meetings is to bring up for discussion mutual worries, and also gives me a chance to say, if I want to, what I want done.

MR. BELL: Sure, I am not trying to--

H.M.JR: No, no, but I just, having heard the thing - you have raised a question. My answer to Paul is, please go through with it.

MR. PAUL: That is what I was going to do, but I thought I ought to bring Dan's view to your attention.

H.M.JR: He has had his day in court, and he is ruled out.

MR. SULLIVAN: Well, Mr. Secretary, do you realize that you are conferring on Federal securities an advantage that State municipalities and other securities don't have if you do it this way?

H.M.JR: No, no.

MR. BELL: I think that has got to come out.

H.M.JR: That has nothing to do--

MR. SULLIVAN: I beg your pardon, I thought you said to do it as it is written.

H.M.JR: No, I said if there is something about the bonds that Danny Bell doesn't like, that is his responsibility, see, if he doesn't like it, take it out; but there should be the limitation on the twenty-five



- 14 -

thousand. That is the President's policy, and I want to go through with it. Is that fair?

MR. BELL: Yes, I am only raising the question.

H.M.JR: But you take care of the bond thing, will you, and I will take care of the White House. Glad to have seen you all.

MR. SULLIVAN: Do we get a chance later on?

H.M.JR: Possibly.

TREASURY DEPARTMENT

134

INTER OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau

FROM Mr. Thompson

Professor Welch left for Princeton this morning so that I have not had an opportunity to talk to him. However, Mr. Callahan tells me that he discussed the arrangements for his association with the Treasury on the basis of the usual \$22.22 per day. The attached letter of appointment has been prepared on that basis and, in addition, Professor Welch will be given his traveling expenses plus \$6.00 for subsistence on the occasion of each trip to Washington. I will talk to Professor Welch when he returns and will also arrange for a room for him in the Treasury Building.

*For*



COPY

135

June 2, 1942

Mr. Roy Dickinson Welch,  
Princeton, New Jersey.

Sir:

You are hereby appointed a Consulting Expert, CAF-15, in the War Savings Staff, with compensation at the rate of \$22.22 per diem when actually employed, payable from the appropriation "Expenses of Loans, Act of September 24, 1917, as Amended and Extended." This appointment is effective today.

Very truly yours,

/S/ H. Morgenthau, Jr.

Secretary of the Treasury.

June 2, 1942.

Harold Graves and Norman Thompson  
Secretary Morgenthau

I would like Professor Roy Welch fixed up with an office in the Main Treasury Building. I'd like to have it explained to him that he is on the same level as Kuhn and Odegard and that he is working for me. If this is not clear, both of you please come in and see me about it. I want to compensate him for his work on some basis similar to Peter Odegard. I don't know what we pay Peter Odegard, and I don't know whether we should pay Roy Welch the same. - I doubt if we should at the beginning, but at least he should be paid. I'd like that straightened out today without fail.

*Letter appointing Welch signed 6/2/42 -  
Folder up for room 6/9/42 -  
6/9/42 - Thompson reported  
Welch has been fixed  
up with room.*



May 25, 1942.

Vincent Callahan  
Secretary Morgenthau

Professor Roy Welch, head of the Music Department of Princeton University, is going to have supper with me Monday night. I would like you to come also. Please bring with you a list of the musical programs that we have done for the last three months, who the artists were and what they sang. He would like to have that so he can study it. After you get this memo, inasmuch as I am going to try to interest Professor Welch to advise us on the musical programs, is there anybody else that I should invite for the evening? If you would get the message to Mrs. Klotz direct, she will give it to me. Thank you.

*Callahan took care of*  
5/25-

June 2, 1942

Mr. Peter H. Odgaard,  
Amherst, Massachusetts.

Sir:

You are hereby appointed a Consulting Expert, CAF-15, on the War Savings Staff, with compensation at the rate of \$22.22 per diem when actually employed, payable from the appropriation, "Expenses of Loans, Act of September 24, 1917, as Amended and Extended." This appointment is effective today.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

H. M. C.

*File* to Mr. Thompson



Treasury Department  
Division of Monetary Research **139**

Date..... June 2 .....19 42

To: Miss Chauncey

From: Mr. White

Please call to the Secretary's  
attention. Copies have been sent to  
Mr. Gaston and Mr. Thompson.

H.D.W

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau

FROM Mr. White

Subject: Deferment Policy

I believe that the Treasury policy with respect to deferment should permit the permanent deferment of some special cases. It is my understanding that at present deferment beyond six months will be asked for only those persons who are regarded as "indispensable" and that the term "indispensable" is interpreted in such a way as to make it virtually impossible to give any employee assurance that permanent deferment will be requested by the Department.

It is my opinion that there are men in each division or bureau who can make a greater contribution toward total warfare in their present jobs than they could as officers holding down desk jobs of the character offered to them. The mere wearing of a uniform does not indicate a greater contribution to the war effort. It was, I believe, in recognition of this fact that the Selective Service made provision for deferment beyond six months.

Take Southard for example. He has had many years of specialized training for the work he is doing here. His knowledge of the subject and his special qualifications make him a valuable man for this division and an extremely difficult one to replace for many reasons. He is about to receive a commission in the Navy and is expected to do work for which he has no special training and work which, so far as I can determine, will be less useful to the total war effort than the work he could do for the Treasury. In his case it does not help to obtain a six-months' deferment because were he to accept a temporary deferment he would lose his opportunity to obtain a commission and would later be inducted into service as a private. I can't believe that there aren't millions of men in the country better qualified for active service than men of his age and experience. Yet I can't say that Southard is indispensable, because I don't believe that anybody is indispensable. The department, the bureau, the division has to be regarded as an integral part of the government, and if the particular bureau or division is performing tasks which are essential to the functioning of a department, then it seems to me reasonable to assume that there are some men in each of such divisions who

*Handwritten note:*  
... you ...  
... 5/20/42 ...



Division of Monetary  
Research

- 2 -

are essential to its best functioning. I would even go so far as to say that if any bureau or division can within six months replace without loss of effectiveness its best men, then the head of the division or bureau has been doing a poor job. He has not been obtaining the best men available and keeping them long enough so that they become exceptionally valuable.

If men like Southard, and several others on my staff, are not eligible for deferment beyond six months, then I can't understand the purpose of providing for any deferment longer than six months. The letter circulated in the Treasury of February 13, giving the basis for request for deferment, cites three conditions which must be fulfilled when deferment is requested beyond the initial six-month period. If strictly interpreted these conditions would provide for no permanent deferment; if reasonably interpreted, they would, I believe, provide for several deferments in each division.

If Treasury policy is to be no deferment in fact beyond six months, then I am convinced that the quality of Treasury personnel and work will be seriously harmed.

June 2, 1942.

Harold Graves' Office

Secretary Morgenthau

Please let me know what so-called Community Sings Lucy Monroe is scheduled for for the Treasury. Please not only give me a copy of this list, but also give one to Mr. Roy Welch. Before the Treasury agrees to put Lucy Monroe on any more Community Sings, I want to be personally consulted.

*See Graves' memo of 6/2-*



June 2, 1942.

Ferdinand Kuhn  
Secretary Morgenthau

I wish that that part of my speech that has to do with prices - in fact you might as well show the whole speech to someone in Leon Henderson's office. I should think Gilbert would be as good a person as anybody. If possible, show it to him before two o'clock when you see me. Also, Mr. Kuhn, I will excuse you from the Staff Meeting today. I really would like you to devote your entire morning, if necessary, to my speech. Please cancel all other appointments that you have so that the speech will be ready by either two or two-thirty for me. At the end of the speech, I wish you would think this over, that I have a little formula that people should try and follow in their spending habits. Work out a little formula which should come right at the end - my recommendation as to what they should do with their money.

*Taken care of -*

June 2, 1942

TO: MR. MILLS  
FROM: THE SECRETARY

Last week I was to have had an answer as to whether the members of the Aircraft War Production Council were to become issuing agents or not. I have not heard.

*See memo of  
6/2/42 -*



June 2, 1942  
10:50 a.m.

HMJr: Hello.

Ambassador  
Litvinoff: Mr. Secretary.

HMJr: Yes, Mr. Ambassador.

L: Good morning.

HMJr: How are you?

L: Thank you. You know there was here a visitor  
off-the-record

HMJr: Yes.

L: Mr. Molotov.

HMJr: Yes.

L: He would like very much to meet you.

HMJr: I would like very much to meet him.

L: And I know you don't like going out to lunches,  
but is there any possibility to have somewhere  
a lunch?

HMJr: What day is that?

L: Tomorrow is Wednesday.

HMJr: And you'd like to have me when?

L: At one o'clock. Could you come to the Embassy?

HMJr: Wednesday or Thursday?

L: Wednesday.

HMJr: Wednesday?

L: Tomorrow, yes.

HMJr: Tomorrow, Wednesday, at one o'clock.

- 2 -

L: Yes.

HMJr: I'll be there.

L: Yes. Very kind of you.

HMJr: No, I'd like - one o'clock Wednesday.

L: Wednesday. Thank you.

HMJr: Is that Wednesday or Thursday?

L: Wednesday, tomorrow.

HMJr: Tomorrow.

L: Tomorrow, yes.

HMJr: I'll be there.

L: Thank you very much.

HMJr: Thank you.



June 2, 1942  
11:45 a.m.

WAR BONDS

Present: Mr. Eccles  
Mr. Buffington  
Mr. Graves  
Mr. Edwards  
Mr. Bryce  
Mr. Odegard

H.M.JR: Well, what I wanted is this, Marriner. I am glad you are here, very glad. We have got to sell a lot more F and G Bonds than we have been doing, and the other day, for better or for worse, I made a decision, which is not irrevocable, inasmuch as I am still on the face of the earth, but for better or worse I made a decision that we would do this thing through Graves' War Bonds organization.

I don't know whether I gave you the reason why or not, but I felt that they were a year or fifteen months further along on organization than the other people, and then - oh, there are a lot of reasons. Then I felt that this other group have something to do once a month, and I didn't want to wear out my welcome. Well, anyway, I still haven't gotten it through my head; and as long as Graves is here, he had better tell us how Graves is going to go ahead and sell the F and G Bonds, and it is necessary to sell them to fill our quota for this month, next month, and the month after. I think it is up to Graves to tell us. He asked for the responsibility, and I gave it to him.

MR. GRAVES: Well, I don't know that that is exactly right.

- 2 -

H.M.JR: Isn't it?

MR. GRAVES: No.

H.M.JR: Didn't you ask for it?

MR. GRAVES: I have felt that the responsibility was imposed on the War Savings organization the minute quotas were set up on that organization effective the first of May. The quotas that were announced for May and June and July have included prospective sales of F and G Bonds. It isn't a question of my asking for the responsibility at all. The fact that the Department imposed these quotas by States and counties, including prospective sales of F and G Bonds, settled the matter of responsibility that was put on the War Savings organization by the very announcement of quotas that include F and G Bond sales.

Now, as to what happened subsequently to that, I did object to any move which would appear to put the responsibility for F and G Bond sales elsewhere than on the War Savings organization. It seemed to me that you could not give the War Savings organization quotas, including F and G Bond sales, and at the same time say to them, "You can turn your back on F and G Bonds; somebody else is going to look after F and G Bond sales. You can concentrate on E Bonds." That view, I think, was agreed to by everybody, and the plan was worked out, certainly with my approval, that the primary responsibility for F and G Bond sales would be left as originally intended with the War Savings organization, but that the Victory Fund Committee would come in and cooperate with the War Savings organization, certainly to the fullest extent possible, so far as I am concerned, always having it in mind that there would in each State, in each county, be worked out some basis for that kind of cooperation between the Victory Fund Committee and the War Savings organization.

I was not the person in the end who said that that arrangement is impractical and won't work. I prepared a



- 3 -

bulletin to go out to the War Savings organization, making that announcement, that the primary responsibility for the sale of F and G Bonds would remain on the War Savings organization, but that the Victory Fund Committees would be available to help to work out cooperative arrangements agreeable to both organizations, and that we would find that the Victory Fund Committee would perform a very valuable supplementary service to the work which the War Bond organization was to do.

Now, I think it was Mr. Buffington who in the end told me that he thought that was wrong, that either the job had to be turned over to the War Savings organization and the Victory Fund Committee kept off of it, or that the job had to be turned over to the Victory Fund organization and the War Savings organization kept off of it. That was not my idea, and that suggestion was given to you, and you made the decision that the War Savings Bond organization would be given the responsibility, and the Victory Fund Committee as an organization would be kept out of the F and G Bond project, but that they would be encouraged to participate as individuals although not as an organization. That was not my view. I thought, and still think, that while the primary responsibility must be given to the War Bond organization, there is plenty of room for help to be given by the Victory Fund Committees, so long as they don't make the assumption that their responsibility is exclusive and that the War Bond people are to stay away from F and G Bond sales.

I think that the bulletin that we were on the verge of sending out some days ago was correct in principle and in the practical effect of the thing. So I don't think I ever asked for this responsibility. The responsibility is given.

H.M.JR: That is a detail, anyway. You have got it whether you asked for it or not.

MR. GRAVES: That is right, and I don't think you can take it away, unless you do this quota thing all over again.



- 4 -

H.M.JR: I mean, if I said I want to take it away, you would ask me not to do so.

MR. GRAVES: That is correct.

H.M.JR: Well, I mean, we are quibbling. I mean, the fact is you want to keep it today. If I said at the end of this meeting I am going to give it all to the Buffington crowd--

MR. GRAVES: I think that would be very bad.

H.M.JR: So, I mean - as to how we put it or whether you ask for it or not, but anyway, you have got it, and the answer is, how can you, with the help of your friends here in the room, and all of us, what can we do to put it across. That was what the meeting called for, not who asked for it or who got it, but you got it, and how can all of us who are in this thing up to our neck - how can we put it across - that is what I want to know.

MR. BELL: I don't think we can say, Mr. Secretary, at this time, certainly, that the decision you made the other day to put the responsibility on the War Savings Staff for the sale or meeting the quota of the F and G Bond was wrong, but I think possibly where it may have been wrong was that you put it in their hands exclusively. I think the last sentence in the telegram might have been very well left out and left room for the cooperation or coordination between the Victory Fund Committee and the War Savings Staff, and that I think is what has to be amended now to - we discussed it, and I think that we can wire to the State administrators to get in touch with the chairmen of the Victory Fund Committee to work out a scheme of cooperation and coordination so that the War Savings Staff can use these committees to further the sale of F and G Savings Bonds.

H.M.JR: Could I make a suggestion? It may not be worth a damn if you have been thinking about it a lot. Somewhere here in the Treasury - the person, I think, ought to be under Graves - there should be an F and G

- 5 -

man whose ambition it is to sell F and G Bonds and sell them until the cows come home, somebody that is going to sleep, dream, and live F and G Bonds; and then he would have a counterpart in each State under the State administrator, and it would be his job to get people to help them, no matter who they are or what committee they are on or where they are. I mean, in some States, South Carolina or Florida - it couldn't be South Carolina, because they are always good, but Florida may have a lousy Victory Fund Committee, but there might be some very good people down there who could sell F and G Bonds. I am just using Florida as an example, but if there was an F and G Bond man here in Washington and an F and G Bond man in each State office whose job it was to go and see the Victory Fund man and sit down and talk with him, in whatever capacity - I am just throwing that out.

MR. BELL: Haven't you got an F and G man in each one of your State organizations?

MR. GRAVES: We have attempted, Dan--

H.M.JR: Haven't in Washington--

MR. GRAVES: ... to set up such an organization in each State, and I think we have it now in all of the States where that is an important problem.

H.M.JR: But we don't have anybody here in Washington.

MR. GRAVES: We don't have anybody here in Washington, and the suggestion that we send for Mr. Edwards was to help us work out that very thing as far as Washington is concerned, because you are quite right, we ought to have somebody here in the War Bond organization who will look after this F and G program. We perhaps ought to have more than one. There is probably room for several people.

H.M.JR: What do you think, Marriner?

MR. ECCLES: I will go back to the quota, if I may.

H.M.JR: Please.



- 6 -

MR. ECCLES: Inasmuch as you said that you are on a twenty-four hour basis during these days, as long as you are on this side of the earth--

H.M.JR: I have never gotten off it. You remember the criticism when that economist left us and I said the sun will rise and the birds will sing just the same who was that?

MR. BELL: I don't know.

H.M.JR: Do you remember the fellow?

MR. ECCLES: You have had so many economists, I can't remember.

I have always felt that there is a great distinction between the Defense Savings Bonds and the F and G Bonds; that the Defense Savings are sold to a group of people, largely, we hope, to what we call the smaller people; that it was desirable to get as much of current income through pay-roll deduction plans to go into the Defense Savings Bonds as an anti-inflationary effort; and that you, therefore, have, it seems to me, a very different sort of a job in that regard than you do in the sale of the F and G Bonds or in this last tap issue that was put out.

Those issues go largely to the group of people and institutions that are what we may term investors, funds that are saved out of existing savings or out of funds that would be saved in any case. They don't go to institutions and individuals with the effort of inducing them to save.

The type of an organization that you had in the field to sell F and G Bonds, it seems to me, requires the investment banking and banking groups that have the contacts that would enable them to know who the people are, who the institutions are, who have the large funds that may be lying idle, and induce them to invest those funds in the F and G Bonds: whereas, in the case of the Defense Savings Bonds, you are trying to get funds in through pay-roll deductions or you are trying to persuade people to put money in bonds rather than spend their



funds for consumers' goods.

H.M.JR: May I interrupt you a minute?

MR. ECCLES: Yes.

H.M.JR: The place where I differ from some of the people about selling these F and G's is that, it seems to me, when you get down to it, the man who is going to know which of his customers who have got the money is the president of the bank.

MR. ECCLES: The investment bankers know pretty well, too. They have been selling; they have got a list of clients that they are working on all the time.

H.M.JR: When you get down to the fellow who has got "scared" money and it is lying in the bank and he thinks the country is going to go to hell, he isn't going to buy anything. There are those people, aren't there?

MR. EDWARDS: Yes, sir.

H.M.JR: And you, as president of a bank, know who those fellows are. This is where I differ a little bit. I think a man like B.M. Edwards, who is president of his bank, certainly would know and, if he were so inclined to, could talk with these people better than somebody else - maybe I am all wrong - and simply say, "Look, Bill, I am sure the country is going to go to hell if we are going to lose the war, but we have got to win it, and the way to win it is to get the money to pay for the guns, ships, and planes. Now, Uncle Sam needs your dollars and you have got a hundred thousand dollars lying in my bank. It isn't doing you any good and isn't doing me any good. You have got to come across and buy fifty thousand dollars worth of F and G Bonds."

Now, the question is, who can tell them that better than the president of a bank. I would like, if you don't mind - now, B. M. Edwards getting right down

to his community, or some salesman who is in the bond business - who can tell it to them better right in your community?

MR. EDWARDS: Mr. Secretary, the banker, of course, knows where the money is and he can't divulge any information to an outsider. I mean, the security man can't come in and get that information. We are not permitted to give it out. F and G Bonds are not hard to sell. I have sold a good many of them, myself, personally, and they can be sold if proper effort is put behind them.

H.M.JR: Well, to answer my question, though, in your own community or the places where you have your banks, you pick your people who have got this "scared" money. I don't know; you know; it must have flashed through your mind, the people who have got it. Who is the best man in that community to go down and talk rough to this fellow about putting his money in these F and G Bonds?

MR. EDWARDS: Well, in my opinion, the banker is.

H.M.JR: That is what I thought and that is why I threw my weight with Harold Graves.

MR. BRYCE: I don't agree with that, but I mean probably--

H.M.JR: Well, it is the question that has to be decided. Somebody has got to talk rough to these fellows and it is a question of who can do it, the men that you represent or the president of the bank.

MR. ECCLES: Yes, but these bankers, as well as the investment bankers, make up these regional committees. The committees were made up largely of, almost entirely of those two groups, that is, the investment banker and the commercial banker.

H.M.JR: But this committee, when you get below the top committee from the sales manager down, is supposed to be investment bankers.



MR. ECCLES: No, no, almost entirely regional - regional bankers. You take in every one of these regional committees the majority on these committees are the bankers. There isn't an important banker in any one of these areas that isn't represented on those committees and you have--

H.M.JR: Well, Marriner, you evidently think - have you thought the thing through?

MR. ECCLES: I sure have. I have been talking to Sproul. I have been talking to--

H.M.JR: How would you do it if you had to do it?

MR. ECCLES: Here is what I would do. I would separate the quotas first, because I think merely the aggregate doesn't tell the story, that what you want is the very maximum amount of E Bonds.

H.M.JR: Well, to bear out what you say, I have just written a letter to the President and the Cabinet, "This is what we have done in May, but I particularly want to draw attention to what we have done in E Bonds, ninety-five million ahead, May over April."

MR. ECCLES: Here is a quota for E Bonds and here is a quota for F and G Bonds, because you have got two different types or groups of investors. It seems to me that merely to say we are going to get eight hundred million or we are going to get a billion, it is important, it seems to me, that the maximum amount of that quota comes from the pay-roll deductions and from the - if it is going to have an anti-inflationary effect, then it has got to come out of the people who otherwise would be spending their money and you are going to induce them not to spend their money, as a patriotic duty, to put it into E Bonds.

H.M.JR: That is the E Bonds?

MR. ECCLES: That is right, and therefore you want to get the very maximum in that quota. That doesn't mean you don't want to sell all the F and G's, likewise,



- 10 -

that you can possibly sell that have this money; that is, likewise, we want to get this money in.

H.M.JR: I call it "scared" money.

MR. ECCLES: That money isn't inflationary money, at the moment, because it is lying there. It is the type of money that can go into an investment and not likely into consumer goods. It wouldn't have the same inflationary effect, and therefore that is in, it seems to me, a separate category, and it needs a different type of committee than the committees that are going to ring doorbells and work up a patriotic fervor in a community so that you get everybody in the plant signed up to take some E Bonds. The other type you don't get by doorbell ringing. It is a case, as you say, of the banker in the community doing whatever he can to get the money in the bank that isn't being used to go into those bonds.

H.M.JR: That is the idea. Let me ask you this, I haven't allowed enough time to do this thing right. Have you had this discussion with the boys yesterday?

MR. ECCLES: No.

MR. BELL: I talked to him a little this morning.

H.M.JR: As long as you are here - Harold doesn't know it, but when he gets through with this meeting I am going to send him home until he gets well. There is no use of his being here half well, so why don't you - I haven't allowed enough time to do this properly, so could you continue this discussion a little bit in Bell's office, because by one o'clock I am going to send Harold home. See? And then this is terribly important.

MR. ECCLES: Awfully important. I don't want to see the thing - this is fundamental; we are laying a foundation here that seems to me ought to carry all the way through.

H.M.JR: The E thing is just beginning to roll

now; it is coming - I mean the ninety-five million. We got that through hard work, and the plants - it is beginning to come, but this other thing, do you mind adjourning into Bell's office, and then--

MR. BELL: Not at all.

H.M.JR: Then I will sit down for an hour or two in a day or two. I would like to settle this. I would like to settle it this week.

MR. ECCLES: Why don't we do this--

H.M.JR: I have got to settle it this week.

MR. ECCLES: Sproul and Williams are coming down here tomorrow. We are going to meet - we arranged two weeks ago to have a meeting every two weeks to discuss the situation with reference to the whole financial picture. Stewart is coming down and we expected to have a couple of hours' meeting in the morning. Now, why wouldn't it be a good thing while Sproul and Williams are here to get a meeting with you tomorrow afternoon?

H.M.JR: It is all right if that damned speech of mine is finished. God, how I hate these speeches.

MR. ECCLES: Radio?

H.M.JR: I am opening up a new series for OFF. I expect you are going on it.

MR. ECCLES: I agreed to. They asked me to and I agreed, but I have got a month so I don't have to start thinking of mine now.

H.M.JR: If I get this out of my system - I kept all day tomorrow free, so if the thing is finished tomorrow morning I am free in the afternoon, but it is in terrible shape right now, the speech is, and so this will be the first appointment, if I make one, Dan.

MR. BELL: O. K.

H.M.JR: Put it down tentatively for three o'clock.

MR. ECCLES: You are opening up this series?

H.M.JR: Yes, tomorrow night.

MR. ECCLES: I am on the tail end, July first.

H.M.JR: So tell them tentatively three o'clock.  
Could we stop now.



JUN 2 1942

Dear Mr. Giffords

I have your wire of May 26, 1942, signed on behalf of

Messrs. J. P. French, Jr., President,  
Merchants National Bank,  
Indianapolis, Indiana

Vance J. Alexander, President,  
Union Planters National  
Bank and Trust Company,  
Memphis, Tennessee

Paul M. Davis, President,  
American National Bank,  
Nashville, Tennessee

Frank M. Ferris, President,  
Third National Bank,  
Nashville, Tennessee

in which you suggest that the Treasury put before the country's 15,000 banks some tentative outline of the Treasury's financing program so that all bankers can understand what is expected of them and make their plans so as to be able to absorb offerings of bonds with a minimum of confusion and difficulty.

The banks of the country have been of great aid to the Treasury in the financing of this war. They have purchased securities for their own account, for the account of their customers, and have made every effort to sell war savings securities. We appreciate this very much.

As to a program of financing this war, I am sure you appreciate that the Treasury could not lay down a program which would be at all definite. Last January the President's Budget Message contemplated a deficit in Government expenditures, including the financial requirements of Governmental corporations and credit agencies, of \$39,000,000,000. This was increased to \$53,000,000,000 in April. Any program made in January certainly would have had to be drastically changed in April. In financing the huge war expenditures, the President has announced that he wants as much

of the expenditures as possible to come from taxes. We have also announced that every attempt will be made to borrow as much of the remaining funds required as it is possible to borrow from non-inflationary sources. In this connection, we have announced a definite program of raising not less than one billion dollars a month, beginning July 1, through the sale of war savings securities. It is quite obvious that the balance of the financing will have to come from insurance companies, savings banks and other permanent investment funds, and to the extent that these funds are not sufficient, the balance will have to come from the banks. We have no way of telling at this time how much the banks will be called upon to take. I believe you can rest assured that it will be a substantial amount.

In the financing program which we have adopted over the past few months, we have undertaken to issue securities which would meet every investment desire. We have increased the supply of bills, Treasury notes, and added certificates of indebtedness, in order not only to give the banks a security which they desire and to supply fluidity to the money market, but to provide a security for corporate and other funds seeking short-term investments. We have also issued intermediate bonds, again largely for the banking community. A long-term security was also available to any person or firm, except commercial banks accepting demand deposits. We expect to have other securities of this and other types which will meet the investment requirements of all classes of investors.

I do not believe that I can outline a program in more detail at this time. I am sure you will appreciate my position under the circumstances.

I appreciate the trouble you have taken to wire me and want to thank you for your comments and suggestions.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Ralph C. Gifford,  
President,  
First National Bank,  
Louisville, Kentucky.

*Photo file N. M. C.  
File to Thompson*

DWB:ce 6-2-42

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LOUISVILLE KY 26 127P

HON HENRY MORGENTHAU JR

SECRETARY OF THE TREASURY ASHDC

AS BANKERS WHO ARE ~~KEENLY~~ KEENLY CONSCIOUS OF THE MAGNITUDE OF THE PROBLEM OF FINANCING THE WAR AND THE PART WHICH THE BANKS <sup>S</sup> MUST PLAY, WE SHOULD LIKE TO URGE THE EXTREME IMPORTANCE OF PUTTING BEFORE THE COUNTRY'S FIFTEEN THOUSAND BANKS SOME TENTATIVE OUTLINE OF THE TREASURY FINANCING PROGRAM SO THAT ALL BANKERS CAN UNDERSTAND WHAT IS EXPECTED OF THEM AND MAKE THEIR PLANS SO AS TO BE ABLE TO ABSORB OFFERINGS OF BONDS WITH A MINIMUM OF CONFUSION AND DIFFICULTY STOP.

~~WE~~ REALIZE THAT ~~FEEL~~ FLEXIBILITY MUST BE MAINTAINED AND THAT NO ABSOLUTELY DEFINITE PROGRAM IS POSSIBLE BUT FEEL THAT SOME UNDERSTANDING OF GENERAL PRINCIPLES WOULD BE VALUABLE STOP

WE WANT TO DO EVERYTHING POSSIBLE TO HELP AND SUGGEST THAT IF A TENTATIVE PROGRAM CAN BE OUTLINED, WE SHOULD BE GLAD TO TAKE THE ~~LEAD~~ LEADERSHIP IN HAVING THE BANKS OF OUR



WE 46 2/140

RESPECTIVE CITIES SPONSOR MEETINGS OF BANKERS FROM THE  
SMALLER TOWNS IN OUR RESPECTIVE TERRITORY TO LAY THE  
PROBLEM AND PROGRAM BEFORE THEM AND REPORT COMMENTS FROM  
THE MEETINGS STOP

NATURALLY WE SHOULD LIKE TO SEE THAT PART OF  
GOVERNMENT FINANCING WHICH BANKS ARE EXPECTED TO ABSORB  
CONSIST OF MARKETABLE OBLIGATIONS WITH A MATURITY SCHEDULE  
REASONABLY ADAPTED TO THE ~~CURRENT~~ CAPITAL FUNDS POSITION OF THE  
BANKING SYSTEM.

BUT REGARDLESS OF WHAT PROGRAM YOU MAY  
PROJECT, WE DEEM IT OF THE GREATEST IMPORTANCE THAT BANKERS  
UNDERSTAND IT AND BE PREPARED TO FULFILL THEIR RESPONSIBILITY  
STOP

IF THE SUGGESTION OF SPONSORING MEETINGS <sup>E</sup> SEEMS  
CONSTRUCTIVE AND DESIRABLE, PLEASE CALL ON US EACH OF US  
IS ANXIOUS TO HELP.

J P FRENZEL JR PRESIDENT MERCHANTS NATIONAL BANK  
INDIANAPOLIS RALPH C GIFFORD, PRESIDENT FIRST  
NATIONAL BANK LOUISVILLE VANCE J ALEXANDER PRESIDENT  
MIDLAND PLANTERS NATIONAL BK AND TR CO MEMPHIS PAUL M DAVIS  
PRESIDENT AMERICAN.

1942 MAY 26 PM 5 00

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NATIONAL BANK NASHVILLE FRANK M FARRIS PRESIDENT THIRD  
NATIONAL BANK NASHVILLE BY RALPH C GIFFORD FIRST NATIONAL  
BANK LOUISVILLE LOUISVILLE KENTUCY.

459PM.

4/1

June 2, 1943.

Dear Mr. Sproul:

Thank you for your letter of May 24, with its enclosure.

I appreciate your writing me about the meetings of the committee and am looking forward to going through the material you sent with careful attention to the different points it covers. I also have noted the list of those who attended the meeting at which the report was approved.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Allan Sproul,  
President,  
Federal Reserve Bank of New York,  
New York, New York.

GEF:dma

*N.M.C.*

*Enclosure sent to Louse*



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has been  
- asked

FEDERAL RESERVE BANK  
OF NEW YORK

May 29, 1942.

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

Dear Secretary Morgenthau:

On April 7, 1942, I presented to you a communication, dated April 3, 1942, from the principal member banks in New York City, in which they gave expression to their desire to assist, wherever they could be helpful, in meeting the immediate problems of government financing.

Subsequently, Mr. William C. Potter, Chairman of the General Committee of the New York Money Market, appointed a committee from among the group to study these problems. This subcommittee held several meetings, solicited and received suggestions of all of the members of the group, and prepared a report on a program of Treasury financing. This report was presented to and discussed in detail by the whole group this morning. After making certain changes, the group requested me to transmit a copy of the report to you as an unanimous expression of opinion from the banks represented. I am enclosing a copy, therefore, and I respectfully ask your consideration of it. There is also enclosed, for your information, a list of those who attended the meeting this morning at which this report was unanimously approved.

Yours faithfully,



Allan Sproul,  
President.

Encs.

REPORT OF SPECIAL SUBCOMMITTEE  
ON  
PROGRAM OF TREASURY FINANCING

In recent weeks the Treasury has made important steps in working out a plan of financing to meet the requirements of sound policy and enable buyers of securities to plan their own financial programs. As further steps in this direction the following suggestions are made.

Sales Outside the Banks

To avoid inflationary extension of bank credit, increased emphasis is necessary on sales outside the banks. Toward that end we suggest

(1) Strengthening the sales organizations both for market issues and for savings bonds. This is already under way.

(2) An increase in the limits on purchases of F and G bonds from \$50,000 to \$100,000 a year. It is recognized that the redeemability of these bonds is a potential danger, but for the present, this being the program adopted, it should be given maximum effectiveness. (This step has now been taken.) These bonds might be somewhat more attractive and the danger of redemption demands on the Treasury in the future might be reduced if the bonds were made assignable for bank loans. This is not a suggestion for a program of "borrow and buy." In fact, if that were regarded as a danger the power to assign could become effective only after the lapse of some period such as 6 months or a year from date of purchase.

(3) Long term issues of the general type of the recent long term 2 1/2 per cent bonds might well be sold at periodic intervals of from two

to four months. These issues could be made more attractive to individual investors of large means if they were acceptable at par in payment of inheritance taxes.

(4) Tax anticipation notes should be made more attractive by raising the limit on A notes to \$10,000 and raising the rates on the B notes to perhaps three-quarters of one per cent.

#### Issues for Banks

The following suggestions are made with respect to types of securities which might be desirable for banks as well as attractive for other holders.

(1) There should be a further increase in the amount of short term issues such as bills and certificates both to aid in reserve adjustments and to provide a further medium for corporate and other short term investment.

(2) For banks the general practice should be adopted of selling securities maturing within a ten-year period.

(3) Issues should be staggered in such a way as to enable banks to acquire well distributed maturities up to ten years. This can be done in several ways; one is by serial issues and the other by offering a choice of issues at each financing such as a two year and a seven year, or one year and a six year. For the present it would seem simpler to follow the traditional practice and offer a choice between two issues.

#### Bank Reserves

The huge surplus reserves of recent years are not necessary for the smooth operation of Treasury financing but are, in fact, a hindrance as they tend to keep short term money rates at unattractive levels and



encourage over-expansion of bank credit. Over a period of months it will be necessary to provide additional reserves to the banks, but this should be done slowly and only as they are really needed. In the process the uneven distribution of reserves from time to time will require careful review.

#### Government Deposits

To add to the attractiveness of the government financing operation, it is recommended that legislation be requested removing the Federal Deposit Insurance assessment on government deposits. Considering the special type of these deposits, and the fact that they are secured, the assessment is neither necessary nor logical, and offers an impediment to financing.

#### LAW ON THE MAINTENANCE OF RESERVES

Banks will use their reserves more fully and effectively if legislation is passed clarifying the liability of directors with respect to possible deficiencies in reserve at the time loans or investments are made or dividends declared. A recent legal decision has raised a question on this point which should be cleared up promptly.

W. RANDOLPH BURGESS,  
LEON FRASER,  
HERBERT P. BOWELL,  
J. C. TRAPHAGEN,  
WINTHROP W. ALDRICH, Chairman  
WILLIAM C. POTTER, ex officio.

May 29, 1942.

FEDERAL RESERVE BANK OF NEW YORK

MEETING HELD MAY 29, 1942, 12:00 NOON.

- Mr. J. Stewart Baker, Bank of the Manhattan Company
- Mr. J. C. Traphagen, Bank of New York
- Mr. B. A. Tompkins, Bankers Trust Company
- Mr. Wm. S. Gray, Jr., Central Hanover Bank and Trust Co.
- Mr. Winthrop W. Aldrich, Chase National Bank
- Mr. N. Baxter Jackson, Chemical Bank and Trust Co.
- Mr. Herbert P. Howell, Commercial National Bank and Trust Co.
- Mr. Ralph Peters, Jr., Corn Exchange Bank Trust Company
- Mr. L. F. Hooper, First National Bank
- Mr. W. C. Potter, Guaranty Trust Company
- Mr. Harry E. Ward, Irving Trust Company
- Mr. George Whitney, J. P. Morgan & Co., Inc.
- Mr. James G. Blaine, Marine Midland Trust Co.
- Mr. Ernest Stauffen, Jr., Manufacturers Trust Company
- Mr. Gordon S. Rentschler, National City Bank
- Mr. W. Randolph Burgess, National City Bank
- Mr. John E. Bierwirth, New York Trust Company
- Mr. E. Chester Gersten, Public National Bank and Trust Co.

June 2, 1942  
2:10 p.m.

HMJr: Hello.

Operator: Mr. Paul.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Randolph  
Paul: Hello.

HMJr: Hello, Randolph.

P: I called you because we're getting - we're shooting down a little faster and getting a little bit caught, and we're going to come this afternoon to that item that we discussed in connection with the Capper letter.

HMJr: Oh, yes.

P: It's the first point. We were perfectly clear on the second point - the one about limiting the estate tax deduction, but we left it a little in the air about the first point, that is, in the taxation of charitable organizations engaged in business. You remember?

HMJr: Well, my feeling then was - and I haven't changed - I thought I'd let the thing - that first part slide. I think we've taken on enough enemies.....

P: Well, the difficulty is that Stam is for it, and the committee is undoubtedly going to take it.

HMJr: Well.....

P: We may be asked whether we withdraw that recommendation. Wouldn't it be all right if we modified it to say that beginning two years from now, or something of that sort?



- 2 -

HMJr: Well.....

P: Or that we exempt five thousand - we exempt up to five thousand.....

HMJr: Make it three years.

P: Three years.

HMJr: Give them time. You can't sell any businesses now.

P: Yeah. Well, suppose I say that we think that it's only fair to let that take effect three years from now and that'll take most of the curse off our.....

HMJr: That's all right.

P: All right.

HMJr: Now, wait a minute. On the other thing, on the - what you can leave - hello.

P: Yeah.

HMJr: Fifty per cent?

P: Well, that was our idea, fifty per cent; but have it not apply to small estates, that is, up to a hundred thousand.

HMJr: That's all right. Are we together?

P: Yeah, entirely.

HMJr: Good.

P: I think that both those are going to be adopted. Stam is for them, and the committee will probably take them.

HMJr: Well.....

P: They've taken quite a number this morning. They've passed on five or six.

HMJr: All I - I see. All I got - somebody's put on

- 3 -

my desk tonight's Washington News, "All of F. D.'s tax ideas kicked out."

P: Yeah. Well, that's, of course, as a result of your press conference yesterday.

HMJr: I see.

P: That's more or less a follow-up on that.

HMJr: Well, did that help or hurt you?

P: Well, it helps in a way, but the spirit of that statement is kind of nasty.

HMJr: Whose statement? Mine?

P: The spirit of the newspaper.

HMJr: Oh, yes. I didn't think mine was nasty.

P: It sounds as if it's kind of delighted that you are upset, you see.

HMJr: Oh, well, I'm sure they are.

P: Yeah. Well, that's the only objection I have to it. It probably will help us a little bit.

HMJr: Yeah. But I - my statement was meant to be helpful.

P: Yeah. Oh, yes, your statement helped, but I mean this - even this article will; in spite of the fact that their spirit is somewhat vindictive, it will probably help us a little bit.

HMJr: Okay. Good luck.

P: All right. Thanks.

June 2, 1942  
2:34 p.m.

Operator: Mr. Henderson is in a War Production meeting until five or five-thirty. I have his secretary.

HMJr: His secretary?

Operator: Yes.

HMJr: Yeah, let me talk to her.

Operator: All right. Miss Madden.

HMJr: Hello.

Miss Madden: Yes, sir.

HMJr: Miss Madden, this is Mr. Morgenthau.

M: Yes, Mr. Morgenthau.

HMJr: I'm making the first speech tomorrow night on this - over the radio - I think Mr. Henderson follows me within the next day or two.

M: Yes. I think he's on Thursday, uh huh.

HMJr: I'd like either Mr. Henderson or somebody else to take a look at it this afternoon. They say he's at a war - who would Mr. Henderson, do you think, like to have look at it for him?

M: Well, probably one of our legal boys. I'll check around and see.

HMJr: How about Gilbert?

M: Oh, Gilbert would be very good, yes. Dick Gilbert would be good.

HMJr: Would that be satisfactory?

M: I'm sure it would be, absolutely.

HMJr: Well, then, do you mind - I don't need any - I've got plenty of legal boys myself.



- 2 -

M: (Laughs) All right. Would you like me to call Gilbert?

HMJr: Yeah. And tell him that Mr. Kuhn will be calling him shortly.

M: All right.

HMJr: K-u-h-n.

M: All right, swell.

HMJr: Thank you.

M: Righto.

June 2, 1942  
3:15 p.m.

HMJr: How are you?

Dean  
Acheson: Very well, sir.

HMJr: Merle Cochran is here with me, and I'd like to make the suggestion, and it's agreeable to him, that his instructions be included that he can go over to Montevideo.

A: That's fine.

HMJr: Because I think he can pick up some good tips there as to what's going on.

A: Absolutely. That's thoroughly agreeable, and we'll do it.

HMJr: And the other thing that I asked him was, that if and when these instructions are signed that he's taking down, I'd appreciate it if I could have a copy of them.

A: I will send you one. I think that they either have been signed or are being signed today.

HMJr: Well, when - after they're signed.

A: I beg pardon?

HMJr: After they're signed.

A: Fine. You have - over there in the Treasury I think you have a copy of it, but I'll send you another one.

HMJr: Well, I have seen it - I read it very - just glanced at it, and it looked to me - it looks very good to me.

A: We tried to make it very thorough and suggestive so that those fellows will know the whole scope.

HMJr: Don't you think it would be - he might pick up

- 2 -

something worthwhile in Montevideo?

A: I think he might very well.

HMJr: Yesh.

A: We'll be glad to do that, Henry.

HMJr: Thank you. Thank you.



Conference in Secretary Morgenthau's Office  
June 2, 1942  
3:20 P.M.

Present: Secretary Morgenthau  
Dr. Soong  
Mr. White

Dr. Soong called on Secretary Morgenthau at 3:20, June 2, at the Secretary's request.

Secretary Morgenthau told Dr. Soong that Sir Ederick Phillips had been in and had raised two questions. The Secretary asked Mr. White to state them, which Mr. White did. The questions are in the appended memorandum.

The Secretary told Dr. Soong that his reply to the first question was that the terms of the loan was a matter wholly between the Chinese Government and the British Government. Dr. Soong expressed his gratitude at the answer which the Secretary had given the British.

With respect to the second question, Dr. Soong replied that in his opinion, his Government would naturally prefer to obtain the sterling from the forthcoming British loan but that if the British would not supply it from that source, his Government would like to have the necessary sterling purchased with the dollars in the Stabilization Fund. He added, however, that he would communicate with his Government to see whether his view was that of his Governments.

May 19, 1942

Secretary Morgenthau

Mr. White

1. Sir Frederick Phillips and Mr. Bowley called on me yesterday at their request to discuss matters relating to China. Sir Frederick raised the following two questions:
  - (a) Regarding the British Agreement with China granting £50 million, do you have any objection to the Agreement being limited to "approved" purchases of goods from the sterling area during the war only, with an expressed prohibition against use of the funds to meet any previous sterling commitments?
  - (b) What is your attitude on the Stabilization Board of China and its Fund now that the sterling assets of the Fund total only about £2 million while the current sterling liabilities of the Fund total nearly £6 million?
2. Sir Frederick said that he would call on you this week to discuss these matters with you.
3. At a meeting of Treasury people to discuss the above matters, it was unanimously concluded that:
  - (a) with reference to the first query, an appropriate answer might be that this was a matter on which the Secretary would rather not comment since it concerns only Great Britain and China, and
  - (b) with reference to the question regarding the Stabilization Board, the Treasury has already instructed the Board that it was prepared to see the dollar assets of the Fund used for the purchase of sterling after the present sterling fund has been exhausted. (In this connection you will be interested to know that the British object to the use of the proposed £50 million for such purpose.)

JWF/cfs  
5/19/42

*data*  
June 2, 1942  
4:00 p.m.

HMJr: Hello.

Operator: Mr. Perkins.

HMJr: Hello.

Milo Perkins: Hello, there.

HMJr: I thought I'd call you. I'm trying to do a speech for tomorrow night. I'm opening this new series.

P: Oh my gosh!

HMJr: And I'm not very successful at it.

P: Well, Mr. Secretary, I tell you. I want to talk to you about a very confidential matter that T. V. Soong talked to the President about.

HMJr: Oh, yeah. I know about it.

P: You know what it is?

HMJr: Yeah, he just left here.

P: Oh, well. (Laughs) Well, now, maybe I could talk to somebody else over there.

HMJr: No.

P: I thought - at least he indicated, the Boss said, I ought to talk to you personally.

HMJr: Well, I tell you who you can talk to about it. You can talk to Harry White about it.

P: Uh huh.

HMJr: See?

P: Do you have a reaction on it?

HMJr: Yeah.



- 2 -

P: Favorable or unfavorable?

HMJr: Well, it's the kind of thing I don't like, but I think we'll have to do it.

P: Yeah. Well, that's the way I feel.

HMJr: See.

P: Well, then.....

HMJr: And I think the less - if you don't mind my saying so - I think - and I told it to Soong - I think the less people in it, the better.

P: Well, that's exactly the way I feel, and that's why I just hadn't indicated to anybody.

HMJr: So - I mean, I think it's something, unless you people want to get in on it, I think you'd better by-pass it and let us handle it.

P: That would be grand with me.

HMJr: What?

P: That would be grand with me. I've got the only copies available of what you want.

HMJr: Well, he's going to get that.

P: From me?

HMJr: Yeah.

P: Well.....

HMJr: I mean, if you want - look, I don't want any competition. You can have the whole thing, you see? Hello.

P: Yeah.

HMJr: If you'd like to handle the whole matter, God bless you; but I think one or the other ought to handle it, but not both.

P: Good.

- 3 -

HMJr: And if you'd like to handle it.....

P: No, I think you've got to on account of your Bureau of Engraving and Printing.

HMJr: Well, if we're going to handle it, Milo, then if you don't mind, I'd like to handle it alone; because it's too tricky - too delicate.

P: Right. Well, now, do you know what I've got locked up in my.....

HMJr: Yeah. Yeah.

P: Shall I get those to Harry?

HMJr: No, get them - give them back to Soong.

P: Give them back to him.

HMJr: Yeah.

P: And he'll handle it with you.

HMJr: That's right.

P: That'll be grand with me.

HMJr: But if you have any feeling about it.....

P: None whatever. Goodness, no. I.....

HMJr: All right.

P: We've done some work on weights involved.....

HMJr: Some what?

P: .....for the transport of the physical stuff.

HMJr: Yeah.

P: If you fellows feel you can get any help from us on that, then you can have them get in touch with my office and I'll get them in touch with the right people.

- 4 -

HMJr: To do what?

P: Well, I mean, you've got a lot of mechanical problems of arranging with the Army to get it flown and weights involved and that.

HMJr: Oh.

P: Maybe you can do all that yourself.

HMJr: No, no. I'm only - the only question I'm talking about is the production; and the thing is, when Soong gets it, then I'm going to forget about it; and how he gets it over there, he'll have to sweat now.

P: Well, now, that's something that I want - if you handle the production end, then that just begins another very long process with the Army on cargo planes.

HMJr: Well, then I'll tell - let's divide the responsibility. If we can get the stuff made, then we'll tell Soong, "Here it is, and you go up and see Mr. Perkins and he'll find a way to get it over there."

P: Good. Well, that's all - and then on that front, I can be useful to him. Now, what about the money of doing it. You can arrange that with Soong?

HMJr: Well, they've got enough money.

P: Did he mention that to you?

HMJr: No, he did not.

P: Well, you assume that he can arrange that.

HMJr: Yeah.

P: Well, then let's split it that way.

HMJr: Is that fair?

P: Sure. Sure. You bet.



- 5 -

HMJr: And if after sleeping on it, if you don't like it, call me back.

P: No, I think the thing is - I think the thing can be very effective. We've had two people doing a lot of work on it.

HMJr: Right.

P: I think it can be very effective.

HMJr: Okay.

P: Good.

HMJr: Thank you.

cc - Mr. Foley: Please speak to the Secretary after reading this.

184

June 2, 1942  
4:25 p.m.

HMJr: Hello.

Operator: Mr. Pehle.

John Pehle: Yes, Mr. Secretary.

HMJr: Pehle.....

P: Yes, sir.

HMJr: Look, I'm very much disappointed that you didn't come through with what I asked for on Sunday.

P: Well, can I explain to you what happened?

HMJr: No, I don't want any explanation. You've got the information, and I want what you've got.

P: Well, we discussed it Monday morning in Mr. Foley's office.

HMJr: Well, Foley hasn't told me anything about it.

P: He intended to speak to you, and I called him immediately again, and he said he hadn't had a chance to talk to you about it and ask you for an extension of time.

HMJr: Well, what is the explanation?

P: What?

HMJr: What is the explanation?

P: Well, the explanation is that at the present time what we have to report isn't very significant, but we have several things that we're investigating now, which we think in a week's time we'll have something which ought to be worthwhile; but right now the report that we gave you wouldn't prove.....

HMJr: Well, let me have a report as to what you've got, please. Hello.

- 2 -

P: Yes, sir.

HMJr: And I want it in my hands tomorrow morning at nine o'clock.

P: Yes, sir.

HMJr: What you have.

P: All right.

HMJr: And then if you want to, give me a report later on; but this thing of asking, then having to follow people up two or three times - I haven't got time to do that.

P: Well, you shouldn't have to.

HMJr: Well, I know I shouldn't, but I do. Now, please let me have what you've got. I've got a very good reason for wanting it. I want it actually put into my - Lieutenant Stephens' hands at nine o'clock tomorrow morning.

P: Yes, sir.

HMJr: And then if you need another week - it most likely will be another month. This thing has been going on for God knows how long. Either by this time you either have something, or you haven't, Pehle.

P: Well, I wasn't working on it, Mr. Secretary.

HMJr: Well, who is?

P: Well, Mr. Quint and Mr. Foley's office is working on it.

HMJr: Who?

P: I wasn't.

HMJr: Oh, you're not working on it.

P: I wasn't working on it until you called me. I had never seen the memorandum that was



- 3 -

sent before.

HMJr: Well, who is doing it?

P: What?

HMJr: Who is doing it?

P: It was being worked on, principally, in the Legal Division, but we had some people working on another phase of the thing that had nothing to do with the report for you.

HMJr: Well, I thought this was Foreign Funds.

P: Well, it is Foreign Funds, but it was being worked on in the Legal Division.

HMJr: Well, I - what's the difference between.....

P: Well, there isn't any difference, but I'll see that the report.....

HMJr: But I mean, when a thing is Foreign Funds, why does the Legal Division work on it instead of you? I don't understand it.

P: Well, they have lawyers working on these matters, too. Now, some of these matters.....

HMJr: Well, I couldn't get Foley so I called you. I tried to get Foley and he was out of town.

P: That's right. And you also tried to get Bernstein.

HMJr: Yeah.

P: And Bernstein and I discussed it shortly after you talked to me, and we immediately got to work on it.

HMJr: Pehle.

P: Yes, sir.

HMJr: In the future, when I ask you to do something, see, come through with it. Give me what I ask,

- 4 -

and then if you say, "I'll give you something else a week later," do it that way; but please don't make me follow you up, will you?

P: That's right.

HMJr: Because you're too good a man, and I'm too busy.

P: Well, you shouldn't have to. I assumed that Mr. Foley would explain to you.....

HMJr: No, he didn't.

P: .....that we were asking for an extension of time, and he didn't in time; but I'll take care of it myself.

HMJr: Well, he spoke to me about another matter a little while ago, and he did not mention it.

P: Well, he forgot about it; but I'll take care of it myself.

HMJr: All right.

2d draft June 2, 1948 188

Five weeks have gone by since President Roosevelt outlined a national economic policy for fighting the war on the home front, ~~the war against the rising cost of living~~. You will remember that he called for heavier taxation, for fixing prices and rents, for stabilizing wages and farm prices, for putting more billions into War Bonds, for rationing scarce commodities, and finally, for checking instalment buying and paying off debts and mortgages.

Those were America's marching orders from the Commander-In-Chief. They were hard and stern, and they called for effort and sacrifice without precedent in our country's history. Yet in the weeks since then/President's



- 2 -

speech, the American people have shown a truly wonderful willingness to make any effort and any sacrifice that may be needed. Their record of accomplishment, even in these earliest stages of the program, is a matter for satisfaction and for pride. They have proved that the President was right in trusting the people to put their country's interest above their own. They have proved once more that you cannot carry out a great economic program on a nationwide scale merely by saying "pass a law", or "write an Executive Order".

The results of the past five weeks have been made possible only by willing and constant cooperation from everyone, and the success of the President's program will depend in the same way upon the continuing cooperation of each and every one of us.

- 3 -

Let's look briefly at the record of the five weeks since the President spoke.

The rising cost of living has been checked for the first time in many months and is now            percent below the figure for April.

A ~~The~~ price fixing system of immense complexity has been applied to a vast range of everyday civilian goods, with the patriotic help of 1,800,000 retailers in all parts of the country.

Retail sales have fallen off for the first time in a year -- and they must continue to fall off because we civilians cannot go on buying the goods that take away materials and labor from our war industries.

Labor has accepted voluntarily a whole series of self-denying restrictions in order to help carry out

the President's program. The three great labor organizations, working together as one, have given up double pay on Sundays, and for the duration of the war they have given up the right to strike, the strongest weapon in labor's armory.

The taxpayers have responded to this emergency with a patriotism that is beyond all praise. Up to the first of May, 24,947,000 Americans have filed income tax returns this year, by far the greatest number in history. ~~This, too, is a proof that the spirit of the American people is sound and is ready for whatever sacrifices may lie ahead.~~

The Treasury has already recommended new taxes that will yield \$8,700,000,000 of additional revenue.



That is a colossal sum; yet as I told the Ways and Means Committee of the House of Representatives, which is charged with the duty of writing the new tax bill, that amount is the very least that we can afford to ask of the American people at this critical time. We have based our tax recommendations upon one great principle which lies at the root of our Federal tax system -- the principle that heavier taxes should be borne proportionately by those best able to bear them. We call this the principle of ability to pay.

In line with this elementary truth we have proposed sharply increased taxes on corporations and higher individual incomes. In the same way we have urged Congress to abolish a number of special privileges by which a comparatively

few wealthy taxpayers have been able in past years to escape their fair share of the burden. We have also recommended taxation of millions with small income who have never had to pay direct taxes before, but we recommended this upon the assumption that Congress would tax the higher incomes more heavily and at the same time close the loopholes in the law.

In order to be sure that we are taking the profit out of war, we have recommended a basic tax rate of 90 cents on every dollar of excess profit beyond a reasonable rate of return, And this would be supplemented by a tax of 100 cents on every dollar for extraordinary ~~and unreasonable~~ excess profits. It is a loathsome thing to enrich one'sself at a time of national sacrifice and

danger, and the American people are determined that ~~ix~~ there shall be none of it in this war.

In addition to recommending higher excess profits taxes, I served notice upon American business only the other day that we would permit no trickery or chicanery to distort tax returns so as to reduce a company's declared profits and thus to reduce its tax liability. I have been shocked, to put it mildly, at evidence that companies profiting from war contracts are distributing extravagant amounts in salaries, bonuses and other corporate expenses, so that they might escape paying full and fair taxes on profits to the Government. We are watching the tax returns of every company engaged in war production. We are in a position to expose and prevent any cheating on those tax



returns. We are determined to make such companies pay what they really owe.

The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to discuss the details of what they are about to recommend. I should like to make only this comment: let it not be said of the new tax program that it was too little and too late. The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be disappointed in their leaders only if those leaders fail to ask them for the very maximum that can be achieved, in the field of taxation as in every other phase of the war effort.

The same willingness has been shown by millions of Americans in the past year, especially in the past few

months, in the buying of War Bonds and Stamps. I am very happy that we ~~were~~<sup>went</sup> over our national quota for the month of May and that our total sales for the month reached \$634,000,000. But we shall have to do much better in June and in the following months. The quota for June has been fixed at \$800,000,000, and in July and every month thereafter we expect a billion dollars. If we are to reach those quotas and carry out a vital part of the President's program, everyone who gets a regular income will have to cut down on personal spending and put at least ten percent of his current earnings into War Bonds.

Boiled down to its essentials, the President's program is a call for restraint -- not just by a few of us, but by all of us; not just occasionally, but every day as long

as the war may last. Our war industries need all the materials and all the labor they can get. Our fighting men and our Allies in all parts of the world need those materials to win the war. If we spend our money extravagantly, foolishly, or even to satisfy what would have been our normal wants in normal times, we handicap our war production program, and at the same time we create a pressure on price ceiling which might have ruinous consequences to our war effort and our economic future.

The patriotic conscience of every American should extend into every American pocket or wallet or handbag. If that conscience could speak it would ask you these questions every time you were about to spend your money. It would ask you "Do you really need what you are going to buy? Can't you do without it? Why not wait with



buying it until after the war? Why not build up a nest egg for your family in the future, and put your money at your country's service now?"

I am in dead earnest when I say that any man or woman who chooses this time to go on a buying spree is committing an act of sabotage against our war effort. The patriotic thing to do, and the smart thing as well, is to make old clothes last longer, to eat simpler meals, to patch up old household appliances instead of buying new ones, and to do everything else that is possible to cut down on personal spending. If there is any one place where the fight on the home front can be won and where the success of the President's program can be assured, it is right in your pocket, your wallet or your handbag.

- 12 -

Let me repeat a few words of what the President said five weeks ago. "We cannot fight this war," he said, "we cannot exert our maximum effort on a spend-as-usual basis. All of us are used to spending money for things we want but which are not absolutely essential. We will all have to forego that spending. We cannot have all we want if our soldiers and sailors are to have all they need." ~~If we answer the President's call and~~  
<sup>all of us put at least 10% of our earnings</sup>  
~~put our savings into War Bonds, it will be a big step~~  
<sup>much more than a big step</sup>  
~~toward financing the war, and it will be a decisive victory~~  
~~in the trouble on the home front. It will mean much~~  
~~more than that. It will mean that we are building the~~  
 kind of future we want for ourselves and our children.  
 A great deal has been said and written in recent weeks

- 13 -

about the kind of political and economic system we want after this terrible war is over. But let me remind you that no Government or group of governments can decide the shape of the post-war world by writing a constitution or waving a magic wand.

We can do a great deal to shape our future now. Our actions now will to some extent determine the kind of world we shall have after the war. Whatever we do now to assure economic stability in the post-war years will be worth all the speeches, all the resolutions, all the ambitious paper plans in which the post-war world is being outlined for us.

I feel strongly that every War Bond bought today is a brick in the foundation of the free and democratic world in order that we are fighting to achieve. Millions



- 14 -

in this country today are quietly establishing a reserve of spending power for themselves in the years after the war, and in that way they are guarding against the terrors of unemployment and want and fear.

There is nothing dramatic in saving your money, bit by bit, to buy War Bonds; there is nothing dramatic, for that matter, in any of the President's seven-point program. There are no medals in this war for self-denial, no matter how much courage or sacrifice it may involve. Yet it will be a tremendously dramatic thing if the patriotic effort of the people themselves can finance the people's victory. We have a great opportunity, right now. We are going to rise to that opportunity. In the President's words, "We can, we will, we must."

3d draft

6/2/42  
202

DRAFT OF SECRETARY MORGENTHAU'S BROADCAST, WEDNESDAY JUNE 3.  
This is the first of a series of nationwide broadcasts  
by leaders of the Government to follow up the President's  
seven-point economic program of April 27th.

Five weeks have gone by since President Roosevelt  
outlined a national economic policy for fighting the  
war on the home front, ~~the war against the rising cost~~  
~~of living.~~ You will remember that he called for heavier  
taxation, for fixing prices and rents, for stabilizing  
wages and farm prices, for putting more billions into  
War Bonds, for rationing scarce commodities, and finally,  
for checking instalment buying and paying off debts and  
mortgages.

Those were America's marching orders from the  
Commander-In-Chief. They were hard and stern, and they  
called for effort and sacrifice without precedent in our

country's history. I should like to repeat tonight just a few words of what he said. "We cannot fight this war," he said, "we cannot exert our maximum effort on a spend-as-usual basis. All of us are used to spending money for things we want but which are not absolutely essential. We will all have to forego that spending. We cannot have all we want if our soldiers and sailors are to have all they need."

In the weeks since then the American people have shown their willingness to make any effort and any sacrifice that may be needed. It has been immensely encouraging to us in Washington to see the voluntary cooperation that has come from all parts of the country and from all sections of the people, especially in the



- 3 -

fields of price fixing, rationing and saving. That voluntary cooperation will be more and more necessary in the months ahead. You cannot carry out any great national economic policy merely by saying "pass a law" or "write an Executive Order". The President's program can be carried through to success only if there is active and constant cooperation from each and every one of us.

Boiled down to its essentials, this program is a call for self-restraint -- not just by a few of us, but by all of us; not just occasionally, but every day as long as the war may last. Our war industries need all the materials and all the labor they can get. Our fighting men and our allies in all parts of the world

need those materials to win the war. If we spend our money extravagantly, carelessly, or even to satisfy what would have been our normal wants in normal times, we handicap our war production program, and at the same time we create pressure on the existing price ceiling, with ruinous consequences to our war effort and to our economic future.

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your family in the future, and put your money at your country's service now?"

I am in dead earnest when I say that any man or woman who chooses this time to go on a buying spree is committing an act of sabotage against our war effort. The patriotic thing to do, and the smart thing as well, is to make old clothes last longer, to eat simpler meals, to patch up old household appliances instead of buying new ones, and to do everything else that is possible to cut down on personal spending. If there is any one place where the fight on the home front can be won and where the success of the President's program can be assured, it is right in your pocket, your wallet or your handbag.



We at the Treasury have a rather special interest in the American pocket, as you all know. It is our job to finance this greatest and costliest of all wars, a war that is already costing 130 million dollars every day. It is also our job to finance the war in such a way that it will not bring uncontrolled pressure on prices and all the other evils of inflation in its train. To accomplish these purposes <sup>in the Treasury</sup> we have two chief instruments at our disposal: the first, ~~which is compulsory~~, is taxation; and the second, which depends upon voluntary effort, is the sale of War Bonds and Stamps. Each of them is a vitally important part of the President's seven-point program, and unless each of them is successful ~~the seven-point program as a whole cannot possibly succeed.~~

The Treasury has already recommended new taxes that will yield \$8,700,000,000 of additional revenue. That is a colossal sum; yet as I <sup>informed</sup> ~~told~~ the Ways and Means Committee of the House of Representatives, which is charged with the duty of writing the new tax bill, that amount is the very least that we can afford to ask of the American people at this critical time. We have based our tax recommendations upon one great principle which lies at the root of our Federal tax system -- the principle that heavier taxes should be borne proportionately by those best able to bear them. We call this the principle of ability to pay.

In line with this elementary truth we have proposed sharply increased taxes on corporations and higher individual incomes. In the same way we have urged Congress to abolish

a number of special privileges by which a comparatively few wealthy taxpayers have been able in past years to escape their fair share of the burden. We have also recommended the taxation of millions with small incomes who have never had to pay direct taxes before, but we recommended this upon the assumption that Congress would tax the higher incomes more heavily and at the same time close the loopholes in the law.

To be certain that we are taking the profit out of war, we have recommended a basic tax rate of 90 cents on every dollar of excess profit beyond a reasonable rate of return, and this would be supplemented by a tax of 100 cents on every dollar for extraordinary and unreasonable excess profits. It is a loathesome



thing to enrich one's self at a time of national sacrifice and danger, and the American people are determined that there shall be none of it in this war. ~~2~~

I also served notice upon American business only the other day that we would permit no trickery or chicanery to distort tax returns so as to reduce a company's declared profits and thus to reduce its tax liability. I have been shocked, to put it mildly, at evidence that companies profiting from war contracts are distributing extravagant amounts in salaries, bonuses and other corporate expenses, so that they might escape paying full and fair taxes on profits to the Government. We are watching the tax returns of every company engaged in war production. We are in a position to expose and prevent any cheating on those tax

returns. We are determined to make such companies pay what they really owe.

The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to discuss the details of what they are about to recommend. I should like to make only this comment: let it not be said of the new tax program that it was too little and too late. The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be disappointed in their leaders only if those leaders fail to ask them for the very maximum that can be achieved, in the field of taxation as in every other phase of the war effort.

The same willingness has been shown by millions of Americans in the past year, especially in the past few

months, in the buying of War Bonds and Stamps. I am very happy that we went over our national quota for the month of May and that our total sales for the month reached \$634,000,000. But we shall have to do much better in June and in the following months. The quota for June has been fixed at \$800,000,000, and in July and every month thereafter we expect a billion dollars. If we are to reach those quotas and carry out a vital part of the President's program, everyone who gets a regular income will have to cut down on personal spending and put at least ten percent of his current earnings into War Bonds.

If all of us put at least ten percent of our earnings into War Bonds, it will be much more than a big step toward financing the war. It will mean that we are



building the kind of future we want for ourselves and our children. A great deal has been said and written in recent weeks about the kind of political and economic system we want after this terrible war is over. But let me remind you that no Government or group of governments can decide the shape of the post-war world by writing a constitution or waving a magic wand.

We can do a great deal to shape our future -- now. Our actions -- now -- will to some extent determine the kind of world we shall have after the war. Whatever we do now to assure economic stability in the post-war years will be worth all the speeches, all the resolutions, all the ambitious paper plans in which the post-war world is being outlined for us.

I feel strongly that every War Bond bought today is a brick in the foundation of the free and democratic world order that we are fighting to achieve. Millions in this country today are quietly establishing a reserve of spending power for themselves in the years after the war, and in that way they are guarding against the terrors of unemployment and want and fear.

There is nothing dramatic in saving your money, bit by bit, to buy War Bonds; there is nothing dramatic, for that matter, in any of the President's seven-point program. There are no medals in this war for self-denial, no matter how much courage or sacrifice it may involve. Yet it will be a tremendously dramatic thing if the patriotic effort of the people themselves can finance the people's victory. We have a great opportunity, right now. We are

- 14 -

going to rise to that opportunity. In the President's words, "We can, we will, we must."

D-52



Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

JUN 2 1942

PERSONAL AND CONFIDENTIAL  
BY SPECIAL MESSENGER

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

My dear Mr. Secretary:

Reference is made to your recent telephone call concerning a letter received by you from your niece, Mrs. Henry Fox, relative to the situation at the Coonamessett Inn near Camp Edwards, Massachusetts.

I wish to advise you that Mrs. Fox was interviewed by a Special Agent of this Bureau and informed that she began residing at the Coonamessett Inn, with her mother and her husband, Captain Fox, five weeks prior to the time of the interview. Captain Fox has since been transferred from Camp Edwards. On the evening of May 23, 1942, Mrs. Fox and her mother, Mrs. Berien, visited the cocktail lounge at the Inn and noted that a new pianist, upon request, was playing numerous German songs. Mrs. Berien on the following morning observed that several employees were playing cards and talking with an apparent German accent. These instances, together with the general atmosphere at the Inn, aroused the suspicions of Mrs. Fox. The Coonamessett Inn and Coonamessett Club are occupied entirely at the present time by Army officer personnel and their families.

For your confidential information, an investigation had previously been instituted and is being continued regarding the above matter.

Your courtesy in furnishing this Bureau the information received from your niece is deeply appreciated.

Sincerely,

J. Edgar Hoover

TO:

217 ✓

Secretary Morgenthau

Dear Henry:

This note pertains to our conversation. Maybe by continuing the suggestion we can get some result.

WVJ  
L.V.F.

June 2, 1942

MR. FORRESTAL

FORM 16-10000

2 June 1942

MEMORANDUM TO JUDGE PATTERSON

What do you think of the Secretary of War and Secretary of the Navy writing to the Office of Civilian Defense suggesting that an effort be made to give selectees a somewhat more enthusiastic send-off than is now accorded them in their various committees?

From all reports that I have had, the going away of these boys is about as dismal as it could possibly be -- a marked contrast to the last war.

James Forrestal

CC: Secretary of the Treasury

70  
E. W. WA. & J. W. S. W. R.  
JUN 11 1942



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

219

DATE JUN 2 1942

TO Secretary Morgenthau  
FROM Mr. Hagg  
Subject: Progress report concerning surveys by the Office of Facts and Figures

At your request, the Office of Facts and Figures is working on several surveys, which for convenience may be classified in four groups. This memorandum will review briefly the present status of the work under each of these groups.

I. The Economic Problem as a Whole

The Office of Facts and Figures is now compiling a summary of its findings to date on the economic problem as a whole. This will include the results not only of Dr. Likert's work but of various polls, analyses and other information. This material will be made available to you just as soon as the compilation is completed.

II. Gasoline Rationing

Prior to your request for information concerning the effects of gasoline rationing, the Office of Facts and Figures had already arranged to have three questions on this same subject inserted in the next Gallop poll. Your request was received in time, however, for another question to be added.

III. The Inflation Problem

The Office of Facts and Figures has worked out a plan to follow on a fairly continuous basis the public's attitude and understanding in relation to the inflation problem. The results of one study are expected on June 16 and those of another on July 6. In view of your request and similar requests coming from OPA and others, however, the schedule is being shifted and it is now planned to conduct a weekly survey in about 20 cities with enough interviews so that three-week moving averages will be reliable for trends and

Secretary Morgenthau - 2

one-week figures will be at least indicative. A memorandum on this project is now being prepared by the Office of Facts and Figures, and it is expected that this will be available in a few days.

#### IV. War Savings Stamps and their Redeemability

Last week Mr. Du Bois and Mr. Wilson of the Office of Facts and Figures called us regarding the wording of questions which were proposed for use to determine the public reaction to the idea of making war savings stamps redeemable only for war savings bonds but not in cash. Mr. Du Bois said that they had made a test survey of about 50 people concerning this question and found that one-third were opposed to the idea. He thought that the opposition would be reduced considerably if the questions were reworded to make it very clear that the stamps would still be cashable after the war, and that there would be no effect on the redeemability of bonds from this proposed change.

On Friday afternoon it was finally agreed with Mr. Wilson, after checking with Mr. Kuhn, that there would be three questions with the wording approximately as follows:

1. Have you ever bought any war savings stamps?
2. If yes, have you turned any in for cash?
3. Would you favor or oppose the idea of having war savings stamps which could be used for buying war savings bonds, but could not be turned in for cash until after the war -- provided that war savings bonds could be turned in at any time as they may be now.

Mr. Wilson explained that since this was a short questionnaire, they were going to be very careful to explain the situation to the people being interviewed rather than to rely solely on the questions themselves.

The sample contemplated for use in the survey is about 500 people spread over the country in about 30 places.

Secretary Morgenthau - 3

In addition to the three questions concerning war savings stamps, the following factual information will be obtained.

1. Sex
2. Age group: 21-34  
35-49  
50 and over
3. Economic level: Wealthy  
Upper middle-class  
Average  
Poor
4. Education: Some grade school  
Grade school graduate  
Some high school  
High school graduate  
Some college  
College graduate

Mr. Wilson said that he hoped that the results of the survey would be available about the middle of this week.



Far 222 ✓

OFFICE OF FACTS AND FIGURES  
Bureau of Intelligence

15

THE BUYING OF WAR BONDS AND STAMPS

For Administrative Use Only

CONFIDENTIAL

Division of Surveys  
Special Report Number 12  
June 2, 1942

## SUMMARY

Interviews in nine cities were conducted during the period of May 7 to May 19 in order to find out how people felt about bond and stamp sales. Interviewing was done chiefly in industrial plants and business firms. Plants using and not using payroll deduction methods for increasing bond sales were included.

## I. WHO ARE THE PEOPLE BUYING BONDS?

Bond sales appear to be going better in defense plants than in non-defense plants. Where plans similar to the one proposed by the Treasury are in use, increases are found both in the proportion of employees participating and in the size of individual purchases.

## II. WHY DO PEOPLE BUY OR NOT BUY BONDS?

People buy to aid the country in its war effort and because bonds are good investments. They do not buy because of the desire to prevent inflation. While lack of money is the chief reason assigned for not buying, neglect and failure to understand the seriousness of the situation are mentioned often enough to suggest that there are still many not buying who could and would purchase if they were properly approached.

## III. WHAT IS THE EFFECT OF THE PAYROLL PLANS ON THE BUYING OF BONDS?

In spite of the many appeals for purchase made outside industrial and business establishments, the amount of purchasing varies so directly with the plan in use at the place of employment that there is no doubt of the significance of such plans. Management initiative is accepted, provided the appeal is transmitted in a personal way.

## IV. SHOULD THE BUYING BE VOLUNTARY OR COMPULSORY?

There is a paramount desire to keep buying on a voluntary basis, if quotas can be reached. Many feel that it is too early to know how far voluntary buying can go if it is more vigorously pushed. If the voluntary plan does not succeed, the compulsory plan will be acceptable as meeting an emergency. Assurance is wanted, however, that a compulsory plan, if adopted, will make allowances for those of very low income and for those with dependents.

## THE BUYING OF WAR BONDS AND STAMPS

Introduction

Who are the people buying bonds? Why do they buy or not buy? What appeals are most effective in getting people to buy? How are the payroll deduction plans working? What would be the reaction to a compulsory savings plan?

The problems suggested by these questions were looked into by seven field interviewers who talked with workers and representatives of management in nine cities: Fall River, Hartford, New York, Cleveland, Pittsburgh, St. Louis, Memphis, New Orleans, and San Francisco. They reported 453 interviews, of which 205 were with labor, 161 with white collar workers, and 81 with representatives of management (six of those interviewed were not classifiable). The observations in San Francisco were based on too few interviews to be treated in the tables, but they contributed to the background of the report. Interviews earlier secured in Baltimore are not included.\*

Interviewers adapted their methods to the particular local situation, rather than following a rigidly prescribed interview schedule. As a consequence, a good deal of qualitative material was secured not readily subjected to statistical treatment. The whole study should be viewed as an exploratory survey rather than as a rigidly controlled investigation.

Plants with and without payroll deduction plans were included, covering all sizes from those employing less than 100 employes to those employing several thousand workers.

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\* Effective Appeals in the Buying of War Bonds: Preliminary Data from Baltimore, Division of Surveys, Special Report Number 9, May 14, 1942.



## I. WHO ARE THE PEOPLE BUYING BONDS?

- A. Defense workers in greater proportions than non-defense workers are buying bonds to the extent of at least 5% of their wages (Table 1\*). They feel that the Government has made their jobs possible; they are close to the war effort; and purchase of bonds seems to them a natural way to share in the cost of the war effort. Their increased wages are, of course, an important factor. Many non-defense workers have not shared in the general wage increase of the past year.
- B. Those in plants with some sort of purchase plan participate to a greater extent than those without such a plan (Table 2).
1. The payroll deduction plan of the Treasury secured participation to some extent from 90% of those interviewed for whom information was available. The plan whereby stamps are placed in the pay envelope in lieu of cash secured a correspondingly large amount of participation.
  2. When it is possible to purchase bonds or stamps only at the time of being paid, a large fraction of the employees do buy, but the number who purchase up to at least 5% of their wage is much smaller than under the Treasury or cash-stamp plans.
  3. Where there is no plan, one-third of those who were asked admitted that they were buying no bonds. It is evident that a systematic plan is important for the encouragement of full participation.
- C. The number investing enough to come anywhere near the goal of 10% of the income received, while varying from city to city, is nowhere above half of those interviewed (Table 3). If these figures are representative, far more promotion will be needed

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\* All Tables are in the Appendix.

to reach the Treasury goals. The overall average is 26% who claim to invest 5% or more of the money earned; half as many (13%) state that they are making no purchases.

The differences from city to city are not as striking as they appear from Table 3, because of the fluctuations to be expected with the small number of interviews per city.

## II. WHY DO PEOPLE BUY OR NOT BUY BONDS?

- A. To help the country win the war is stated over and over again as the main reason for investing in bonds and stamps. It is cited by 70% of those giving reasons for buying (Table 4).

"My Government wants me to buy them and that's the least I can do. I can't go out and fight and I can't work in a mill because I'm too old, so that is the least I can do .... At the same time it's a saving." Thus a woman who is the assistant treasurer of a bank note company describes her motives.

To win the war through the purchase of military equipment, to help the boys in the army, to help particular boys (relatives in the service) - each of these vivid direct uses for the money placed in the bonds makes its appeal to some of the people who talked with interviewers.

"My husband left Saturday for the army. I feel like buying more now. When it hits home I guess it gets you." This young wife manages a hosiery shop in Pittsburgh.

- B. As an investment and a place for savings is the provident reason assigned next in frequency to aid for the war effort.

"It's a good saving for me. Otherwise I would spend it - and I know the men out there need the money."

The straight thrift motif is much more familiar than the theoretical concepts, such as the prevention of inflation. The anti-inflation principle was mentioned by only 2% of those giving reasons for buying. It was recognized more often by management than by either white collar workers or industrial workers, but only one in twenty of the managerial group thought it was an important reason why an individual would buy bonds.

- C. Against buying, the main consideration is lack of money (Table 5). Beyond the fiscal considerations, other suggestions as to why people do not buy are that they do not realize the seriousness of the war, or they have not had the bonds brought strongly enough to their attention.

1. Monetary considerations are suggested as a reason by management more often than by labor for the lack of bond purchases by employees. White collar workers, especially, have not shared in the increases in income over the last year. For them, as for many others, rises in living costs have more than counterbalanced any wage increases.

The president of a St. Louis department store makes the case for his employees:

"Salaries are fixed, and living costs are rising, hence it is difficult to buy bonds and stamps. It is not due to lack of enthusiasm on the part of the employees. After all ours is a low-salaried business. Our people don't make as much as those who do war work. Our sales and profits are relatively stationary. Our people have made some money, but they know they will make less next year because of the curtailment of our business."



2. Lack of realization of the seriousness of the war as a reason for not buying is nearly always a charge against the other fellow. Similar charges are those of lack of patriotism, of being "slackers". Dissatisfaction with governmental policies and expenditures was pointed out as a reason for others not buying and also as grounds for personal reluctance in buying.

A messenger in a defense plant in Pittsburgh says: "I don't have the money. Other people don't buy because they can't afford it and because they figure the money is wasted in Washington. It's not going toward defense."

3. Lack of information and mere neglect are cited sufficiently often as reasons for not buying that the suggestion is strong that further sales promotion is desirable. Nearly a tenth of those giving reasons for people not buying felt that there was lack of needed enlightenment about bonds and stamps. A corresponding group felt that many of those who would buy if urged were failing to buy simply out of neglect.

A department store clerk in New Orleans says: "The problem hasn't been put before them in the right way and they don't know the value of buying bonds."

The foreman of a drafting-materials firm in New York: "The reason is they are just too lazy to go out and buy them. They always feel, 'I'll do it tomorrow' or 'I can always go in'; then they just let it slide. I've never yet seen anybody who was opposed to buying bonds."

- D. Suggestions for increasing sales were offered spontaneously by many of those interviewed (Table 6). The order of suggestions from the total offering them is as follows: increase the effectiveness of publicity (23%); approach the individual through personal contact (15%); relate the purchase of bonds to the procuring of war materials (14%); extend payroll deduction plans (8%). Other suggestions, given by less than one in twenty of those

with ideas to offer, include the raising of wages, more interest by management, stress upon the savings angle.

1. Those recommending publicity often specified not only more publicity, but also suggested a change in kind: more spectacular demonstrations, with parades, speakers, group singing - "more like the Liberty Bond campaigns of the last war."
2. Those who cited compulsion felt it was the only way to guarantee sales at a high level, with all participating. One-fourth of the managerial group offered suggestions; less of the white collar group; and a still smaller percentage of the laboring group proposed compulsion as the best way to increase sales.
3. To specify the things for which money is being spent appears to many as the ideal way of convincing people that they should buy bonds. The guns, planes and ships are visible symbols of what a war costs.



### III. WHAT IS THE EFFECT OF PAYROLL PLANS ON THE BUYING OF BONDS?

Three types of plans for stimulating the sale of bonds and stamps are referred to in the report. These are:

1. The Treasury Plan. The employee authorizes the firm to deduct a specified amount from his pay check. This is kept in a separate account until an amount equal to the purchase price of a bond is reached. The bond is then bought and delivered to the employee. The plan is entirely voluntary, and does not necessarily specify the amount each worker who participates must set aside each week.
2. The Stamps-for-Cash Plan. A much less systematic plan consists in an arrangement whereby the worker pledges to receive a certain amount of his pay in stamps instead of cash.
3. Pay-Period Purchase Plan. The plant usually distributes pledge cards, but the actual buying is ordinarily left to the individual. A window is provided where purchases can be made. There are local variations in practice.

Most of the following discussion is based on the first of these, although the others are reflected in the tables (cf. Table 2).

- A. In plants in which a payroll deduction plan is working well, more employees buy bonds, but that is not all: more of them buy more bonds. That is, a larger percentage invest upwards of 5% of their pay checks in bonds in those plants in which a plan works well (Table 7). Nearly two-fifths of those in plants with a satisfactory plan invest this much; only one-fifth invest a corresponding amount in plants with a plan which is working poorly.

The good plan not only facilitates participation, but it stimulates interest in the ultimate goal, which is volume of investment as well as proportion of people having a share.

1. The poor plan does better than no plan at all in encouraging buying. Twice as many report purchases amounting to 5% of their incomes when there is a plan - although one not working very well - than those whose employment establishment has no plan at all.

2. The general importance of pushing bond sales at the place of employment is very evident in all the comparisons.

People are appealed to over the radio, in retail stores, by posters. In spite of all of these appeals, the amount of bonds bought by individuals interviewed was an almost direct reflection of the extent to which there had been a determined effort to sell bonds at their place of employment.

- B. Plans appear to have progressed somewhat better in defense plants than in non-defense plants (Table 8). This is part and parcel of the wage situation in defense industries, the sense of participation in the war effort, and the easy appeal to help the Government which gives you your job.
- C. Reasons for approving regular payroll deductions plans emphasize savings, "painlessness," and justice ("it reaches everybody") (Table 9).

Baker in a Pittsburgh defense plant cafeteria:  
"I like the deduction plan. You don't miss the money when it is taken out like Social Security and hospitalization."

New Orleans department store employee:  
"This way you save and you don't realize it at all - don't feel it at all."

Further analysis (not shown in Table 9) revealed that the reasons for favoring plans were given in similar proportions by those not having plans and by those without plans. The widespread approval of the idea of a payroll deduction plan shows that much remains to be done in inaugurating the plan where it does not now exist.

- D. How should plans be started? Comments have been received as to (1) how present plans actually got under way, and (2) how people think plans ought to be initiated.

1. Management is looked upon as the logical group to initiate payroll deduction plans. This is as true of those who reported on the history of their own plan as it was of those who suggested what ought to be done.

A St. Louis factory worker: "From the top. They should just call the men together and explain the thing to them in a friendly way. After all, these things generally come from the executives, and that's where it should be."

- a. Four-fifths of those interviewed in plants with payroll deduction plans stated that the first approaches were made by management (Table 10). The proportion was somewhat higher in those plants where the plans were working well than in those plants in which the plans were working poorly.
- b. Management is also mentioned when people state their preferences as to who should start plans (Table 11). Management is selected by both managerial and laboring groups, and especially by white collar workers.

The suggestion that the unions should start it comes from a larger proportion of the managerial group than from the labor group. Why should this be?

There are, of course, different reasons depending upon different circumstances. Some fear that management's initiation of the plan might be interpreted as coercion, and might therefore defeat the purpose of the plan, whereas a plan started by the union would not be under suspicion.

A Bartford laboratory assistant:  
"I think it would be nice if the shop committee would start it. The men wouldn't feel that something was being put over on them. If the superintendent or someone like that came over, they'd wonder what he was getting out of it."

Other managerial representatives see their own promotion of the plan as a possible basis for requested wage increases, and for that reason wish to avoid promotional responsibility.

2. The approach to the employee made by management is important. From the results in plants with successful and unsuccessful plans, it is evident that the approach should be through a personal appeal by management. The plan set up within managerial routine, without the personal appeal, has much less chance of success (Table 10).
  - a. Plans at present successful began by personal appeals to employees through management, according to 71% of those interviewed in such plants. Such personal approaches were reported by only half as many (34%) in plants in which the plan was judged not to be working as well.
3. What excuses are given by management in those plants in which payroll deduction plans have not been started?

Managerial representatives in each of ten plants produced this picture: four of them said they had not been approached by Treasury representatives; three said their employees received such low wages that the plan would not be feasible; one each complained about the amount of accounting which would be necessary, the impracticality of the plan because of high labor turnover, and the avoidance of the plan because of the fear that the unions might demand a check-off system.

What do the managers think of the cooperation of unions? Interpretable opinions were secured in a few plants only. In plants with plans working well, five say unions are cooperating fully and only one says that the union was not fully cooperating. In plants where the plans were not going so well, opinion was divided - in four the unions were said to be cooperating, in four others they were not.



4. The implication appears quite clear. Payroll problems involve bookkeeping arrangements requiring the full cooperation of management, so that management tends to be assigned the major responsibility in setting up payroll deduction plans. When this is done impersonally, however, there may be resentment; success is more likely if management presents the appeal personally before the workers as an opportunity for their individual participation in the winning of the war.

#### IV. SHOULD BUYING BE VOLUNTARY OR COMPULSORY?

The issue of promoting bond sales on a voluntary basis, or requiring their purchase as part of the financial program necessitated by the war, hits deep at the interpretation of the role of the individual in relation to his government. Few doubt that it would be desirable to have the full and free participation of the people in a democracy with a minimum of coercion and regimentation; yet the urgency of the situation means financing the war by all means available, and in the interests of equality of sacrifice there are those who argue that bond sales should be made compulsory. How do the people of the country see the issue?

A. There is little doubt of a primary preference for the voluntary plan. About half of those expressing themselves (46%) come out flatly and wholeheartedly for the voluntary basis, as against the one-fourth (24%) who are equally sure that the compulsory plan is the only one (Table 12).

1. The voluntary plan is favored somewhat more frequently by those who are participating less in present purchases than by those who are participating more (Table 12).

Those who are buying little or none at present are the ones whose economic position will be most altered if a compulsory plan is adopted. Those already purchasing bonds in amounts such as would be required under a compulsory plan have no anxiety about the effect upon them of a compulsory plan.

2. The voluntary plan is also favored more frequently by those who believe present sales are going satisfactorily (Table 13). This again is natural - only a person who thinks the voluntary plan is not succeeding is likely to be much impressed by the necessity for compulsion.



- a. This squares with those who give qualified approval to compulsion - a sizeable group who, preferring the voluntary plan, are prepared to accept compulsion if it is necessary, provided it has safeguards for those of low income (Table 12 and 13).
- b. "If according to ability to pay" is the qualification given by one in six of those commenting on the voluntary or compulsory plans before they are ready to accept compulsion. The income tax practice of excluding the lowest incomes and making some provision for dependents seems to them to be essential.

An accounting clerk in St. Louis: "Making it compulsory would hit some people hard. Everybody just can't afford it. A graduated scale would work better than just one set amount or percentage."

A secretary in New York: "No, it should be made voluntary. Not everyone can afford to buy bonds. If it was a small percentage maybe it would be all right. But the average person making \$25.00 a week couldn't afford it, could he? Perhaps 5% for people making that much and everything over that voluntary."

## V. CONCLUSIONS AND IMPLICATIONS

The foregoing leads to a few interpretative comments and suggestions:

1. The appeals which strike home in the sale of bonds are those which stress aid to the Government in the war effort, and those which appeal directly to thrift. The theoretical relationship of bond buying to inflation does not reach the average individual, who seldom thinks of himself as having excessive buying power.

People seem to wish more dramatic, more highly emotionalized appeals in the posters, in the radio announcements and other publicity.

They respond also to the specific: things the money will buy in the way of uniforms, anti-aircraft guns, tanks and airplanes. Many mention things for the boys in the army and navy.

2. That payroll deduction plans are important is evident in the increased number of those purchasing when their place of employment has a plan, and in the increased amount of purchase by those under such a plan. Since many firms do not have plans, much remains to be done.

Management and the worker alike agree that such of the initiative must come from management, but the way in which management promotes the plan is very important.

Routine appeals through impersonal channels tend to be resented. The approach suggested is a more personal one, involving individual contact with the employee through his co-workers or direct superiors. Where there is a strong union, the appeal can often be made best through a union-management committee.

Some managerial representatives feel that the Treasury Department has been somewhat lax in direct approaches to management, some not having been reached at all.

3. People still favor voluntary purchasing over a compulsory plan, but many are ready to accept a compulsory plan as an extreme measure.

The conditions for acceptance of a compulsory plan are: (1) the failure of the voluntary plan to produce sufficient purchases after it has been given a vigorous trial; (2) the guarantee that some provision will be made to produce equality of sacrifice. Allowance must be made for those of marginal income, and for those with dependents.

Many feel that the voluntary plan has not yet had a sufficient trial to demonstrate its adequacy or inadequacy. They suggest the need for an intensified promotional program as suggested above.

Many report that the voluntary plan took a distinct surge forward when quotas were announced. The quota system has not yet had time to be fully tested.

People prefer to keep their full sense of initiative in carrying responsibility for the war. But winning of the war comes first, and they are ready to make what sacrifices are necessary.

APPENDIX A

Tables

Table 1. Bond and Stamp Purchases by Defense and Non-Defense Workers

Participation in Bond or Stamp Purchasing by Person Interviewed	Type of Plant		Total
	Defense	Non-Defense	
Much (invests over 5% of income)	33%	24%	27%
Participating (amount indeterminate)	46	48	48
Some (under 5% of income)	11	14	13
None	10	14	12
	100%	100%	100%
	N=130	N=243	N=373

Table 2. Types of Plans Used for Payment of Bonds and Stamps

Participation in Bond or Stamp Purchasing by Person Interviewed	Types of Plans in Use				Total
	Treasury Plan	Stamps-for-Cash Plan	Pay-Period Purchase Plan	No Plan	
Much (invests over 5% of income)	30%	49%	9%	9%	27%
Participating (amount indeterminate)	46	31	71	46	48
Some (under 5% of income)	14	10	11	12	13
None	10	10	9	33	12
	100%	100%	100%	100%	100%
	N=238	N=39	N=45	N=43	N=364



Table 3. Degree of Participation Claimed by Those Interviewed in the Different Cities

Amount of purchase	Pittsburgh	Cleveland	New York	Hartford	Fall River	Memphis	St. Louis	New Orleans	Total
Each *	16%	15%	43%	49%	39%	20%	42%	25%	26%
Participating**	64	71	30	17	25	44	32	40	48
Some ***	5	3	21	23	14	25	16	15	13
None	<u>15</u> 100%	<u>11</u> 100%	<u>6</u> 100%	<u>11</u> 100%	<u>22</u> 100%	<u>11</u> 100%	<u>10</u> 100%	<u>20</u> 100%	<u>13</u> 100%
	N=76	N=90	N=34	N=47	N=28	N=45	N=19	N=20	N=358

Invests over 5%  
Amount indeterminate  
Under 5% of income

Table 4. Reasons Given for People Buying Bonds

	Group Giving Reason			Total
	Labor	White Collar	Management	
To help the Country win the war	67%	72%	77%	70%
Good investment	20	31	19	24
Good savings	22	23	31	24
Buy war materials	6	7	6	6
Help boys in armed forces	8	5	3	6
Help relatives in armed forces	1	5	8	3
Our duty, should buy	5	7	2	5
Coercion and social pressure	2	5	3	3
Insurance against post-war depression	3	3	5	3
Prevent inflation	1	2	5	2
Better than taxes	3	--	2	2
If war not won, everything will be lost	2	2	--	2
	N=151	N=192	N=64	N=407

Table 5. Reasons Given for People Not Buying Bonds

	Group Giving Reason			Total
	Labor	White Collar	Management	
Can't afford to, not enough money	44%	50%	57%	48%
Wages haven't increased with cost of living	2	4	13	4
Desire to keep funds liquid	2	6	4	4
Bonds may not be redeemed	10	8	7	9
Fear of compulsion later	1	2	7	2
Uncertainty as to personal future	3	1	4	2
Don't realize seriousness of war, or purpose of bonds	14	16	17	15
Unpatriotic, slackers, not good citizens	15	10	6	12
Dissatisfied with Gov't policies and/or expenditures	3	4	7	4
Lack of information	12	7	4	9
"Aren't people buying bonds and stamps?"	7	6	4	6
Neglect	7	8	9	8
	N=142	N=185	N=54	N=382

Table 6. Suggestions for Increasing Sales

	Groups Making Suggestions			Total
	Management	White Collar	Labor	
More publicity	36%	19%	23%	23%
Compulsion	25	20	15	19
Personal contact	24	15	14	15
Relate to war materials and aims	16	14	13	14
"Everything is being done"	5	17	8	11
Extend payroll deduction plans	5	6	10	8
Raise wages	2	3	7	5
Management should take more interest	4	4	4	4
"Leave it to the people"	2	3	4	3
Stress the savings angle	9	2	1	3
Does not know	7	14	19	16
	N=55	N=132	N=170	N=357

Table 7. How well the Plan is Thought to be Working and the Extent of Individual Bond Purchasing

	Plan Working Well	Plan Working Poorly	No Plan
	Much (invests over 5% of income)	36%	18%
Participating (amount indeterminate)	40	52	53
Some (invests under 5%)	15	13	14
None	7	17	24
	100%	100%	100%
	N=167	N=116	N=57

Table 8. The Treasury Plan in Defense and Non-Defense Plants

	Defense Plant	Non-Defense Plant
Plan working well	55%	<i>non-defensive</i>
Plan working poorly	40	34
No plan	<u>5</u> 100%	<u>22</u> 100%
	N=153	N=253

Table 9. Reasons for Approving a Payroll Deduction or Similar Plan

Reason	Per Cent who Gave Reason
A good opportunity to save	26%
"You don't miss it when deducted"	21
It reaches everybody - some who wouldn't otherwise buy	9
The plan is better than compulsion	7
It gives the sense of participation	2
The plan is better than increased taxes	2
The plan is a good idea (no specific reason)	32
Don't know what to say	<u>1</u> 100%
	N=163

Table 10. Success of Plan and Way in which Employees were Approached

Way in which Employees were Approached	Success of Present Plan	
	Plan Working Well	Plan Working Poorly
By management; through personal appeal	71%	34%
By management; not through personal appeal	18	51
By coworkers	4	13
By the union	0	0
By a Government representative	1	1
Does not know	6	1
	<u>100%</u>	<u>100%</u>
	N=125	N=97

Table 11. Suggestions as to Who Should Initiate the Plan for Payroll Deduction

	Groups Making Suggestions		
	Labor	White Collar	Management
Management	46%	66%	42%
Rank and file	26	20	7
Union	5	0	15
Government	7	4	9
Management and labor in cooperation	13	5	12
"It depends"	<u>3</u> 100%	<u>5</u> 100%	<u>15</u> 100%
	N=95	N=80	N=33



Table 12. Recommendation of Voluntary or Compulsory Purchase as Related to Amount Being Purchased by the Individual

"Should Bond or Stamp Purchase Be Voluntary or Compulsory	Degree of Participation of Person Interviewed				
	Much	Participating (Amount indeterminate)	Some	None	Total
Voluntary	44%	39%	67%	50%	46%
Compulsory	27	27	16	13	24
Compulsory, qualified					
- if necessary	13	14	8	13	13
- if according to ability to pay	16	19	9	21	17
- if it will work	0	1	0	2	1
	100%	100%	100%	100%	100%
	N=96	N=162	N=43	N=48	N=339

Table 13. Recommendation of Voluntary or Compulsory Purchase as Related to Estimate of Present Sales of Bonds

Should Purchase Be Voluntary or Compulsory	How Bond Sales Are Thought To Be Going				
	Very Well	Well	Fair	Poor	Does Not Know
Voluntary	51%	45%	34%	33%	51%
Compulsory	24	23	34	45	20
Compulsory, qualified					
- if necessary	9	14	13	0	19
- if according to ability to pay	16	16	19	22	10
- if it will work	0	2	0	0	0
	100%	100%	100%	100%	100%
	N=152	N=130	N=53	N=9	N=48

## APPENDIX B

How Bond-Selling Works in Specific  
Defense and Non-Defense Plants

(Based on summaries by interviewers)

[Faint, illegible text covering the majority of the page, possibly bleed-through from the reverse side.]



DEFENSE PLANT WITH GOOD PARTICIPATION

Most of the departments in this Fall River defense plant with 2400 employees are 100% subscribed under the Treasury Plan. Management has made a conscientious attempt to sell the idea to the workers. Here, as elsewhere, personal contact has proven very effective.

Each employee was contacted by the foreman and handed a booklet. A short sales talk was also given the worker. In addition, posters, charts revealing inter-departmental bond-buying differences were utilized. All of this was associated with the vital role that the worker is playing in bringing about final victory.

Though wages were comparatively high, none of the employees mentioned their increased income as a reason for buying bonds. All referred to the idea of "helping the country."

There was no evidence of strong social pressure or coercion.

"They call everybody in the office and give them a good sales talk. No, they don't try to force you into it, just give you a good line. Then, if you want to come in, you can."

Here pressure has been exerted by means subtle enough not to arouse resentment; the voluntary flavor is clearly maintained.

A DEFENSE PLANT WHERE TREASURY PLAN IS WORKING WELL

In this Pittsburgh plant the initiative came from management. A personnel man was given charge of putting the Treasury plan across - one who was well-acquainted with high-pressure salesmanship techniques.

All the salaried people were contacted first before approaching the factory workers. The foremen in the mill were then told to talk up the fact that the "higher-ups" had already joined in. A week went by, after which the foremen were called together, given cards for the men in their crew, as well as pamphlets advertising and explaining the plan, and were made responsible for contacting each man under their supervision. No one had more than 25 workers to approach.

Each worker was called upon, given a brief talk and the other material. A minimum of \$3.75 per month was set for all employees. The men were also informed that they would not be able to withdraw their pledge without first writing some sort of a note to the personnel head. The savings feature was emphasized. The men were told, "This is a systematic way of saving. And for the company's sake, too, we want 100%."

The 25 or 30 workers out of the 1000 who did not at first subscribe to the plan were then personally contacted again, but this time by the man in charge of the plan himself. He made it quite clear to each of these men that they were not doing their share, either for their country or for the plant.

Within a three-week period, the plant was able to boast 100% participation. Shortly thereafter, the plant raised a Treasury Minute Man Flag. Each employee was presented with a specially made button which indicated that he had subscribed to the plan, and carried the name of the plant. Many of the men wore these buttons on their caps, vests, lapels.

This is a non-union plant. It is one in which there have been good employee-management relations for many years. There appeared to be little resentment of a management instigated plan which involved considerable social coercion.

NON-DEFENSE PLANT WHERE THERE IS NO PLAN

This Pittsburgh plant with about 100 workers had a special window at which the employees could purchase bonds and stamps, but it had no systematic plan in operation.

Management claims that no deductions of any kind have ever been permitted. They are very much opposed to the payroll check-off because of some "internal trouble." They feel that their method of buying at the window has been quite successful and do not see the necessity of revising it. "Unless it's compulsory, we will not do it."

The workers' participation has not been high according to the individual selling these stamps and bonds. However, the employees feel that they have been contributing as much as they have been able.

"The reason they don't have a voluntary plan here is that wages are too low. Nobody would refuse to buy, but they really can't afford it."

Lack of a well-functioning plan is often a symbol of what here has been referred to as "internal trouble" - an attitude of distrust between workers and management.



NON-DEFENSE PLANT WHERE PLAN IS GOING POORLY

There is a voluntary payroll deduction plan in this Cleveland bakery which employs about 400 people. The plan is not functioning well. Only about 40% of the employees have signed pledge cards and those deductions that are being made fall short of the goal of 10% of their income.

There is no systematic method of pushing the plan and stimulating enthusiasm in regard to it. A few of the employees have learned of the plan by reading the bulletin board, but have neglected to do anything about it. Some workers are contacted personally by their superiors. Others are not approached at all.

Management is wary of urging the plan because of the terrific turnover of labor with which it has been confronted of late. They fear that another deduction, in addition to those already in effect - group insurance, hospitalization, social security, community fund - would only cause an increase in the number of girls who leave.

"Once we get settled here with our employees," management feels, "we'll all get behind the plan."

On the other hand, the workers indicated that their purchases, both in the plant and outside would pick up if there were to be an increase in their wages.

"I just haven't been making enough. If I got a raise of any kind, I would."

The real failure appears to lie in a haphazard promotion by management, based upon their timidity in putting pressure on an unstable working force.

NON-DEFENSE PLANT WITH LOW PARTICIPATION

Only about one-third of the 650 employees in this New York City factory were participating under the Payroll Deduction Plan, the average deduction being around \$2 per week.

For quite some time there has been a hostile relationship between management and labor, and the latter bitterly resented the initiation of any plan by management. They objected to the posters that threatened later compulsion; they were antagonistic towards the contacts which the foremen tried to establish.

The most recent step that management had taken was to distribute letters to the employees stating, "The Treasury Department has....asked us again to ask you to subscribe to these bonds....and also advises us that unless the majority of our employees will subscribe....it will be compulsory, in which case the amount of your subscription would be determined by the government....If you do not intend subscribing, please give the reason for this at the bottom of the letter as we have to make a report on Monday, May 11 to the Treasury Department on each and every employee."

This move was especially resented and many of the workers cited coercion of this sort as a reason for wanting to buy outside of the plant.

"I don't think they did it right. Without this paragraph (from the letter noted above), it would be O.K., but a lot of the boys around here got sore about that. In my opinion, that's not the way to go about it at all."

While workers welcome management's prosecution of a plan, if done properly, when done impersonally it may arouse latent anti-management feelings. The experience in this plant indicates the importance of personal appeals and motives acceptable to the workers.



APPENDIX C

Comments by Interviewers

Interviewers' Comments

The following comments are quoted from reports by the field interviewers. They are interpretative statements of general impressions based on interviews and conversations at the time of the study.

San Francisco

"It seems to me the most effective appeal lies in presenting to people a clear and simple but vivid picture of how each person's purchase may affect him in his own individual circumstances. Not an individualistic approach, but rather an attempt to make clear to the individual the connection between the importance of his purchase and its place in the shorter period of the war and the longer period of post-war adjustment. The meaning in terms of values, functions and purposes of bond buying does not seem to be understood. The connection between the person's small circumstances and the total picture is missing. To conclude from the present campaign that bond buying won't work on a voluntary basis is to do people a great injustice and will but weaken morale."

Cleveland and Pittsburgh

"I would like to emphasize that in my opinion the voluntary deduction plan has not been given a fair trial and if operated in the correct manner it would probably go over the top. The plants that had a good plan showed real organization. In most cases it was not something that just happened. There were people in charge of bond sales who were definitely interested in seeing that their plant or factory or shop or store was successfully getting full participation. In most cases the person in charge had set up a system whereby every person in the plant was personally contacted by somebody who had a Treasury pledge card already filled out with the employee's name. Large committees were set up and specific responsibilities were distributed among the persons on these committees. There was a check-up of those persons who did not enter the plan and personal call-backs were made. It was not a case in any of these plants of putting on a big 'hullabaloo' for a week or two and then letting it go at that."

"It is my opinion that labor unions up to the present have not played as important a role as they could in making a payroll deduction plan successful. I think the emphasis

has been on members buying bonds through their local and national offices, but not of selling their members completely on the idea of seeing to it that the plan is established in the respective plants. This attitude evidently is changing to some extent as the Treasury make more appeals for union help along this line. Poor labor and union participation is probably the result of the fact that the responsibility for the plan's success has too often been in the hands of life insurance underwriters who do not understand how to approach labor."

#### St. Louis

"Not infrequently do workers express the opinion that they do not want people to know their business and for that reason will not participate in the Treasury plan. They do not want management to know anything about their financial affairs."

#### Hartford

"I find a parallel between the more liberal industrial firms as to labor policy and a better record in bond selling or the Treasury plan. These firms seem more efficient and doing a better job in war production. Where there is poor participation in the plan I have also found poor working conditions, inefficiency and waste."

#### New Orleans

"In some companies deductions already in force for Social Security, insurance of various kinds, and employee benefit organizations even now are cutting into the employees' small earnings. These deductions loom large against salaries of \$14 to \$18.00 a week."

#### Hartford

"People admit that all the radio talk, paper talk and what they observe about them gives the impression the campaign is going over big, but that these things (posters, slogans, etc.) do not make them buy any bonds or even any more than they are buying. What is needed is more direct personal solicitation - somebody to call on them or appear before them. Whatever it is it must be on a person-to-person level."

#### Memphis

"A sure fire campaign needs the collaboration of all sectors of the population. A striking example of the result of choosing only prominent citizens ('big shots') was the failure of the department to enlist a single representative of labor or of the Negro population in its Memphis campaign."



June 2, 1942

Letters to the following, signed Henry, enclosing confidential report on sales of War Bonds and Stamps, for month of May, 1942, as compared with April, 1942. All delivered by Messenger Veach at 12:55 p.m., except where indicated otherwise.

The President *	(Signed Henry Morgenthau, Jr.)	Delivered by
Vice President Wallace,		S.S.Agt. 12:00
Hon. Stephen Early,		
Hon. Cordell Hull,		
Hon. Henry L. Stimson,		
Hon. Francis Bidōle		
Hon. Frank Knox,		
Hon. Harold L. Ickes,		
Hon. Claude R. Wickard,		
Hon. Jesse H. Jones,		
Hon. Frances Perkins,		
Hon. John W. McCormack,		
Hon. Joseph W. Martin, Jr.		
Hon. Alben W. Barkley,		
Hon. Robert L. Doughton		Delivered
Col. Edwin A. Halsey, *(Signed H. Morgenthau, Jr.)		By Sturgis 4:25 pm
Hon. Sam Rayburn,		
Hon. Walter F. George,		
Hon. Charles L. McNary. **		

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 Hon. Alben W. Barkley,

Hon. Robert L. Doughton  
 Col. Edwin A. Halsey, \*(Signed H. Morgenthau, Jr.) Delivered By Sturgis 4:25 pm  
 Hon. Sam Rayburn,  
 Hon. Walter F. George,  
 Hon. Charles L. McNary. \*\*

June 2, 1942

My dear Mr. President:

I take pleasure in sending you herewith a report of the sales of War Bonds during the month of May. Please note particularly that we sold \$95,000,000 more "E" Bonds in May than we did in April.

Yours sincerely,

(Signed) Henry Morgenthau, Jr.

The President,  
The White House.

*S. S. Agent 12:00*



June 2, 1942

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Yours sincerely,

(Signed) Henry

Hon. Henry A. Wallace,  
The Vice President.

By Messenger *Veed 12:55*

UNITED STATES SAVINGS BONDS

Sales in May Compared with April, 1942  
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales		Increase in May Compared with April	
	May	April	Amount	Percent
Series E	\$421,831	\$326,660	\$ 95,171	29.1%
Series F	42,465	40,003	2,462	6.2
Series G	<u>170,060</u>	<u>163,839</u>	<u>6,221</u>	<u>3.8</u>
Total	<u>\$634,357</u>	<u>\$530,502</u>	<u>\$103,855</u>	<u>19.6%</u>

Office of the Secretary of the Treasury, June 1, 1942.  
Division of Research and Statistics.

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

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

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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.

June 2, 1942.

Harold Graves

Secretary Morgenthau

Please see that Lawrence Houghteling gives me a report by tonight on what success the 300 organizers of AF of L are meeting with. I wish that I could get reports on some of these things that I start. I start them and then I haven't the slightest idea what happens to them and nobody keeps me informed. I constantly have to follow-up. I wish you would talk to me about how I can be kept informed on the things that I have started and am interested in.

*See Graves memo of  
6/2 - Houghteling  
will report 6/3 -*

*Houghteling's  
report came in 6/4/42 -  
Graves talked to Secy.  
and said he would see  
that reports are submitted  
often.*

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 2, 1942.

TO Secretary Morgenthau  
FROM Harold Graves

With reference to your memorandum of this date requesting a report from Mr. Houghteling concerning the progress being made by the A. F. of L. organizers:

Mr. Houghteling has advised me that he expects reports tomorrow morning from a number of his field men, upon the receipt of which he will send you directly a report bringing you up to date in regard to this project.



STANDARD FORM No. 14  
APPROVED BY THE PRESIDENT  
MARCH 10, 1925

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

DAY LETTER

Miss Lucy Monroe  
Hampshire House  
New York New York

Mrs Morgenthau has asked me to answer your telegram of June 1st. Both of us appreciate very much the splendid work that you have been doing throughout the country, and we wish to take this opportunity to thank you most heartily. I have asked Professor Roy Welch of Princeton to take charge of music in connection with our War Bonds drive, and he will get in touch with you at an early date.

Henry Morgenthau Jr

251  
TREASURY DEPARTMENT  
WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

**Official**

(The appropriation from which payable must be stated on above line)

JUNE 2 1942

2-14117

TW2 237 NL 3 EX

D NEWYORK NY MAY 31 1942

MRS HENRY MORGANTHAU JR

US TREASURY DEPT WASHINGTON DC

DEAR MRS MORGANTHAU I HAVE JUST RETURNED TO NEWYORK AFTER COMPLETING THE SOUTHERN STATES PART OF MY COMMUNITY SING TROU TRAVELLING 11 THOUSAND MILES AND I THOUGHT YOU WOULD LIKE TO KNOW THAT IT WAS SUCCESSFUL BEYOND OUR FONDEST DREAMS. AT TWELVE SINGS WE HAVE TOTAL AUDIENCES OF NINETY THOUSAND AND THROUGH SOME FORTY BROADCASTS AND FIFTY OTHER PERSONAL APPEARANCES WE REACHED AT LEAST TWO MILLION SOUTHERNERS WITH OUR WAR BOND AND STAMP MESSAGES. EVERYWHERE ENTHUSIASM WAS HIGH AND NEWSPAPER COOPERATION WONDERFUL.

(WE ARE NOW PREPARING FIVE SINGS HERE IN NEWYORK FOR COLONEL PATTERSON THE FIRST WILL BE ON SUNDAY JUNE SEVENTH AT THE MALL IN CENTRAL PARK WITH FOUR OTHERS TO FOLLOW IN THE OTHER BOROUGHES ALL TIES IN WITH THE DOOR TO DOOR RKKK PLEDGE COMPAIGN WAR BOND PRIZES ARE BEING GIVEN FOR THE BEST

252

1942 JUN 1 AM 9 36

*HM TR*  
*will you talk to W2 about this.*

W2 PAGE 2

SINGERS IN THE CITY HIGH SCHOOLS. I THINK THESE THINGS SHOULD BE DONE IN EVERY CITY TOWN AND AMLET IN AMERICA. WITH YOUR PERMISSION AND UNDER YOUR SUPERVISION I WOULD LIKE TO SET UP FOR THE TREASURY DEPARTMENT A DIVISION TO HELP EACH COMMUNITY WORK OUT THEIR OWN COMMUNITY SING SERIES. THIS PLAN WOULD INVOLVE NO EXPENSE TO THE TREASURY AND IF YOU THINK IT A WORTH WHILE IDEA I WOLD LIKE TO EXPLAIN IN DETAIL WHEN YOU ARE NEXT IN NEWYORK OR SHOULD YOU WISH I COULD OF COURSE COME TO WASHINGTON. WITH BEST PERSONAL WISHES. SINCERELY

XXX LUCY MONROE HAMPSHIRE HOUSE NY.

8AM JUNE 1 1942.



W2 PAGE 2

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XXX LUCY MONROE HAMPSHIRE HOUSE NY.

8AM JUNE 1 1942.

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 2, 1942.

TO Secretary Morgenthau  
FROM Harold Graves *Ho*

In accordance with your memorandum of this date, I hand you herewith a list of the "Community Sings" with Lucy Monroe scheduled to date. A copy of the list is being sent to Mr. Roy Welch.

No further "Community Sings" with Miss Monroe will be scheduled until after personal consultation with you.

To: Mr. Graves

June 2, 1942

From: Mr. Duffus

*C.D.*

7

The following Community Sings are set at present with Lucy Monroe, the New York Symphony Orchestra of 80 pieces and ex-mayor Jimmy Walker as master of ceremonies.

June 7	Central Park on the Mall, New York City
June 9	Silver Lake, Staten Island
June 14	Prospect Park, Brooklyn
June 20	Forest Park, Queens
June 21	Poe Park, Bronx.

These are all in connection with the New York Pledge Campaign.



*Mr. Broughton has submitted* 256

JUN 2 1942

Dear Mr. French:

This will acknowledge your letter of June 1, 1942.

In line with our recent conversation, I think you understand that the Treasury needs some six billion dollars annually to maintain civilian services of the Government which are essential to the basic needs of human life, to conserve our natural resources, and to keep in repair our national plant. The Treasury would be willing to have the funds which you propose to collect from your people invested in Treasury bills, Treasury certificates of indebtedness, Treasury notes, and Treasury bonds which the Treasury offers publicly to the people of the United States from time to time, and which are not designated by their terms as "war issues." I shall be glad to see that you are notified each time an offering of this kind is made.

It is our understanding that you will buy such securities as are issued, in amounts in line with the financial resources of your people, and then distribute certificates of participation in smaller denominations through a non-profit corporation you are organizing. This plan is agreeable to us and will, we believe, satisfy the American people that the groups you represent are contributing to the support of the Government in ways their consciences will permit.

We understand that the groups you represent are making contributions to the support of the Civilian Public Service camps for conscientious objectors authorized by the Congress and the Selective Service System which would otherwise have been a charge on the Treasury of the United States.

We are all seeking the same objectives and are glad that our American democracy is able to recognize the conscientious convictions of a minority of our citizens.

Sincerely yours,

*W. A. Rorer*  
Secretary of the Treasury

Mr. Paul Comly French,  
Executive Secretary,  
National Service Board for  
Religious Objectors,  
Washington, D. C.

*By special mail 10:15 A.M. - 6-3-42*

DWB:ce 6-1-42

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Tuesday, June 9, 1942.

Press Service  
No. 31-97

Secretary Morgenthau today gave the Treasury's approval to a proposal by which individuals who object conscientiously to war will be able to invest in securities issued as general obligations of the Government and not specifically designated as "war bonds" or "defense bonds."

In a letter to Paul Comly French, executive secretary of the National Service Board for Religious Objectors, the Secretary said that Treasury bills, Treasury certificates of indebtedness, Treasury notes and Treasury bonds would be available for subscription by members of the organizations represented by the Board.

The members of these groups, Mr. French had explained, have felt compelled to remain aloof from their community campaigns for the sale of War Savings Bonds and yet are eager to demonstrate to their neighbors that they are helping to finance the Government in ways that their consciences permit.

In order to allow all conscientious objectors to take part in the program in denominations to fit their individual purses, such as are provided by War Savings Stamps and Bonds, the National Service Board plans to set up a non-profit corporation to buy the securities and distribute them to the members through certificates of participation.

The texts of Mr. French's letter to Secretary Morgenthau and the Secretary's reply are as follows:

June 1, 1942.

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

Dear Mr. Morgenthau:

This will confirm our conversations regarding the problem confronting the members of the religious groups represented by the National Service Board for Religious Objectors who feel conscientiously unable to purchase War Bonds. They understand that there are continuing expenses for the regular functions of the Government, totalling some six billion dollars annually. Would it be possible for us to purchase regular issues of Treasury bonds and notes and then redistribute them to our people in smaller denominations through a non-profit corporation we are organizing?



Any rate of interest established by the Treasury is agreeable to us, but we would prefer a rate lower than that paid on War Bonds. We are willing to accept notes with any maturity date which seems right to you. We would handle all subscriptions, and the Treasury would not be required to assume any additional clerical burden on our behalf.

If this plan is satisfactory to you, would it be possible for us to explain to our neighbors that we are aiding in the financing of the Government in ways that our consciences permit and that the United States Treasury has approved our plan?

Cordially yours,

Paul Comly French (signed).

June 2, 1942.

Dear Mr. French:

This will acknowledge your letter of June 1, 1942.

In line with our recent conversation, I think you understand that the Treasury needs some six billion dollars annually to maintain civilian services of the Government which are essential to the basic needs of human life, to conserve our natural resources, and to keep in repair our national plant. The Treasury would be willing to have the funds which you propose to collect from your people invested in Treasury bills, Treasury certificates of indebtedness, Treasury notes, and Treasury bonds which the Treasury offers publicly to the people of the United States from time to time, and which are not designated by their terms as "war issues." I shall be glad to see that you are notified each time an offering of this kind is made.

It is our understanding that you will buy such securities as are issued, in amounts in line with the financial resources of your people, and then distribute certificates of participation in smaller denominations through a non-profit corporation you are organizing. This plan is agreeable to us and will, we believe, satisfy the American people that the groups you represent are contributing to the support of the Government in ways their consciences will permit.

We understand that the groups you represent are making contributions to the support of the Civilian Public Service camps for conscientious objectors authorized by the Congress and the Selective Service System which would otherwise have been a charge on the Treasury of the United States.

We are all seeking the same objectives and are glad that our American democracy is able to recognize the conscientious convictions of a minority of our citizens.


Sincerely yours,  
Henry Morgenthau, Jr. (signed).  
Secretary of the Treasury.



TREASURY DEPARTMENT  
INTER-OFFICE COMMUNICATION

DATE June 2, 1942.

TO Secretary Morgenthau  
FROM Abbot L. Mills, Jr.



Mr. John Lee, Manager of the Aircraft War Production Council, Inc., returned to Washington yesterday from New York. He reports that he has all the information necessary on which his principals can decide their program as to becoming issuing agents. Judging from conversation with Mr. Lee, it is reasonable to hope for a favorable decision, but in view of his absence from Los Angeles and the necessity of carrying on his contacts at so long a distance, it is doubtful that a final answer can be expected before the end of this week.

JUN 2 1942

Dear Mr. Lee:

Thank you for your letter of May 28, 1942, and the enclosures explaining the purposes and programs of the Aircraft War Production Council, Inc. Your organization appears to provide its members an effective means for combining and concentrating their efforts on the many phases of the aviation industry's war-time task of production.

War production and war financing march together and it is a pleasure to take this occasion to thank the major western aircraft corporations, through you, for promoting the Treasury's payroll savings plans in their organizations. I hope that your members can complete satisfactory arrangements in the near future that will insure the prompt issuance of War Savings Bonds in support of their payroll savings plans, and I am glad to know that this problem is receiving careful study. Your cooperation is appreciated.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. John G. Lee, Manager,  
Aircraft War Production Council, Inc.,  
7046 Hollywood Boulevard,  
Los Angeles, California.

ALM, Jr./dwb  
5/29/42

*File N. M. C.*  
*Copies to Thompson*

**AIRCRAFT WAR PRODUCTION COUNCIL, INC.**

CONSOLIDATED • DOUGLAS • LOCKHEED • NORTHROP • NORTH AMERICAN • RYAN • VEGA • VULTEE

Washington, D.C.

May 28, 1942

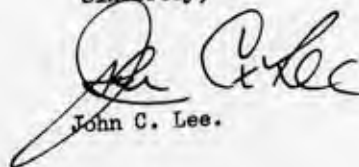
My dear Mr. Secretary:

During our brief conversation on Tuesday last, you were kind enough to let me make a little "speech" about the A. W. P. C.

I am afraid my statement of the organization's purpose and functions was inadequate and I am taking the liberty of sending to you a folder summarizing the work of the group in the interests of increased war production.

Mr. Bell and Mr. Mills have provided us with information which will be very helpful in our effort to work out with the major western aircraft companies the problem of issuance of War Savings Bonds. You may be sure that we will make every effort to ensure the speedy handling of this matter.

Sincerely,



John C. Lee.

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



ARTICLES OF INCORPORATION OF  
AIRCRAFT WAR PRODUCTION COUNCIL, INC.

The undersigned three persons hereby associate together for the purpose of forming a nonprofit corporation under the California Civil Code (Division First, Part IV, Title XII), as follows:

1. The name of the corporation is AIRCRAFT WAR PRODUCTION COUNCIL, INC.

2. It is a corporation which does not contemplate pecuniary gain or profit to the members thereof. The general object and purpose for which the Aircraft War Production Council, Inc. is formed is:

To coordinate the resources and energies of the aircraft manufacturing companies and thereby to speed the United Nations victory.

In carrying out this general object and purpose the Aircraft War Production Council, Inc. shall:

(1) Serve as a research and information agency for members of the corporation and for aircraft manufacturers in general, in cooperation with the armed services and agencies of national, state and local governments.

(2) Provide facilities for free and unrestricted interchange of information among the aircraft manufacturers, in the interests of expanded and coordinated war production efforts.

(3) Encourage and expedite the pooling of facilities, plans, practices and data contributing to increased management and employe efficiency, and the maximum production of military airplanes.

(4) Utilize the joint resources of the aircraft manufacturers, in cooperation with the armed services and governmental agencies, in the interests of employe and public morale.

(5) Coordinate research and other activities with proper governmental agencies in seeking solution of war industry problems such as transportation and housing of employes.

(6) Correlate aircraft manufacturer compliance and cooperation with rules and regulations governing assembly and release of public information promulgated by the War Production Board, the Army, the Navy, the Marine Corps, and all agencies of government concerned in the war effort.

(7) Exercise such powers as may be permitted by law.

3. The principal office for the transaction of the business of the corporation is to be located in the County of Los Angeles, State of California.

4. The names and addresses of three persons, who are to act in the capacity of directors of the corporation until the selection of their successors, are John C. Lee, Natalie Townsend, and Mary Phipps, each of 7046 Hollywood Boulevard, Los Angeles, California. The number of directors may be changed by a by-law of the corporation but shall not exceed twice the number of members.

5. The authorized number and qualifications of the members of the corporation, the property, voting, and other rights and privileges of the members, and the liability of each to dues or assessments and the method of collection thereof, shall be set forth in the by-laws of the corporation.

6. The articles of incorporation may be amended or repealed (in whole or in part) and by-laws adopted, amended or repealed (in whole or in part) only upon approval of at least three-fourths (3/4) of the total number of members.

Executed by the undersigned persons, and each of them, on April 3, 1942.

---

John C. Lee

---

Natalie Townsend

---

Mary Phipps



BOARD OF DIRECTORS  
Aircraft War Production Council, Inc.  
Committee Reports

May 6, 1942

I N D E X

Page No.

Reports

Advisory Committee on Production Summary Report . . . . .	1
Advisory Committee on Materiel Summary Report . . . . .	4
Advisory Committee on Transportation and Housing Summary Report . . . . .	7
Meeting Report . . . . .	13
Advisory Committee on Engineering and Standards Summary Report . . . . .	15
Meeting Report . . . . .	20
Advisory Committee on Plant Defense Summary Report . . . . .	22
Meeting Report . . . . .	25
Advisory Committee on Accounting Summary Report . . . . .	26
Advisory Committee on Industrial and Public Relations Industrial Section Summary Report . . . . .	28
Public Relations Section Summary Report . . . . .	32

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

SUMMARY REPORT  
(To May 1, 1942)

ADVISORY COMMITTEE ON  
PRODUCTION

THE COMMITTEE

R. B. Parkhurst	Consolidated - Chairman
Frederick W. Conant	Douglas
Chet Pearson (alt.)	"
R. A. Von Hake	Lockheed
Harold Raynor	North American
Paul Buckner	Northrop
Eddie Malloy	Ryan
B. T. Salmon (alt.)	"
H. E. Ryker	Vega
R. A. Lawson	Vultee
J. E. I'Anson (alt.)	"

1. Production Problems Considered To Date.
  - a) Production facilities of a company may be partially idle at a time when such facilities are badly needed by another plant.
  - b) Individual production men have not been in a position to coordinate activities because they previously lacked the means for free exchange of production information.
  - c) Cost rates on interchangeable production items need standardization as far as practicable. This will be done on a "no profit" basis.
  - d) Lack of central or uniform information on tooling work and inadequate means of distribution of such information often causes duplication of effort.
  - e) Company specialists have been unable to contact directly and without delay similar specialists in other companies.
  - f) Adequate record of past cooperative action has not been kept.

2.

## 2. Objectives.

- a) To minimize or eliminate production slow-downs from so-called "bottle-necks" or from equipment failures; to establish a free flow of production information between companies; to establish a means of exchanging use of facilities; and to maintain a record of cooperative effort by:
  - (1) Familiarizing production specialists with work of men in similar capacities at other plants.
  - (2) Perfecting procedure for effective coordination of production facilities.
  - (3) Maintain current and past record of accomplished cooperative projects.

## 3. Cooperative Methods.

- a) Committee met April 29, 1942, at request of Directors of Council.
- b) In order to meet objectives and solve major problems of production, the Committee designated individual members to study specific activities and to report at next meeting, May 12, 1942.

The following assignments were made:

- (1) R. A. Von Hake of Lockheed, to study methods of exchanging information regarding idle machinery, and to schedule three tours for production men to the plants in the San Diego, Southern Los Angeles County and San Fernando Valley areas. During these tours, production men will study methods at other plants, seek out ideas for constructive application to their own problems.
- (2) J. E. I'Anson of Vultee, to study and discuss with tooling experts the best means of exchanging information on this subject, and to outline possible plans to coordinate present and future developments in tooling.
- (3) Paul Buckner of Northrop, to investigate general inspection policies with a view toward standardization.
- (4) R. B. Parkhurst of Consolidated, to study plant layouts with view toward expediting production through simplification of handling equipment and parts.



- (5) H. E. Ryker of Vega, to study means of interchanging manufacturing records and types of recording equipment.
- (6) Harold Raynor of North American, to study means of standardizing manufacturing procedure in planning, material control, production control, and methods of scheduling.
- (7) Chet Pearson of Douglas, to prepare outlines of previous inter-company cooperative action including exchange of information which made possible the development of long range, medium and attack bombers.

(Note: All of these studies are being made by direct contact with production specialists in each plant, so the study will be an over-all picture of all eight companies.)

- c) Agreed that negotiations for exchange of production information may be conducted directly by members of the Committee with one another to facilitate handling.
- d) Agreed to appoint alternates for each member so that one man fully acquainted with procedure will be available at all times.
- e) Each company is compiling schedule of cost rates to simplify procedure for utilizing available machine time.
- f) Exchanged information ideas on current and possible future problems with a view toward setting up major problems as first objectives and clarifying procedure to solve minor problems.

#### 4. Future Activities.

- a) Visit other plants regularly, keep in touch with current advancements in production methods and pool observations on production methods through regular informal discussions at the scene of activity.
- b) Maintain a running flow of information on current production conditions, including up-to-date listings of available and desired facilities.
- c) Stimulate action to standardize, as far as practicable, inspection methods, both company and Federal.
- d) Continue to study means to speed up flow of information which will result in proper allocation of production work to shop's best schedules.
- e) Study of all new developments in production methods for adaptability.

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

SUMMARY REPORT  
(To May 1, 1942)

ADVISORY COMMITTEE ON  
MATERIEL

THE COMMITTEE

G. R. Laughlin	Vultee - Chairman
Howard G. Golem	Consolidated
Victor E. Bertrandias	Douglas
Roger Lewis	Lockheed
Robert Monroe	North American
William Osborne	Northrop
Fred W. Ford	Ryan
B. W. deGuichard	Vega

1. Materiel Problems.

- a) Critical materiel shortages may develop in a given plant at a time when other plants in the area have actual surpluses, or substantial stocks of the needed materiel.
- b) A standard policy is needed on the charge to be made for the sale or loan of materiel to meet acute shortages.
- c) While materiel for fixed price contract work can be transferred or loaned at the discretion of the manufacturer, materiel for cost-plus-fixed-fee contracts cannot be transferred without a directive from the Army or Navy.
- d) Information regarding availability and productive capacity of sub-contractors for outside production work generally is inadequate for effective allocation of work on short notice.
- e) Extent and duplication of reports required by various governmental agencies seriously complicates efforts to obtain maximum efficiency in materiel matters.
- f) Representation on materiel matters through the Aeronautical Chamber of Commerce of America is not effective. The Committee feels that in materiel matters the Aeronautical Chamber of Commerce of America has attempted to cover too wide a field on small problems, and has restricted its activities to too narrow a field on major problems.



- g) There is no uniform procedure for the inspection of materiel by company inspectors, or Army and Navy inspectors.
- h) In interests of maximum use of machines in entire area, companies must develop procedure of listing available machine time in both aircraft and outside production plants.

## 2. Objectives.

To prevent production delays in any given plant by either acute materiel or machine time shortages; to coordinate all available information and facilities in the interests of maximum production by:

- a) Utilizing all available materiel at the point where it is most needed.
- b) Interchange of available machine time both in the plants of prime contractors and in outside plants.
- c) Interchanging all materiel information through executives with authority to act.

## 3. Past Cooperation.

- a) Companies, acting on an informal basis, have interchanged materiel and data on materiel matters with constructive results.

## 4. Future Cooperative Activities.

- a) Procedure has been established for interchange of materiel and machine time to meet critical shortages. A contact man has been designated by each plant to be responsible for facilitating loans of materiel, use of machine time in the plant, and use of outside productive capacity.
  - (1) While arrangements on materiel, machine time, etc. ordinarily can be made through the plant contact man designated by the materiel executive, wherever necessary the members of this committee will consult directly with each other to obtain prompt action.
  - (2) The Board of Directors of the Council is requested to seek directives from the Army and Navy contract officers regarding release of excess materiel under cost-plus-fixed-fee contracts, to relieve critical shortages.



- (3) Loans of materiel will be made on the assurance that the borrowing company's purchasing department has similar materiel on order and will return at no handling charge within 60 days.
  - (4) When materiel is obtained on an outright purchase, not to be replaced, the Board of Directors is requested to determine a standard handling charge. (It has been agreed to eliminate handling charges.)
  - (5) Each company will create a list of surplus and large stocks of materiel, and will forward in triplicate to the purchasing departments of other companies. These lists are to be kept up to date by periodical reports.
  - (6) Each company will maintain a record of materiel loans and other transactions to meet acute shortages, and will make a monthly report to the Committee, showing the name of the company, the date, the type of materiel, and the classification as purchase or loan.
  - (7) Each company will maintain a record of available machine time.
- b) The Committee agreed that in the case of GFE shortages within the individual company, contact will be made with the appointed liaison men at other plants to request information regarding the amount of GFE items available. This information then will be referred to the District Air Corps Officer, with a request for authorization for a loan or exchange.
  - c) Trade information, such as available facilities for outside production work, will be exchanged by the companies, and will be available to any war production manufacturer, regardless of membership in the Council.
  - d) On small quantity replacements of interchangeable items, such as small parts, forgings and castings, each company will check with the other companies to see whether these items are available on a purchase or exchange basis, before placing such small replacement orders with the mill.
  - e) Action regarding PD-25 under the Production Requirements Plan is being held in abeyance pending further study by the Committee.
  - f) The companies will interchange materiel information and seek coordinated solution of problems through regular monthly meetings on the second Thursday of each month at 1:00 p.m. Meeting notices will be sent out by the chairman or the Council Staff.

SUMMARY REPORT  
(To May 1, 1942)

ADVISORY COMMITTEE ON  
TRANSPORTATION AND HOUSING

--

1. Transportation Problems:

- a) Surveys of Lockheed and North American indicated tire replacements for employes of two plants alone required average of 7,038 tires monthly.
- b) Only 8589 tires allowed for Los Angeles County in April.
- c) Cars averaged 1,6 persons each for trips to aircraft plants.
- d) Methods of assigning tire certificates varied among tire rationing boards, complicating attempts of employes to obtain tires.
- e) Lack of uniformity in procedure wasted many hours of employe time in obtaining certificates.
- f) Unique geographic conditions forced 91 per cent of aircraft employes to travel to work by automobile.
- g) Mass transportation carriers were reluctant to expand service because of financing problems and because existing routes carrying civilian workers were being expanded to handle increased traffic from tire shortage.

2. Objectives -- To prevent or minimize loss of employe working time resulting from inadequate transportation or housing facilities; to establish a record of maximum effort to relieve the problems under existing conditions, and to provide proof of the need for additional tire or transportation allotments by:
- a) Promoting rubber conservation.
  - b) Developing increased mass transportation facilities.
  - c) Counteracting housing shortages near the plants.

3. Methods used:

- a) Committee formed at suggestion of companies March 27, 1942.
- b) Complete transportation surveys started by all companies and State Railroad Commission to show number of employes traveling by each means of transportation, average distance traveled daily, average passengers per car, availability of mass transportation carriers and all other facts required.
- c) Completion of surveys by Lockheed, North American, Douglas, Vultee and the State Railroad Commission (in the San Diego area). The Railroad Commission expects to complete its Los Angeles area survey soon.
- d) Establishment of a uniform rubber conservation program at all plants.
  - (1) To help employes reach minimum use of automobiles pending solution of the mass transportation shortage.



- (2) To eliminate waste of time by employes in obtaining tires needed to reach work.
  - (3) To assure full utilization of existing rubber supplies.
- e) Mass transportation improvement sought.
- (1) Lockheed established chartered bus lines from rail heads, worked with utility companies and Railroad Commission to expand the service and add necessary rail or bus lines.
  - (2) Douglas presented survey to Los Angeles Railway in steps to work out complete rail or bus service to handle majority of employes.
  - (3) Northrop and North American discussed plans for new common carrier service to plants with L. A. Railway and offered to submit surveys; also would serve Douglas, El Segundo. L. A. Railway promised to work out engineering problems.
  - (4) Vultee and Douglas (Long Beach) worked out extension of south-east area mass transportation facilities to carry about one-sixth of employes.
  - (5) Group met with Railroad Commission to exchange ideas for future mass transportation expansion. Close liaison and additional meetings planned.
  - (6) Exchanged ideas on individual company policy regarding liability under rubber conservation programs.

- f) Check on effectiveness of previous activities.
- (1) All companies in the Los Angeles area arranged spot check of cars in use between 6:00 and 9:00 a.m. on May 5 and 12 to determine changes in percentage of employes using private automobiles. If found effective, this check will become routine.
  - (2) Lockheed reported 3% of its total employes using buses as of April 28. Number of cars in Lockheed parking lots has gone down 8%, retiring 140 cars out of 650 employes.
  - (3) Vultee reported number of persons in each car has advanced from 1.4 to 1.9.
- g) Members exchanged informally information on procedure for distribution and sale of bicycles to employes.

#### 4. Future Activities:

- a) Stimulate action by common carrier companies, Railroad Commission and Federal agencies which will be asked to cooperate in the early expansion of mass transportation carrier lines either by rail or bus to accommodate a majority of aircraft workers.
- b) Study of such possible developments as staggering of shifts (but not within shifts), which may be required to enable full use of carrier facilities, and coordinating any necessary changes so that production efficiency will be maintained. Committee does not agree to stagger shifts within plants until available facilities are tested to the utmost on present set-up.

- c) Reduce automobile use to a minimum through conservation programs so that maximum life of tires will result and contribute to uninterrupted transportation of employes until completion of mass transportation arrangements.
- d) Stimulate development of housing facilities near plants through cooperation with private and governmental agencies in order to further eliminate need for extensive travel to and from work by employes. Committee to maintain closer liaison with Colonel Branshaw.

5. Governmental Agencies:

- a) State Railroad Commission.
  - (1) Committee can aid in providing mass transportation by supplying survey information, working out shift changes and providing concrete evidence for basis of new services.
- b) Office of Defense Transportation.
  - (1) Committee can aid Railroad Commission (official O. D. T. agency) and others to provide information showing necessity for financial aid to carrier companies so they may obtain sufficient equipment to expand service to plants.
- c) Federal Housing Agencies.
  - (1) Committee can assist in determining areas requiring approval of financial assistance for home or housing project construction.
- d) Los Angeles Housing Commission.
  - (1) Committee can aid in determining areas requiring mass housing units.



e) War Production Board.

- (1) Committee can keep War Production Board constantly informed on transportation, which, in the final analysis, is essential to the production process.

f) Western Procurement Office, Materiel Branch, Army Air Forces.

- (1) Committee can aid through liaison as in "e" above.

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

278  
13

MEETING REPORT  
(April 28, 1942)

ADVISORY COMMITTEE ON  
TRANSPORTATION AND HOUSING

Present were:

Robert C. Stormont	Lockheed -- Chairman
George Hunt	Douglas
J. J. Harty	North American
C. W. Schmidt	" "
A. R. Fredericks	Northrop
Harris McIntosh	Vega
A. R. Baish	Vultee

1. Robert C. Stormont, Chairman, advised members of the committee that 1200 bicycles have just been released to Lockheed, advising members to contact Mr. Muller on requests for bicycles. He also discussed briefly government requests that the company retain title to the bicycles purchased, pointing out that Lockheed is opposed to retaining title. Lockheed has promised to build sheds for bicycles to encourage their use by employes.
2. Transportation conditions reported included:
  - a) Lockheed has put 3% of total employes in buses. Lockheed has started bus service from Santa Monica to the plant, and original service of three buses has grown to 19.
  - b) Number of cars in Lockheed parking lots has gone down 8%; in one department, 140 cars have been retired from a group of 650 employes.
  - c) Mr. Hunt, of Douglas, reported on negotiations with the Los Angeles Railway. Douglas may have to go into a charter arrangement.
  - d) Mr. Baish reported on bus service to Vultee from Long Beach, Pomona and Santa Ana. Vultee has erected a bus terminal which was to go in service May 4. Motor vehicles are prohibited from stopping to load or unload on highway by plant. Bus riders jumped more than 100 to April 27. Vultee seeks to make bus transportation available and attractive.

2.

- e) Vultee showed average number of riders per car has gone from 1.4 to 1.9 in six weeks. Several weeks ago 149 cars entered parking lots with one passenger. On last check, only 59 cars carried only one passenger.
- f) Committee agreed to spot-check company parking lots between 6:00 and 9:00 a.m. on May 5 and May 12, in order to establish a preliminary record of progress in the rider-driver policy. If this spot-check shows sufficient progress, regular checks will be made in the future.
- g) Study of possible staggering of shifts will continue, but under a policy of arranging such staggering only after all available facilities for mass transportation are taxed to the limit.
- h) Mr. Stormont offered to furnish committee members with copies of the Lockheed agreement with the common carrier companies.
- i) The committee instructed the Council staff to maintain close contact with Railroad Commission on all matters regarding mass transportation, and constantly to press immediate completion of Railroad Commission survey.

### 3. Housing.

- a) Companies now post lists of rental properties available in vicinity of plants.
  - b) New employees are told of available living quarters within area.
  - c) Lockheed has made a survey of surrounding terrain suitable for barracks.
  - d) The committee will maintain close contact with Colonel Brenshaw's office on future housing developments.
4. Regular meeting date of the committee was set for the second Wednesday of each month. Reports of activities will be filed with the Council on or before the 10th day of each month.



AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIASUMMARY REPORT  
(To May 1, 1942)ADVISORY COMMITTEE ON  
ENGINEERING AND STANDARDS

## THE COMMITTEE

Mac Short	Vega - Chairman
R. G. Mayer	Consolidated
Arthur E. Raymond	Douglas
Hall L. Hibbard	Lockheed
Gordon Throne	North American
Arch Dutton	Northrop
Benjamin T. Salmon	Ryan
J. L. Fechter	Vultee

## 1. Engineering and Standards Problems.

- a) Need for additional engineering personnel, adequately qualified for aircraft engineering work, appeared to be the major problem. Associated with this is the problem of training engineering personnel.
- b) Second in importance was the matter of material substitution -- if and as suggested, the substitution of less strategic materials.
- c) Need for adequate interchange of records and efforts by aircraft companies to determine solution of common problems.
- d) Need for more uniformity in drafting room procedures, methods of presenting data on drawings, and presentation of information to sub-contractors.
- e) Failure occurring in parts or sections supplied the aircraft manufacturers by vendors or sub-contractors.
- f) Need of standardization or coordination of process and finish specifications.
- g) Elimination of waste or duplication of efforts in the solution of research problems, and the coordination of a research program.

## 2. Objectives.

More efficient use of engineering manpower for greater production, through:

- a) Speeding the training of engineers by interchanging data on training procedures both within plants and on the outside.
- b) Coordinating engineering work among the companies to gain the advantages of group study, and to avoid inefficient duplications of effort.

## 3. Cooperative Methods Used in the Past.

- a) Efforts to meet the problem of engineering manpower have included interchange by the engineering personnel managers of data on training methods and personnel problems.

In some cases, there has been actual interchange of personnel on a loan basis to meet an emergency need. For example, Vultee made a group of engineers available to Vega for a period of three months, and as a result of this cooperation, Vega was able to meet a schedule.

- b) On the problem of substitution of materials, there has been a degree of informal interchange of data through normal channels, and as a consequence, of contact among the men dealing with this subject within the industry. However, there has been no organized procedure for a sustained flow of interchanged information, on the substitute material problem. By the very nature of the work, there has been some exchange through the NASC.
- c) In connection with the general problem of exchanging engineering data and reports, there likewise has been no formal and continuing procedure, but from the report of Mr. Raymond (See Exhibit A) and other information, it would appear that Douglas and other companies have made data on design and many other reports available to a large section of the aircraft manufacturing industry.
- d) In the field of standards activities, there has been constructive accomplishment through the medium of the NASC. The NASC was initiated by the manufacturers, without the suggestion of any outside agency, and has achieved outstanding results, particularly in standardizing small hardware.



3.

- e) An approach to the problem of duplicated research effort is indicated by the joint program in which the Consolidated, North American, Douglas and Lockheed companies are cooperating with the California Institute of Technology on a wind tunnel project.
- f) All of the member companies of the Council have exchanged information on numerous engineering problems, including those enumerated in Section No. 1, as well as other problems. This has been done on an informal basis of direct contact between two or more engineers in separate companies who were concerned with the same problem.

#### 4. Methods of Further Cooperation.

- a) The Committee has agreed to exchange training method procedures among all of the member companies, and to hold this information available for any non-member company or any governmental agency. It was also agreed that to meet emergency needs for engineers, it will be possible to lend small groups of engineers for limited periods.
- b) The Committee agreed that each member will prepare a report on his company's work with substitute materials, following the general lines of the report submitted by Mr. Raymond of the Douglas Company. These reports would be exchanged among the companies at the next meeting of the Committee. It was agreed that in the interest of greater efficiency, the members of the Committee would coordinate their action in response to governmental directives on the question of substitute material. It was further agreed that the office of the Chairman would be the central point for this coordinating work. In this manner any contradictory directives from various governmental agencies could be clarified before work is done on them by the respective companies.
- c) The Committee agreed that a bibliography of engineering reports will be established in the following manner: each company will list topically its more important engineering reports and in the future will keep up-to-date reports on such matters as flight tests, engine block tests, tail surface research, etc. The bibliographies will be maintained through uniform reference cards in the libraries of each company, and in the offices of the Council. The form for these reference cards will be worked out by the Douglas librarian. The original bibliography will be collected on the basis of reports to be presented by each member at the next meeting of the Committee.



- a) The Committee agreed to submit reports within a week on problems encountered in the mal-functioning of GFE and outside manufactured parts, together with recommendations for amelioration of this problem.
- e) The Committee agreed to seek allocation of priorities for material needed by companies for research projects. Specifically, the Committee suggested action on the Consolidated, Douglas, North American and Lockheed wind tunnel project now being delayed by lack of material. It was recommended that this matter be considered by the Board of Directors, and appropriate action be taken. The detail on this project will be provided by the Douglas representative.
- f) The Committee agreed on the following general approach to coordinated action on problems of engineering and standards:

Plant problems will be presented at regular monthly meetings for group discussion. At the next meeting of the Committee, each member will present a memorandum on major current problems along the lines discussed at the first meeting. (See North American memorandum, Exhibit B).

By a process of selection the most important problems will be scheduled for intensive study, and an effort will be made to avoid spreading the program over such a wide range as to become ineffectual on specific matters. The criterion by which projects will be selected will be the importance of the problem in relationship to war production.

After discussion by the Committee, selected problems will be given detailed study by specialists within the plants in the various fields of work. The activity of the specialists on these problems will be arranged and coordinated by the members of the Committee who are the heads of the engineering departments. Committee members will arrange, where desirable, for specialists in each plant to work together on a problem. All coordination and liaison, however, must be carried on through the company representative on the Advisory Committee on Engineering and Standards.

When a problem involves immediate action, members of this Committee will establish contact with each other and will coordinate their work through the chairman and Council staff. Efforts will be made to eliminate duplication of work on specific engineering and research problems.

In approaching many problems it will be found that the work of this Committee will affect the work of other committees, such as Production and Materiel. It was the consensus of the meeting that coordination will be established through meetings of committee chairmen.

5. Coordination with Governmental Agencies.

- a) In the directive from the Board of Directors of the Council, committees were requested to report on problems which should be worked out with governmental agencies. It is suggested that this Committee will make definite recommendations for coordination or liaison with governmental agencies, in relationship to specific problems, as the problems are analyzed and as conclusions are reached.

MEETING REPORT  
(April 29, 1942)

ADVISORY COMMITTEE ON  
ENGINEERING AND STANDARDS

Present were:

Mac Short	Vega - Chairman
R. G. Mayer	Consolidated
Arthur E. Raymond	Douglas
Hall L. Hibbard	Lockheed
Gordon Throne	North American
Arch Dutton	Northrop
Benjamin T. Salmon	Ryan
J. L. Pechter	Vultee

Representatives from each associated aircraft plant of Southern California met for the first meeting to receive certain instructions from the Council, and to plan a program on the basis of this directive.

The agenda presented by Mr. John C. Lee, staff representative of the Council, included:

1. Discussion of formation and purposes of Aircraft War Production Council.
2. Reference to resolutions adopted by the company presidents (Board of Directors of Aircraft War Production Council), concerning formation of committees.
3. Request from president of Council that committees meet and make reports within one week.

The Aircraft War Production Council, Inc. has been formed as a coordinating and research agency of major aircraft manufacturers. The Council provides facilities for free and unrestricted inter-change of information among the aircraft manufacturers and government agencies, in the interests of expanded and coordinated war production. The Council will encourage and expedite the pooling of facilities, plans, practices and data contributing to increased efficiency.

The members of the Council are the Consolidated, Douglas, Lockheed, North American, Northrop, Ryan, Vega and Vultee companies. The presidents of these companies form the Board



of Directors, as the actual policy-making and governing body of the Council. Information compiled by the Council is available to any war industry, regardless of membership in the Council, and, of course, to government agencies. Referring to a resolution adopted by company presidents concerning formation of committees, the Advisory Committees are as follows:

Advisory Committee

Chairman

Accounting	R. A. Lambeth
Engineering and Standards	Mac Short
Industrial and Public Relations	A. M. Rochlen
Material	G. R. Laughlin
Plant Defense	Albert M. Gee
Production	R. B. Parkhurst
Transportation and Housing	Robert C. Storment

The attached Summary Report represents the Committee's findings to date.

It was agreed that the Advisory Committee on Engineering and Standards will meet the second Thursday of each month, at 1:30 p.m., in the offices of the Aircraft War Production Council.

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

## SUMMARY REPORT

ADVISORY COMMITTEE ON  
PLANT DEFENSE

## THE COMMITTEE

Albert M. Gee  
George Hunt  
W. F. Persons  
John Hanson  
A. R. Miller  
Edward Burke  
A. B. Leckie  
Val C. Zimmer

Ryan - Chairman  
Douglas - Vice Chairman  
Consolidated  
Lockheed  
North American  
Northrop  
Vega  
Vultee

## 1. Plant Defense Problems.

- a) Fulfillment of specifications set forth by United States Engineers Office.
- b) Determination of responsibility for financing passive defense installations.
- c) Routine for finger-printing requires standardization.
- d) Admittance of Army and civilian personnel to aircraft plants.
- e) Clarification of Army Air Corps plant protection authority.
- f) Completion of installation of adequate passive defense requisites.
- g) Need for increasing fire-fighting equipment to assure all plants of adequate coverage, in case city fire departments are unable to attend fire within plants.

## 2. Objectives.

To coordinate efforts with individual plants in such a manner as to assure maximum plant defense with least possible duplication in experiments, and to assure constant protection of all plant facilities in the most efficient manner by:

- a) Exchanging information on past, current, and future installations.

- b) Maintaining standards set up by government agencies.
- c) Standardizing requests made of government agencies.
- d) Making available to all companies records of past experiences.

### 3. Cooperative Methods.

- a) Committee met April 30, 1942, at the request of the Board of Directors of the Aircraft War Production Council, Inc. Heretofore there has been informal cooperation and interchange of information among the plant protection departments.
- b) Outlined informally for the benefit of each other, current plant defense activities of individual companies.
- c) Established procedure for interchange of information by:
  - (1) Frequent meetings (first and third Thursdays of each month).
  - (2) Agreement to continue past procedure of telephoning individual representatives on matters requiring immediate attention.
  - (3) Arranging frequent tours of aircraft plants to inspect new plant defense equipment.
- d) Requested Council Staff to obtain ruling from the Army on the exact line of authority on plant protection matters.
- e) Agreement to work out standardization of methods for admitting both Army and civilian personnel to plants.
- f) Agreement to make uniform recommendations to the United States Engineers regarding installation of ventilating equipment for use during black-outs.
- g) Agreement to devote coordinated effort toward establishing more than ample fire-fighting equipment within all plants.
- h) Agreement to prepare more complete lists of problems the Committee may attack.

### 4. Future Activities.

- a) Committee will maintain a running record of accomplishments through coordinated effort.
- b) Suggestions for improvement of plant facilities will be disseminated to committee members through frequent visits



to other plants, starting with a meeting at Douglas,  
Thursday, May 7, at 2:00 p. m.

- c) Committee will contact government agencies to assist in setting up standard requirements.

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

290  
25

MEETING REPORT  
(April 30, 1942)

ADVISORY COMMITTEE ON  
PLANT DEFENSE

Present were:

Albert M. Gee  
George Hunt  
W. F. Persons  
John Hanson  
A. R. Miller  
Edward Burke  
A. B. Leckie  
Val C. Zimmer

Ryan - Chairman  
Douglas - Vice Chairman  
Consolidated  
Lockheed  
North American  
Northrop  
Vega  
Vultee

1. The meeting of the Committee resulted in establishing a preliminary list of major problems, and agreement to further list problems for discussion at the next meeting to be held on May 7, at 2:00 p.m., in the office of George Hunt, Douglas Aircraft. (See attached report).
2. Mr. George S. Hunt of the Douglas Aircraft Company, read an extensive report on passive defense installations at the three Douglas Company coast plants. This report included such items as:
  - a) Complete removal of all glass, including windows, skylights, and office partitions.
  - b) Special ventilation systems caused by special black-out requirements.
  - c) Installation of master switches for all exterior lights.
  - d) Complete system of splinter-proof bomb shelters for all personnel, and carefully worked out plans for movement of personnel to these shelters.
  - e) Auxiliary water supply for use in case of fire.
3. The Committee agreed to interchange information and views on recommendations to the U.S. Engineers in order to present standard requests.
4. Other matters which will be considered for coordinating effort will include helmets for workers, requests for information on decontamination, and rulings of the Army Air Corps regarding action for black-outs inside the plants.

SUMMARY REPORT  
(To May 1, 1942)ADVISORY COMMITTEE ON  
ACCOUNTING

## THE COMMITTEE

R. A. Lambeth	North American - Chairman
W. M. Shanahan	Consolidated
Ralph Hunt	Douglas
Dudley E. Browne	Lockheed
Claude N. Monson	Northrop
T. G. Hawkins (alt.)	"
James C. Noakes	Ryan
J. J. Norton	Vega
L. K. Grant	Vultee

## 1. Accounting Problems.

- a) The proposed Revenue Act of 1942 and its effect upon the aircraft industry.
- b) Government insurance responsibility on government-furnished equipment located in all plants.
- c) Personal property tax assessments by Los Angeles county.
- d) Army and Navy auditing procedure.
- e) Clarification of TD 5000.
- f) Advances to subcontractors.

## 2. Objectives.

- a) Since government regulations on accounting procedure affect the operations of all departments in the aircraft plants, production will be facilitated by a maximum clarification and simplification of accounting practices. The Accounting Committee will not concern itself with any matters of contract price establishment.

## 3. Cooperative Methods.

- a) Interchange of information and cooperative action has been carried on through the Southern California Accountant Committee of the Aeronautical Chamber of Commerce since August, 1941. (The members of the Aeronautical



Chamber Committee and the Aircraft War Production Council Accounting Committee are the same insofar as the eight member companies of the Council are concerned.) The Aeronautical Chamber Accounting Committee has met on call of the chairman, Mr. Lambeth, has interchanged views on subjects of major importance and has conveyed its conclusions to the eastern Accounting Committee of the Aeronautical Chamber, as well as to the Aeronautical Chamber Washington staff for the purpose of representations to government officers.

II. Future Activities.

- a) The Advisory Committee on Accounting will meet as a committee of the Aircraft War Production Council and will report primarily to the Board of Directors of the Council. At the same time, on national matters, the Council Advisory Committee on Accounting will report its findings and recommendations to the Aeronautical Chamber of Commerce and the eastern Accounting Committee of the Aeronautical Chamber of Commerce.
- b) In order to continue the constructive work of the Aeronautical Chamber Accounting Committee and to avoid duplication of effort, Mr. Lambeth was unanimously elected to serve as chairman of the Council Accounting Committee. He holds the same position on the Southern California Accounting Committee of the Aeronautical Chamber.
- c) The Council staff will coordinate work with the Accounting Committee, provide secretarial assistance, etc.
- d) The Committee recommended to the Board of Directors the employment of the firm of Thompson, Cooper & Thompson to advise in the setting up of books of the Aircraft War Production Council and to make quarterly audits.
- e) The Accounting Committee will meet on the third Thursday of each month at 1:00 p.m. on notice from the chairman.

SUMMARY REPORT  
(To May 5, 1942)

ADVISORY COMMITTEE ON  
INDUSTRIAL AND PUBLIC RELATIONS  
(INDUSTRIAL RELATIONS SECTION)

THE COMMITTEE

W. G. Tuttle	Vultee - Chairman
M. E. Beaman	North American - V. Chairman
A. M. Rochlen	Douglas
R. Randall Irwin	Lockheed
Walter Gage	Northrop
William Wagner	Ryan
H. G. Waterbury	Consolidated
Ralph B. Smith	Vega

OBSERVERS

Jack Anderson	Douglas
J. C. Jenkins	Lockheed
O. T. Phillips	Douglas
Gary Adams	Ryan

1. Industrial Relations Problems.
  - a) Labor Supply and Recruitment
    - 1) Cooperation with government agencies and more effective utilization of the operation of central Aircraft USES.
    - 2) Full utilization of local labor supply before recruiting in other areas.
    - 3) Temporary exchange of personnel between companies on the basis of critical needs.
  - b) Selective Service
    - 1) Establishment of uniform policies and procedures on requests for deferment.
    - 2) Attempt to secure from Selective Service Organization uniform policy on granting of deferment.

## c) Turn-Over

- 1) Investigate possible causes, such as:

Restlessness  
Employe morale.  
Lack of clear application of Selective  
Service policy  
Voluntary enlistments  
Differentiation in wages and earnings  
due to differences in over-time work  
between Aircraft Companies and other  
defense industries.

- 2) Suggest possible remedies.

## d) Job Classification and Wages.

- 1) Continuation of work of standardizing factory jobs, titles, descriptions and evaluations.
- 2) Extend study to office, engineers, and groups not covered under factory classifications.
- 3) Make available to proper government agencies all information on wages and earnings.
- 4) Make available to proper government agencies studies of periodic wage review and services.

## e) Education and Training

## f) Standardization of Employment Requirements-

- 1) Uniform citizenship procedure.
- 2) Standard physical requirements.

## g) Special Problems Involving Employment of Women.

## 2. Objectives.

- a) This Committee believes the war effort can be furthered by:

- 1) Free interchange of information, suggestions and experiences in the field of industrial relations.
- 2) Cooperative efforts to solve the above problems.
- 3) Conduct joint studies.



### 3. Past Cooperation.

- a) Cooperation in the establishment of Los Angeles Central Office of United States Employment Service for aircraft workers to simplify the procurement of available labor.
- b) Standardized job analysis, description, evaluation, classification, and titles.
- c) Periodic rate and wage review data exchanged in cooperation with the government.
- d) Exchanged under government auspices salaried rates and classification data.
- e) Exchanged under government auspices salary and factory job descriptions.
- f) Some inter-plant cooperation secured through the Los Angeles Aircraft Advisory Committee regarding educational problems of a pre-employment and supplementary nature. Up until March of this year monthly meetings were held covering the above problems.
- g) Some exchange of information on educational programs of a work simplification nature for supervisory personnel.
- h) Safety Engineers of various companies have been meeting for interchange of information.

### 4. Future Cooperation Activities.

- a) Continuation of cooperative efforts on items in #3.
- b) Development of uniform statement of policy on selective service deferments - referred to R. Randall Irwin of Lockheed, M. E. Beaman of North American, and O. T. Phillips of Douglas.
- c) Classification of aircraft industrial jobs for use for selective service boards - referred to Walter Gage of Northrop and Gary Adams of Ryan to assign to inter-company evaluation committees.

- d) To pledge full cooperation with War Manpower Commission in its efforts to make the most effective use of the nation's manpower.
- e) Continue and further extend extensive cooperation with public schools and colleges under the nation's defense training program.
- f) Continue and further extend extensive in-plant training program under the program being advanced by Training Within Industry Division of W.P.B.
- g) A study of legislation regarding employment.

AIRCRAFT WAR PRODUCTION COUNCIL, INC.  
LOS ANGELES, CALIFORNIA

SUMMARY REPORT  
(To May 5, 1942)

ADVISORY COMMITTEE ON  
INDUSTRIAL AND PUBLIC RELATIONS  
(Public Relations Section)

THE COMMITTEE

A. M. Rochlen	Douglas - Chairman
E. N. Gott	Consolidated
Leonard K. Schwartz	Lockheed
Leland R. Taylor	North American
T. C. Coleman	Northrop
William Wagner	Ryan
John Canaday	Vega
T. C. Sullivan	Vultee

OBSERVERS

John Thompson	Consolidated
Jack Anderson	Douglas

1. Objectives.

It is the objective of the Public Relations Committee to convey to the employes and to the public, all policies, measures and acts of the Aircraft War Production Council.

The major part of this program involves interpretation of the war effort so that each employe can understand the importance of his job and better perform it. The Committee acts on the assumption that a thorough understanding of war production problems by the employes and a free interchange of ideas and information by member companies will achieve that degree of cooperation necessary to final victory.

Participation by the employes in this undertaking will aid in developing public confidence and support.

2. Methods.

To this end, the Public Relations Committee will utilize the following methods:

- a) Employe information and education for morale building and production stimulus.

(The Council Directors are familiar with individual activities of companies in the several phases of methods enumerated below. In the past there has been informal interchange of information and material on these subjects among



the member companies. The Committee has arranged procedure for complete integration and exchange of data and reports on individual activity. This will make available to member companies, as well as other war industries and government agencies, all information and experience acquired by any company.)

Procedures for interchange of information have been established in the following categories.

- (1) Shop Suggestions for Increased Production: All suggestions found practical by individual companies will be referred to other member companies of the Council, under the procedure which will seek to protect the interests of the employe originating the suggestions.
- (2) Publications: Plant newspapers, house organs, magazines, booklets, pamphlets, etc.
- (3) Plant Broadcasts to Employes: Official announcements, emergency information, reports on exploits of planes built by company workers, messages by government and other prominent visitors, general news summaries, entertainment.
- (4) Posters: Production, material conservation, safety, morale, defense bond sales, plant security, general information.
- (5) Bulletin Boards and Production Score Boards: The latter boards seek to present in graphical form a report on production increases without disclosing military information.
- (6) Contests: Plane-naming, slogans, etc.
- (7) Recreation: Cultural, health, etc. Management participates in financing.
- (8) War Drive and Charity Contributions by Employes: Defense bonds -- "Buy A Bond Club," "Buck of the Month Club," etc.

b) Public Education and Information.

(This activity will interpret to the public, through all proper channels of information, the war production accomplishments of the Council and the aircraft industry. All such information will comply with the letter and spirit of regulations controlling dissemination of military information. This public information activity will rest upon the solid accomplishments of the operating committees and the Council organization in such matters as exchange of materiel, machine time, etc. to speed airplane production.)

- (1) The spirit of cooperation and sincerity which is demonstrated by the Council is one of the most significant developments in American industry today, and the Council through its public relations efforts must convey this inter-company cooperative spirit to the public.

- (2) The detailed workings of the Council's Committees -- how, through joint efforts, X Company, for instance, now uses Y Company's tools, and how red tape has been completely eliminated to accomplish immediate action -- have been talked of before, but never before has the necessary machinery been set up to do the job quickly and without friction.

### 3. Recommendations.

- a) The Committee recommends (in consultation with the Industrial Relations Section) that the Board of Directors seek a clarification of apparent conflict in policies of two branches of the War Department. While on the one hand the War Department Public Relations Branch seeks to build morale by emphasizing the importance of men in the "Army of Production," on the other hand the Selective Service Boards' policies tend to stigmatize men not in Army or Navy uniform. This aggravates employees' uncertainty over their draft status, since skilled and highly essential employees do not know whether they may expect to be drafted for general Army service or whether they should believe that they are regarded as important to the war effort in their present productive positions.
- b) The Committee recommends (in consultation with the Industrial Relations Section) that the Board of Directors, in considering policy on Selective Service, review the ultimate alternatives of a very high percentage (in excess of 50%) of women workers in the aircraft plants, or a lower percentage of women workers plus a substantial percentage of occupationally-deferred skilled and experienced men.
- c) Upon clarification of the above policy questions, this Committee will be in a position to inform both the public and employees on the patriotic importance of maintaining skilled and trained individuals and teams on the production line.



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

Date	Series E				Series F and G				Total			
	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales	Actual Sales		Quota	Sales
	Daily	June 1 to Date	June 1 to Date	to Date	Daily	June 1 to Date	June 1 to Date	to Date	Daily	June 1 to Date	June 1 to Date	to Date
	to Date	to Date	as % of Quota		to Date	to Date	as % of Quota		to Date	to Date	as % of Quota	
1	\$19.8	\$19.8	\$ 21.7	91.2%	\$ 9.7	\$ 9.7	\$ 12.1	80.2%	\$ 29.5	\$ 29.5	\$ 33.8	87.3
2			32.0				19.7				51.7	
3			46.4				31.9				78.3	
4			63.6				42.4				106.0	
5			79.6				51.0				130.6	
6			93.7				57.6				151.3	
8			120.0				69.6				189.6	
9			132.4				77.3				209.7	
10			149.6				89.5				239.1	
11			170.0				100.0				270.0	
12			189.0				108.6				297.6	
13			205.6				115.1				320.7	
15			236.5				127.2				363.7	
16			251.1				134.8				385.9	
17			271.3				147.1				418.4	
18			295.2				157.6				452.8	
19			317.4				166.2				483.6	
20			336.9				172.7				509.6	
22			373.0				184.8				557.8	
23			390.0				192.4				582.4	
24			413.5				204.6				618.1	
25			441.1				215.2				656.3	
26			466.8				223.7				690.5	
27			489.2				230.3				719.5	
29			530.6				242.4				773.0	
30			550.0				250.0				800.0	

June 2, 1942.

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

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

\* Takes into account daily trend within the week, but does not take into account the trend by weeks during the month.



## TREASURY DEPARTMENT

301

INTER OFFICE CORRESPONDENCE

DATE JUN 2 - 1942

TO Secretary Morgenthau  
FROM Mr. Foley

If you approve, we propose to place a group of Treasury men in the New York offices of the Swiss Bank Corporation, Swiss Agency for Foreign Exchange, and the Swiss Agency for the purpose of going through all the records of these agencies.

Since these three Swiss agencies are subject to the Funds Control license, a sufficient number of Treasury representatives will be stationed on the premises to check on their activities. We have occasionally checked the records in these offices in connection with our investigations of a few concerns in this country with German connections and have found much useful information in these specific cases.

We now propose to send a staff of persons into the three agencies for the purpose of going through all of the files and records in order to obtain the information contained therein concerning the background of companies in this country

TREASURY DEPARTMENT

301

INTER OFFICE COMMUNICATION

DATE JUN 2 - 1942

TO Secretary Morgenthau  
FROM Mr. Foley

If you approve, we propose to place a group of Treasury men in the New York agencies of the Swiss Bank Corporation, Swiss American Corporation, and Credit Suisse for the purpose of examining all of the files and records of these agencies.

Since June 14, 1941, the New York agencies of these three Swiss banks have been operating under Foreign Funds Control licenses. Throughout this time a sufficient number of Treasury representatives has been maintained on the premises to check on all current operations. We have occasionally checked the records in these offices in connection with our investigations of a few concerns in this country with German connections and have found much useful information in these specific cases.

We now propose to send a staff of persons into the three agencies for the purpose of going through all of the files and records in order to obtain the information contained therein concerning the background of companies in this country

- 2 -

with European connections and other significant information concerning transactions effected through these banks during the past decade. We have reason to believe that negotiations and transactions in connection with the transfer of ownership from German and Italian firms to Swiss or American names were, in many cases, conducted through the Swiss bank agencies. In as much as these three banks have numerous branches and agencies in Latin America, we may also find valuable information with respect to similar transactions and negotiations in connection with Latin American concerns.

While going through the records our men would, of course, also be on the alert for any information relative to the conduct of the Swiss banks themselves and of other Swiss institutions. Representatives of these banks participated actively in the affairs of Swiss-German industrial concerns in this country and in the management of Swiss firms which we have reason to believe are still camouflaging for German interests. Felix Iselin, who represents I. G. Farben in Switzerland as chairman of I. G. Chemie, is on the board of the Swiss Bank Corporation. Iselin, together with Gottfried Keller who is on the board of Credit Suisse, was added to the



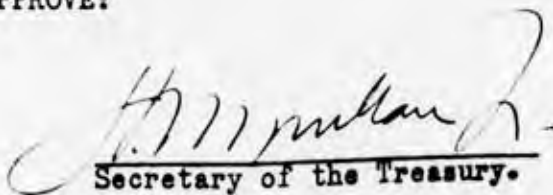
- 3 -

Proclaimed List in the supplement of May 22, 1942. A former top executive of the Swiss Bank Corporation in Switzerland, who now resides in New York, recently stated in a letter written to a colleague that he had resigned because of the fact that certain high officials of the Swiss Bank were allowing themselves to be unduly influenced by Germany's apparent success in establishing a new European order.

Our men would also attempt to ascertain the identities of the owners of a large number of accounts identified only by number and would take steps to open all sealed envelopes containing secret instructions or other information concerning assets held by these agencies.

If you are in agreement, please so indicate below.

I APPROVE:

  
Secretary of the Treasury.

9.17.42.

Treasury Department **304**  
Division of Monetary Research

Date June 3.....1942

To: Secretary Morgenthau

From: Mr. White

Original of this report appended  
to prepared letter to the President.

June 2, 1942

Exports to Russia, Free China, Burma and other blocked countries, as reported to the Treasury department during the ten-day period ending May 20, 1942

1. Exports to Russia

Exports to Russia as reported during the ten-day period ending May 20, 1942 amounted to about \$18,000,000 as compared with approximately \$67,000,000 during the similar period in April. Motor trucks and dried egg products were the principal items. Military equipment exported included 9 medium bombers, 22 light tanks and 2 medium tanks. (See Appendix C.)

2. Exports to Free China and Burma

Exports to Free China during the ten-day period ending May 20, 1942 amounted to about \$1,900,000, of which military equipment accounted for more than half. (See Appendix D.)

Exports to Burma amounted to \$5,000. (See Appendix E.)

3. Exports to France

Exports to France during the period under review amounted to \$20,000.

4. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A. Most important were exports to Switzerland and Portugal amounting to \$112,000 and \$124,000, respectively.

LSF/efe  
6/2/42



STRICTLY CONFIDENTIAL

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, 1941 to May 20, 1942.

(In thousands of dollars)

	July 28 to <u>April 30</u>	Period ended <u>May 10 6/</u>	Period ended <u>May 20</u>	Total Domestic Exports
U. S. V. R.	\$448,689	\$28,652	\$17,977	\$495,318
Free China	73,693	296	1,872	75,861
Burma 2/	12,196	-	5	12,201
France 3/	36	-	20	56
Spain	2,849	5/	5/	2,849
Switzerland	10,006	5/	112	10,118
Norway	17,646	85	5/	17,731
Portugal	8,795	5/	124	8,919
French North Africa 4/	6,283	-	-	6,283

Treasury Department, Division of Monetary Research

June 1, 1942.

- 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 period. The longer the period covered, the closer will these figures come to Department of Commerce revised figures.
- 2/ 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.
- 3/ Includes both Occupied and Unoccupied France — no breakdown is obtainable from Department of Commerce.
- 4/ Includes Morocco, Algeria, and Tunisia.
- 5/ Less than \$500.
- 6/ Due to changes in reporting procedure by the Department of Commerce, this report is incomplete for the period indicated.

W:rl 6/1/42

## APPENDIX B

Exports from the U. S. to Free China, Burma and  
U. S. S. R. as reported to the Treasury Department  
July 28, 1942 - May 20, 1942

(Thousands of Dollars) 1/

	Exports to Free China	Exports to Burma 3/	Exports to U.S.S.R.
July 28 - Aug. 2	395		4,523
Aug. 4 - Aug. 9	-		551
Aug. 11 - Aug. 16	309		986
Aug. 18 - Aug. 23	2		2,735
Aug. 25 - Aug. 30	1		1,023
Sept. 2 - Sept. 6	204		4,280
Sept. 8 - Sept. 13	2,281 2/		5,217
Sept. 15 - Sept. 20	3,822 2/		752
Sept. 22 - Sept. 27	110		2,333
Sept. 29 - Oct. 4	1,225	449	323
Oct. 6 - Oct. 11	5,812	1,157	6,845
Oct. 13 - Oct. 18	5	35	1,924
Oct. 20 - Oct. 25	269	403	5,623
Oct. 27 - Nov. 1	4,772	58	4,484
Nov. 3 - Nov. 8	1,672	342	4,552
Nov. 10 - Nov. 15	2,851	88	2,677
Nov. 17 - Nov. 22	1,228	1,021	3,581
Nov. 24 - Nov. 29	3,239	1,364	2,436
Dec. 1 - Dec. 6	791	64	3,609
Dec. 8 - Dec. 13	2,337	18	12,040
Dec. 15 - Dec. 20	111	8	4,580
Dec. 22 - Dec. 27	1	196	1,829
Dec. 29 - Jan. 3	35	2	3,993
Jan. 5 - Jan. 10	91	1,073	8,247
Jan. 12 - Jan. 17	1,695	447	5,874
Jan. 19 - Jan. 24	-	-	3,885
Jan. 26 - Jan. 31	6,938	923	9,608
Feb. 1 - Feb. 10 4/	4,889	1,054	13,315
Feb. 10 - Feb. 20	4,855	583	26,174
Feb. 20 - Feb. 28 5/	2,921	-	28,119
Mar. 1 - Mar. 10	2,879	23	32,509
Mar. 10 - Mar. 20	8,058	3	28,556
Mar. 20 - Mar. 31 6/	2	2	42,435
Apr. 1 - Apr. 10	4,836	447	51,698
Apr. 11 - Apr. 20	5,335	639	66,906
Apr. 21 - Apr. 30	2,827	-	50,958
May 1 - May 10 7/	296	-	28,652
May 11 - May 20	1,872	5	18,000
Total	\$78,464	\$11,088	\$495,832

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.
4. Beginning with February 1 figures will be given for 10-day period instead of week except where otherwise indicated.
5. 8-day period.
6. 11-day period.
7. Due to changes in reporting procedure by the Department of Commerce this report is incomplete for the period indicated.

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Treasury Department, Division of Monetary Research      June 2, 1942

ISF/efs  
6/2/42



## APPENDIX C

Principal Exports from U. S. to U. S. S. R.  
as reported to the Treasury Department  
during the ten-day period ending  
May 20, 1942

	Unit of Quantity	Quantity	Value (Thousands of dollars)
TOTAL EXPORTS			\$ 18,000
Principal Items:			
Motor trucks	No.	2,306	3,530
Dried egg products	lb.	2,194,409	2,278
Landplanes			1,409
Medium bombers (2 engines)	No.	9	
Observation plane parts for assembly	-	-	
Ammunition			1,007
75 mm. high explosives	No.	61,614	
32 mm. high explosives	No.	50,395	
37 mm. armor piercing	No.	34,000	
75 mm. armor piercing	No.	8,590	
30 caliber	No.	500,000	
Sausage, canned	lb.	2,800,115	952
Pork, canned	lb.	2,199,952	715
Aircraft engine parts and accessories	-	-	688
Military tanks			684
Light tanks	No.	22	
Medium tanks	No.	2	
Lard	lb.	4,408,323	673

Treasury Department, Division of Monetary Research

June 2, 1942

ISF/efa  
6/2/42

SECRET

310

APPENDIX D

Principal Exports from U. S. to Free China  
as reported to the Treasury Department  
during the ten-day period ending  
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS	\$ 1,872
Principal Items:	
Military equipment	1,069
Printed matter	623
Writing paper	37
Auto replacement parts	26
Radio transmitters, tubes and parts	17
Relief supplies	17
Lathes	16

Treasury Department, Division of Monetary Research

June 2, 1942

ISF/efs  
6/2/42

APPENDIX E

Principal Exports from U. S. to Burma  
as reported to the Treasury Department  
during the ten-day period ending  
May 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS	\$ 5
Principal Items:	
Relief supplies - drugs and biologics	3
Relief supplies - Surgical and hospital	2

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Treasury Department, Division of Monetary Research      June 2, 1942

HSF/efe  
6/2/42



TREASURY DEPARTMENT

312

INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau

FROM Mr. White

Subject: Status of Stabilization and Gold Purchase Agreements.

1. Stabilization Agreements in Operation.

Country	Dated	Expires	Amount		Collateral
			Commitment	Outstanding	
Brazil <sup>1/</sup>	7/15/37	7/15/42	\$60,000,000	None	None gold
China	7/14/37	6/30/42	50,000,000	\$19,112,500	\$19,379,000 gold
China	4/ 1/41	6/30/42	50,000,000	None	None required

2. Stabilization Agreements Concluded but not yet effective

Argentina	1/1/41	6/30/41 <sup>2/</sup>	\$50,000,000	None	None required
Mexico	11/1/41	6/30/43	40,000,000	None	None required
Ecuador	3/1/42	6/30/43	5,000,000	None	None required
Iceland	5/1/42	6/30/43	2,000,000	None	None required

3. Gold Purchase Agreements

Country	Dated	Delivery by	Commitment to buy	Gold still undelivered	Advance still outstanding
Russia	1/3/42	7/2/42	\$21,070,000	\$14,358,450	\$11,886,730

This agreement also provides for sale to Brazil of up to \$60,000,000 in gold, of which \$34,453,300 has been sold.

Argentines informed agreement can be revived on ratification.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

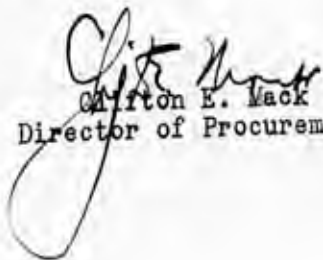
June 2, 1942

AM 313

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the operating report of Lend-Lease purchases for the week ended May 30, 1942.

The pooling of private warehouse facilities for Lend-Lease purposes has been started and a contract has been made with a group of private warehousemen at Philadelphia to provide storage space. Negotiations to locate space are now being carried on in the Chicago area by Colonel Nicholson of the Office of Defense Transportation to provide a similar warehouse pool of private space in and nearby that City. The plan will be extended to other cities and our function is to handle the administrative matters connected with the plan for the government agencies making Lend-Lease purchases.

  
Chilton E. Mack  
Director of Procurement



LEND-LEASE  
 TREASURY DEPARTMENT, PROCUREMENT DIVISION  
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND  
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS  
 AS OF MAY 30, 1942  
 (In Millions of Dollars)

	Total	U. K.	Russia	China	Administrative Expenses	Undistributed & Miscellaneous
Allocations	\$1700.3 (1700.3)	\$ 711.6 ( 708.2)	\$ 280.4 ( 271.6)	\$ 58.2 ( 59.5)	\$ 1.6 ( 1.6)	\$ 648.5 ( 659.4)
Purchase Authoriza- tions (Requisitions)	\$1012.8 (1000.3)	\$ 678.9 ( 655.7)	\$ 282.0 ( 292.2)	\$ 45.8 ( 45.7)	-	\$ 6.1 ( 6.7)
Requisitions Cleared for Purchase	\$ 945.6 ( 926.2)	\$ 640.2 ( 628.1)	\$ 255.2 ( 247.4)	\$ 45.8 ( 45.7)	-	\$ 4.4 ( 5.0)
Obligations (Pur- chases)	\$ 912.5 ( 893.7)	\$ 626.5 ( 610.8)	\$ 243.0 ( 239.8)	\$ 39.1 ( 39.1)	\$ 1.1 ( 1.1)	\$ 2.8 ( 2.9)
*Deliveries to For- eign Governments at U. S. Ports	\$ 392.7 ( 378.7)	\$ 312.4 ( 300.9)	\$ 59.7 ( 57.2)	\$ 19.1 ( 19.1)	-	\$ 1.5 ( 1.5)

\*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of May 23, 1942.



EXPLANATION OF CHANGES

The decline in Russian Purchase Authorizations (Requisitions) is due to the cancellation of Russian Requisition No. R-1858 for 95,000 gross tons of railroad steel rails. The estimated valuation of this requisition was \$10,073,250.00.

The decline in Chinese allocations is due to the cancellation of parts of Requisitions Nos. C-130, C-530 and C-678. Requisition C-130 was decreased by 4680 pieces of steel forgings, and a valuation of \$984,800.00. Requisitions Nos. C-530 and C-678 were decreased only in value in the total of \$255,993.44.

## TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau  
 FROM Mr. Dietrich

Miss Chauncey  
 For Mr. Dietrich

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	No. of Shares Sold	\$ Proceeds of Shares Sold	Nominal Value of Bonds Sold	\$ Proceeds of Bonds Sold
May 11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Sales from Feb. 22, 1940 to May 9, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>
Sales from Feb. 22, 1940 to May 16, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>

## TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau  
 FROM Mr. Dietrich

*For Mr. Charles Chalmers*

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	<u>\$ Proceeds of Shares Sold</u>	<u>\$ Proceeds of Bonds Sold</u>	<u>Total</u>	
May 11	-	-	-	
12	-	-	-	
13	-	-	-	
14	-	-	-	
15	-	-	-	
16	-	-	-	
	-	-	-	
Sales from Feb. 22, 1940 to May 9, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	
Sales from Feb. 22, 1940 to May 16, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	319,332,979
\$ proceeds of non-vested securities sold May 4, 1942 - May 9, 1942			100,000	
\$ proceeds of non-vested securities sold Sept. 1, 1939 - May 2, 1942			<u>247,600,000</u>	
\$ proceeds of non-vested securities sold Sept. 1, 1939 - May 9, 1942			<u>247,700,000</u>	<u>247,700,000</u>
			<u>GRAND TOTAL</u>	<u>567,032,979</u>
				\$ 61
Jan. 7, 1942 - Cash Dividend on 156 Shares				125
Jan. 9, 1942 - Partial Liquidating Dividend				42
9 Units sold from Aug. 18, 1941 - May 16, 1942 for				123
11 Shares Stock Dividend sold Aug. 18, 1941 - May 16, 1942 for				102,938
56,007 Rights sold from July 24, 1941 - May 16, 1942 for				



## TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau  
 FROM Mr. Dietrich

*For Mr. Channcoy*

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	<u>No. of Shares Sold</u>	<u>\$ Proceeds of Shares Sold</u>	<u>Nominal Value of Bonds Sold</u>	<u>\$ Proceeds of Bonds Sold</u>
May 18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	-	-	-	-
	-	-	-	-
Sales from Feb. 22, 1940 to May 16, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>
Sales from Feb. 22, 1940 to May 23, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>

TREASURY DEPARTMENT

319

INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary <sup>Miss Chauncey</sup> Morgenthau  
 FROM Mr. Dietrich

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	<u>\$ Proceeds of Shares Sold</u>	<u>\$ Proceeds of Bonds Sold</u>	<u>Total</u>	
May 18	-	-	-	
19	-	-	-	
20	-	-	-	
21	-	-	-	
22	-	-	-	
23	-	-	-	
	-	-	-	
Sales from Feb. 22, 1940 to May 16, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	
Sales from Feb. 22, 1940 to May 23, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	319,332,979
\$ proceeds of non-vested securities sold May 11, 1942 - May 16, 1942			400,000	
\$ proceeds of non-vested securities sold Sept. 1, 1939 - May 9, 1942			<u>247,700,000</u>	
\$ proceeds of non-vested securities sold Sept. 1, 1939 - May 16, 1942			<u>248,100,000</u>	248,100,000
			GRAND TOTAL	<u>567,432,979</u>
Jan. 7, 1942 - Cash Dividend on 156 Shares			\$	61
Jan. 9, 1942 - Partial Liquidating Dividend				125
9 Units sold from Aug. 18, 1941 - May 23, 1942 for				42
11 Shares Stock Dividend sold Aug. 18, 1941 - May 23, 1942 for				123
56,007 Rights sold from July 24, 1941 - May 23, 1942 for				102,938

## TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau

FROM Mr. Dietrich

For Miss Chauncey

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	<u>No. of Shares Sold</u>	<u>\$ Proceeds of Shares Sold</u>	<u>Nominal Value of Bonds Sold</u>	<u>\$ Proceeds of Bonds Sold</u>
May 25	-	-	-	-
26	-	-	-	-
27	-	-	-	-
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
	-	-	-	-
Sales from Feb. 22, 1940 to May 23, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>
Sales from Feb. 22, 1940 to May 30, 1942	<u>9,847,610-1/6</u>	<u>281,858,763</u>	<u>45,648,016</u>	<u>37,474,216</u>



## TREASURY DEPARTMENT

## INTER-OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau  
 FROM Mr. Dietrich

For Miss Channing

Official sales of British-owned dollar securities under the various vesting orders since February 19, 1940:

	<u>\$ Proceeds of Shares Sold</u>	<u>\$ Proceeds of Bonds Sold</u>	<u>Total</u>	
May 25	-	-	-	
26	-	-	-	
27	-	-	-	
28	-	-	-	
29	-	-	-	
30	-	-	-	
	-	-	-	
Sales from Feb. 22, 1940 to May 23, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	
Sales from Feb. 22, 1940 to May 30, 1942	<u>281,858,763</u>	<u>37,474,216</u>	<u>319,332,979</u>	319,332,979
\$ proceeds of non-vested securities sold May 18, 1942 - May 23, 1942			400,000	
\$ proceeds of non-vested securities sold Sept. 1, 1939 to May 16, 1942			<u>248,100,000</u>	<u>248,500,000</u>
			GRAND TOTAL	<u>567,832,979</u>
Jan. 7, 1942 - Cash Dividend on 156 Shares			\$	61
Jan. 9, 1942 - Partial Liquidating Dividend				125
9 Units sold from Aug. 18, 1941 - May 30, 1942 for				42
11 Shares Stock Dividend sold Aug. 18, 1941 - May 30, 1942 for				123
56,007 Rights sold from July 24, 1941 - May 30, 1942 for				102,938

June 2, 1942.

Dear Mr. Bowley:

Thank you for your letter of  
May 29th, with further reference to the  
U.S. held preference shares of the Itabira  
Mine Company.

Sincerely yours,

*(Signed) H. D. White*

H. D. White,  
Director of Monetary Research.

Mr. T. K. Bowley,  
The British Supply Council in  
North America,  
Box 680 Benjamin Franklin Station,  
Washington, D. C.

LS  
6/2/42

323

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

TELEPHONE: REPUBLIC 7860



BOX 680  
BENJAMIN FRANKLIN STATION  
WASHINGTON, D. C.

29th May, 1942

Dear Dr. White,

I gave you a memorandum about a fortnight or three weeks ago about the method of payment of the U. S. held preference shares of the Itabira Mine Company.

I have now heard that the London authorities propose to reverse their previous attitude and to authorize the transfer into dollars of the sums payable to shareholders of Itabira resident in the U. S. A.

Yours sincerely,

Dr. Harry D. White,  
Director of Monetary Research,  
U. S. Treasury,  
Washington, D.C.

*T. K. Stanley*



BRITISH JOINT STAFF MISSION  
OFFICES OF THE COMBINED CHIEFS OF STAFF  
WASHINGTON

Personal

324  
2/6/42

6/2/42

AIR STAFF

Dear Mr. Morgenthau

With reference to your enquiry at  
luncheon to-day -

The four biggest British Bombers are the  
Stirling, Halifax, Lancaster and  
Manchester.

Of these only the first has air cooled  
engines.

Yours sincerely

F. Mark V. Foster

P.S. May I take this opportunity of thanking  
Mr. Morgenthau and you for your kindness  
to my wife and myself - we are indeed  
grateful.

Treasury Department 325  
Division of Monetary Research

0 Date...6/3.....19

To: Miss Chauncey

From: H. D. White

Please call to the Secretary's attention.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 2, 1942

TO Mr. White

FROM Mr. Hoflich

Subject: Report from Mr. Casaday on the Voluntary Savings Campaign in Scotland.

The appended cable from Mr. Casaday is based on interviews with members of local savings committees in the counties stretching from the Clyde to the Forth, in which is concentrated three-fifths of Scotland's total population of 4.8 million.

The following highlights are especially interesting:

1. The Scottish savings committee is a subdepartment of the Treasury. A small executive committee decides on matters of broad policy. A paid full-time staff of fifty civil servants is maintained. All others connected with the Scottish savings movement are voluntary workers.

2. Voluntary local committees are found in the counties, boroughs, parishes, wards, villages and hamlets, with lack of uniformity characterizing the relationship of these committees to each other. In most cases one or two persons on a local committee do the bulk of the work.

3. Scottish individualism is so strong that savings committees rely heavily on the individual approach, and there are relatively fewer savings groups than in England.

4. The dominant position in the field of savings in Scotland is held by the old established trustee savings banks. The degree of cooperation between these banks and savings committees varies widely.

In an Edinburgh shipyard a savings bank furnishes full banking facilities one day per week, promising complete secrecy regarding all employee deposits. It is said that workers' security purchases had been low due to the traditional fear that the employer's knowledge of the worker's savings would somehow affect his position after the war.

The Glasgow Savings Bank has opened a small selling center in a working class area where banking facilities are not easily accessible, open on Saturdays only.



5. The street groups in Edinburgh are among the most successful in the country. It is essentially a women's movement. The city (population 430,000) is divided into 23 wards with a savings leader and secretary in each ward. The ward leader chooses several savings group leaders who in turn enlist the services of collectors on the basis of about 20 houses per collector, for the sale of stamps. The women stress the necessity of regular weekly calls.

The plan is considered a highly successful method of securing regular small savings from housewives. It is admitted that not all collections represent new savings. In some cities it is said to be difficult to secure trustworthy collectors.

6. The Scottish savings committees' publicity is limited and local. The appeals made are (a) to obtain funds to pay for the war, (b) to save shipping space, and (c) to save money for post-war independence.

7. Warship and other special weeks are held in Scotland on a modest scale as compared to those in England, but the activities are similar in nature.

8. Employers do not allow savings publicity on company time, since it is believed that production time lost in the heavy industries would outweigh the benefits derived.

(Cable no. 3056, London, June 1, 1942)

ELF

PLAIN

London

Dated June 1, 1942.

Rec'd 10:40 p.m.

Secretary of State,  
Washington.

3056 First

FOR THE SECRETARY OF THE TREASURY FROM CASADAY  
Department's 1730 April 22 and Embassy's 2281  
April 30, 2391 May 5 and 3001 May 27.

A visit was made to Edinburgh and Glasgow. The investigation was conducted and the following report prepared by Eileen Winton of the financial section's staff.

Area organizes members of local savings committees and street group leaders were contacted for the counties stretching from the Clyde to the Forth in which is concentrated three fifths of Scotland's total population of four point eight million. For purposes of comparison only Scotland may be regarded as similar to a regional area in England.

It is important to note however that the Scottish savings committee is completely independent of its English counterpart. Scottish local savings organization and techniques differ from those found  
in England

-2-#3056, June 1 from London.

in England in several respects. It would appear that this is largely due to the dominant position in the field of savings of the old established widely used trustee savings bank. Street groups organization has been successfully developed in certain areas of Scotland notably Edinburgh Kelso and Lanarkshire. A street group in Scotland may embrace a whole borough village or hamlet in contrast to its narrower scope in England as reported in a previous telegram.

The Scottish savings committee (which has been in existence since 1916) consisting of a president, chairman and members who represent the important interests in the country is a sub-department of the Treasury. An executive committee composed of the most active members of the Scottish savings committee decide on matters of broad policy. It maintains a paid full-time staff of fifty civil servants which include the secretary, assistant secretary, industrial organizer for the whole of Scotland, publicity organizer, clerical staff at the Edinburgh headquarters and seven area organizers who have two or three assistants each. All other persons connected with the Scottish savings movement are voluntary workers.

Voluntary



-3-#3056, June 1 from London.

Voluntary committees comprise thirty-three local or county committees seventy-two borough committees and a multitude of parish, ward, village and hamlet committees. The local committees do not contact the public directly for sale purposes except when the active members make speeches or otherwise endeavor to stimulate interest in the savings movement. The principle administrative function of the local committee is to see that every savings group in the area submits an annual return to headquarters in Edinburgh. The relationship of the committees listed above to each other varies throughout Scotland in contrast to England where the organization is at least on paper more or less similar all over the country. The Scottish experience with all voluntary savings committees is that one or two persons do the real work and provide the necessary enthusiasm to extend the savings organization in their particular area. It is thought that the voluntary committees are however of importance since they are a talking body and provide a medium in which the persons who do the work can act. It is claimed that Scottish individualism is so strong that the Scotsman cooperates when he must unlike the Englishman who cooperates when he can. The Scotsman does not like group activities of any type and for this reason

reason the Scottish savings committee does not stress the number of groups or committees but relies on a more individual approach. As a result there are only 13,000 savings groups in the whole country while England has some 250,000 likewise Scotland has only 33 local committees while England and Wales have over 1,400.

Central control by the Scottish savings committee in Scotland is exerted on the voluntary local and others in three ways: (1) By sending out area organizers and their assistants who are civil servants appointed by the secretary of the Scottish savings committee. (2) By having local committees depend on supplies from headquarters and requiring permission for any unusual undertaking suggested. (Complaints of too much control from Edinburgh were heard from various sources). (3) Personal influence of the members of the Scottish savings committee can be very powerful in suggesting chairmen to officer county committees.

The traditional importance of the trustee savings banks has conditioned the success met by the Scottish savings committee in extending organized group savings. For example in view of the sparse and scattered population in the island and northern  
counties

-5-#3056, June 1 from London.

counties excluding Aberdeen which are already serviced by trustee savings banks the Scottish savings committee may decide that it is uneconomic to attempt group organization.

The degree of cooperation ~~between~~ between the trustee savings banks and the Scottish savings committees varies all over the country from complete cooperation to the refusal on the part of one bank to even sell national savings certificates. An example of cooperation may be found in Edinburgh where one experiment is being tried to bring the bank to the worker. A visit was made to a shipbuilding and repairing yard in Edinburgh. Although there were various savings groups schemes operating in the yard only a small percentage of the men contributed regularly. One reason which was given for this was the traditional suspicion and fear that the employers' knowledge of how much the worker had in the bank would in some way affect his position after the war. The actuary of the Edinburgh savings bank agreed to provide full banking facilities to workers on the employers' premises on pay day workers were encouraged to open new accounts and they were assured that complete secrecy would be maintained about all employee deposits. A small room in the yard was provided and every Friday bank clerks

SOME



-6-#3056, June 1 from London.

some of them voluntary workers provided by the Scottish savings committee and trained by the savings bank carried on full banking facilities. To date very few accounts have been opened although the employer himself as well as the bank advertised the scheme by various methods such as putting printed slips in pay envelopes addressing the men through loud speakers and using cinema vans. It is too soon to state whether it is a valuable method of increasing industrial savings but it is a typical example of the efforts made in Scotland to make savings as personal and as easy as possible for the individual.

Another example of the importance of the trustee savings bank may be found in Glasgow, which from the point of view of group organization and amount of money saved is the most difficult and non-cooperative area in Scotland. Savings have increased in the last six months principally because of the trustee savings bank's efforts. The latest experiment undertaken by the manager of the Glasgow Savings Bank is the opening of a small selling center in a working class area of the city where banking facilities are not easily accessible. It will be only open on Saturdays. The selling center has not been developed to any great extent by the Scottish savings committee. There is one in Aberdeen but it is not successful. If the

experiment

-7-#3056, June 1 from London.

experiment of the Glasgow savings bank is successful other centers will be opened by the bank.

The street groups organization in Edinburgh, population 430,000, is one of the most successful in the country. After nine months of organization there exists almost a complete network of savings groups in the city. This is essentially a women's movement strongly supported by the womens voluntary services and the Scottish Rural Women's Institute. The appeal is directed not only at housewives but also to retired persons and professional people who cannot easily join a savings group. The city is organized as follows: It is divided into 23 wards which in turn are sub-divided into a varying number of districts. Each ward has a savings leader and a savings secretary. The ward leader chooses several savings groups leaders who in turn enlist the services of collectors on the basis of about 20 houses per collector. The scheme is basically simple and runs without much record keeping or return making. Each group leader is supplied originally with a credit stock of six penny and two shillings and six penny stamps which is obtained from the post office by signing a form which also requires the signature of one or two other people.

These

-8-3056, June 1 from London.

These are distributed by the group leader to her collectors who in turn sell them to the people in their area. The stamps are pasted in a book and may be ultimately used to purchase a national savings certificate, deposited in a trustee savings bank or encashed. All books and forms necessary for the stamps and for keeping accounts (specimens being sent forward) are supplied by the Scottish savings committee. When the collector's stamps are all used she replaces them at the post office with the money she has collected in her area and she must always be able to show on demand either stamps or money to the amount which she originally received. Each week the collectors make a return to the group leaders. Once monthly the group leaders meet and give their returns to the ward leaders, finally the ward leaders send in by postcard the total amount collected in their ward to the city Chamberlain who acts as statistical collector. The figures are then published in the papers as well as in shops and posters in the different wards.

This type of organization can only be successful where as is the case in Edinburgh one or two members of the local savings committee are active and

enthusiastic



-9-#3056, June 1 from London.

enthusiastic and use their knowledge of local people to see that the right woman is chosen as ward leader. She is usually a well-known and popular person whose position in the community is well established. To keep up enthusiasm socials and garden parties are held by the women who function the ward groups. At a meeting of group leaders in one Edinburgh ward eight women were interviewed. Most of them were also collectors and they stated that one morning or afternoon per week was ample time to visit the houses assigned to them. Some of them chose Monday morning as it was washday and they would usually find their people at home. They were an enthusiastic body of women and I was told that they were by no means an exceptional group. The women stressed the importance of tact sympathy and the utter necessity of calling regularly as otherwise the sixpence or two shillings and sixpence lost might not be had the following week.

Results of the street group movement in Edinburgh: it is considered a highly successful method of regularly securing small savings from the housewife as no woman wants to admit "that she cannot save at least sixpence per week". An official of a trustee savings bank stated that in his opinion it was an excellent scheme even though he did not like it

from

-10-#3056, June 1 from London.

from a business point of view.

Possible limitations of street savings group scheme:

(1) One critic of the scheme pointed out that the money saved under the street savings scheme is not always new savings. For example a woman who formerly deposited one pound per month at the local trustee savings bank ceased to do so and instead purchased one pounds worth of stamps from her collector. At the end of the month she deposited a pounds worth of stamps in the same bank with no gain in savings and much loss of energy involved. This example however must not be taken as being very typical.

(2) Where city conditions are pleasant as in Edinburgh it is relatively easy to secure the cooperation of women to do the work of collection. However in a city like Glasgow with its mixed population tenements and unpleasant winter climate the scheme has not worked successfully. This may be due to other factors such as lack of cooperation on the part of the local committee and area organizer but there is a certain amount of validity in the criticism. In Edinburgh for example I was told that tenement house women were on the whole not issued with the large amounts of stamps necessary to operate the scheme since they could not be trusted.

The Scottish

-11-#3056, June 1 from London.

The Scottish savings committee's publicity is limited and local. In the year ended March 31, 1942 only thirty thousand pounds was spent on advertizing. Traders are not asked or encouraged as in England to contribute space in newspapers except during special weeks. The committee publishes the "Scottish War Savings Bulletin" monthly.

Films and radio publicity are the same as in England.

The trustee savings banks in Scotland do a considerable amount of carefully planned advertising of an expensive nature such as printing slips to put in pay envelopes book covers stickers for windows posters leaflets and newspaper advertising.

The appeal made in Scottish publicity is, first, to get money to pay for the war, second, to save shipping space and, third, to have some money after the war as a source of independence. The element of fear which the national savings committee advertizing has used lately is not considered desirable and the Scottish savings committee rejects it.

Warship and other special weeks are held in Scotland on a more modest scale as compared with England but on the whole similar activities as reported in previous



-12-#3056, June 1 from London.

previous telegrams take place.

A few miscellaneous observations on the Scottish savings experience are: 1st employers do not allow savings publicity on the company's time since production time lost in the heavy industries would outweigh the benefits derived. Persons either paid off voluntarily not suitable for their posts are just side-tracked and not given anything to do.

WINANT

Treasury Department **340**  
Division of Monetary Research

Date.....19

To: *Miss Chauncey*

~~General~~  
*This can go to  
the Secretary's files  
without being shown  
to him*

*J. Southard*

~~MR. WHITE~~

Branch 2058 - Room 214½

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341

DEPARTMENT OF STATE  
WASHINGTON

June 2, 1942.

In reply refer to  
FD 822.515/89

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith for his information copies of a memorandum, obtained from a confidential source by an agency within this Government, concerning the recent revaluation of the Ecuadoran Sucre.

Enclosure:

Memorandum.



MEMORANDUM

Re: Revaluation of Ecuadorian Currency

By Presidential Decree dated April 28, 1942, Ecuador's unit of monetary exchange, the Sucre, was modified in value with relation to the United States dollar. The substance of the Decree is as follows:

The Banco Central del Ecuador will buy dollars at the rate of 13.70 Sucres, selling them for 14.10 Sucres. (The former rate was 14.80 to buy and 15.10 to sell).

The rate of exchange for the moneys of other countries will be fixed by the Banco Central, taking as a base the quotation of the various moneys on the New York Market with relation to the dollar and to the standard heretofore set forth.

All of the Banco Central's gold reserve will be recalculated in value, taking as a base the quotations of the various moneys on the New York Market and the standard of fourteen Sucres to the dollar. The difference resulting will be placed in the Stabilization Fund approved by the Treasury.

All funds which the Banco Central maintains in foreign banks will be recalculated in value at the rate of 13.80 Sucres per dollar or its equivalent in other moneys, and the difference resulting will be placed in the account of the Stabilization Fund.

The value in foreign money of goods which enter the country up until June 30, 1942 will be converted into Sucres at the rate of 15.10 Sucres on each dollar. In the case of goods which have to be paid for before their arrival from foreign countries and will not arrive until after June 30, 1942, the supervision thereof will be under "La Direccion del Control de Cambios".

The Minister of Agriculture through the Office of Exportation Control will check the existence of all exportable products in the hands of the exporting firms. These firms, within forty-eight hours following promulgation of the Decree, will have to submit an inventory of such products to said Minister. The Banco Central will thereafter purchase all such goods from these exporters at the rate of 14.70 Sucres on the dollar, the difference of one Sucre to be charged to the Stabilization Fund.

The difference of 40 centavos which exists between the purchase price and the sale price of dollars will be distributed as follows: Ten centavos for the purchase of dollars or their equivalent in other money to be credited to the debt owed by the Government to the Banco Central under existing contract; ten centavos to be credited to the same debt of the Government at the moment of any sale of dollars; and the remaining twenty centavos to be credited to the account of the Control of Exchange for the purpose of defraying the cost of this organization. Any funds remaining in this account will be distributed; sixty per cent to be applied to the Government debt; thirty per cent for use of the Banco Central; and ten per cent to the Stabilization Fund in the Banco Central.

The difference of one Sucre which exists in the payment for merchandise which arrives at Ecuadorian ports until June 30, 1942 will be charged to the Stabilization Fund in the Banco Central.

The impost of ten centavos on each Sucre bought or sold, which was in effect before the promulgation of this Decree, is repealed.

#### Public Reaction

It is apparent that with most Ecuadorians residing in Quito it is very satisfactory. Several have pointed out that it creates an advantage for the importers and a disadvantage for the exporters at a time when the country is trying to increase its exports.

It is further reported from reliable sources that prior to the enactment of this Decree, the Banco Central had acquired eight million dollars at 14.70 on the dollar; and that with the subsequent loss of eight million Sucres as a result of the revaluation it was expected to regain this loss from the Stabilization Fund which the Bank maintains at twelve million Sucres.

(COPY:MLB)

bj:eh:copy  
6-3-42



BRITISH MOST SECRET  
U.S. SECRET

OPTEL No. 184

Information received up to 7 A.M., 2nd June, 1942.

1. NAVAL

One of H.M. Submarines sank a laden southbound merchant vessel of about 3,500 tons northwest of BRINDISI on the 19th.

2. MILITARY

LIBYA. 31st. The enemy strengthened the bridgehead covering the TRIGH CAPUZZO GAP and our armour was prevented from closing the gap by a strong anti-tank screen. The armoured battle continued in the area southwest and southwest of KNIGHTSBRIDGE, and the enemy continued his attempt to withdraw his armour and mechanical transport to the west of our minefields.

1st June. Our position south of the Gap was heavily attacked from the north and northeast, but pressure was relieved slightly by our armour, which counter attacked the enemy from the east. The enemy armour was believed to be in 2 groups of approximately equal strength one east of the Gap and the other in the CHERIMA area west of the Gap. One of our armoured car regiments moved round our southern flank to SPGNALI, which was found clear of enemy, and an infantry brigade which had been holding the BIR HAKEIM position followed it up. A motor brigade group moved south of BIR HAKEIM and attacked enemy supply lines at the junction of TRIGH EL ABD and TRIGH CAPUZZO immediately to the west of the Gap. This same point was also attacked from the north by columns of infantry from our defended positions.

3. AIR OPERATIONS

WESTERN FRONT. 1st. 12 Bostons and 16 Hurricane bombers, escorted by a total of 33 squadrons of Spitfires, attacked objectives at FLUSHING, BRUGES, and CALAIS, a further 21 squadrons of Spitfires carried out sweeps, 2 enemy aircraft were destroyed and 6 damaged. We lost 9 Spitfires, 1 pilot safe. 2 Mosquitos carrying bombs were sent to reconnoitre COLOGNE. 1 is missing.

1st/2nd. 1,036 aircraft were sent out. ESSEN, 956, including 310 Heavies, and aerodromes in GERMANY and occupied territory 80. 35 aircraft are missing and 2 crashed. About 40 enemy aircraft operated against this country, 13 of which came over KENT and EAST ANGLIA. 1 was destroyed and 2 damaged.



- 2 -

LIBYA. 31st. Our aircraft attacked enemy ground forces east and west of the Gap in our minefields.

On 31st/1st. Wellingtons bombed DERNA Landing Ground. During these operations 6 enemy aircraft were destroyed, 5 probably destroyed and 12 damaged. We lost 16 fighters, 2 pilots safe.

MADAGASCAR. 31st. Our aircraft attacked TANANARIVE aerodrome setting fire to a hangar and 1 aircraft.

4. HOME SECURITY

CANTERBURY. 31st/1st. At the Cathedral some damage occurred to the Library but otherwise was confined to windows by blast. Fairly extensive damage to buildings. 26 persons reported killed.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE June 2, 1942

TO Secretary Morgenthau  
FROM Mr. Kamarck

Subject: Summary of Military Reports

Raid on Cologne

In the raid on Cologne, 530 tons of high explosive and 929 tons of incendiaries were dropped. The total tonnage, therefore, comes to 1,459 tons (or three times the largest previous raid, the one on the Renault works in Paris). Included in the high explosive were 86 two-ton bombs. The incendiaries consisted of more than 470,000 separate bombs. (The public statements exaggerate the number of planes by 50 percent and the tonnage of bombs dropped by 100 percent).

On May 31, five "Mosquitos" carried out visual reconnaissance, but could see nothing because the city was enveloped in smoke. Three of the "Mosquitos" dropped bombs.

On the night of May 31/June 1, two Wellingtons bombed Cologne again.

(It will take two days more before we receive the complete details of last night's raid on the Krupp works in Essen).

(U.K. Operations Report, June 1, 1942)

Japanese Preparations

The Japanese have added one more division to their 23 divisions concentrated in Manchuria. (The Japanese, therefore, have from 500,000 to 600,000 men now in Manchuria. In the last few months, they have added three or four divisions to the large forces they already had there. The indications are that the likelihood of an attack on Siberia is increasing).

(U.K. Operations Report, June 1, 1942)