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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE January 15, 1942

TO Under Secretary Ball

FROM Mr. Southard

Subject: Resolution on Stabilization Fund of United and Associated Nations to be presented at the Rio Conference

- 1. On January 8 Mr. White prepared a draft resolution for a Stabilization Fund of the United and Associated Nations planning, in accordance Mr. Sumner Welles' suggestion, to discuss it with some of the financial representatives at the Rio Conference in order to determine whether the resolution should be introduced.

Mr. White discussed the proposal for such a Fund with the Secretary early in January and received the Secretary's approval of the idea in principle. The draft prepared by Mr. White grew out of several discussions within the Treasury which included Mr. Bernard Bernstein and Dr. Viner.

A copy of the draft was sent to the Secretary by Mr. White on January 8, with a covering memorandum explaining that I would go over it with the Legal Division and with Dr. Viner and that if it was decided at Rio to introduce such a resolution Mr. White would cable the Secretary for approval.

- 2. A cable was received today from Mr. White, sending the Secretary a copy of a draft resolution on the international stabilization fund and informing him that Mr. Welles would like to submit the resolution to the Rio Conference. Mr. White suggests that if the Secretary approves the draft he should also obtain the approval of Mr. Berle and perhaps Mr. Eccles. Also, since the eventual calling of a Conference of the United and Associated Nations is implied, the draft of the idea implied in it may need the approval of the President.

All of this must be obtained and cabled to Mr. White before noon Friday, January 16.

- 3. The draft resolution as cabled from Rio is only very slightly modified from the one prepared in the Treasury and submitted to the Secretary.

It provides only that the Conference recommend:

- (a) That the Governments of the American Republics participate with the Governments of the United Nations in a special conference of Finance Ministers to consider the establishment of a Stabilization Fund of the United and Associated Nations.

- (b) That participation in the conference shall be open to all nations subscribing to the objectives of the Atlantic Charter.
 - (c) That the conference shall formulate the plan of organization, powers and resources for the Fund, determine conditions requisite to participation in it and propose principles to guide the Fund in its operation.
 - (d) That among the conditions requisite to participation in the Fund the conference shall consider: Cooperation in adopting harmonious policies looking toward the gradual adoption of free exchanges with reasonable stability in foreign exchange rates, the removal of arbitrary and discriminatory restrictions on international transactions, and the maintenance of monetary policies that avoid serious inflation or deflation.
4. I attach a draft of a reply which might be cabled to Mr. White after the necessary consideration and approval of the proposal have been obtained.

Attachment

DRAFT CABLE

TO

H. D. WHITE
AMERICAN EMBASSY
RIO DE JANEIRO,

The Secretary of the Treasury approves the submission to the Conference of the resolution on a Stabilization Fund of the United and Associated Nations in the form given in Mr. Welles' No. 9, January 14 from Rio. This draft has also been approved for submission by Mr. Berle and Mr. Eccles and was approved in principle by the President.



THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

January 15, 1942

MEMORANDUM FOR THE FILES:

I spoke to Secretary Morgenthau on the telephone at 1:45 P.M. today regarding the proposed resolution on international stabilization which Under Secretary Welles would like to present to the conference of foreign ministers now in session at Rio de Janeiro, Brazil. This international stabilization plan is commented on in Dr. White's cable No. 9, section 1, of January 14, 1942, and the resolution is quoted in Under Secretary Welles' cable No. 9, section 2, of January 14.

The Secretary said that this was a matter which he had suggested a month or two ago to be worked on and have in shape in case we wanted to give consideration to it some time in the future; Dr. White liked the idea and talked to Sumner Welles about it, who also liked it and wanted to take it up at this conference. The Secretary stated that White had mentioned it to him the night before he left and the Secretary had told him he had no objections to it being discussed, but he did not have in mind any formal resolution on the matter. The Secretary at first indicated over the telephone that he did not have any objection to the matter.

I told him that there was one point which Jacob Viner thought should be cleared with him and that was whether the subject of this resolution should be cleared first with the British before it is presented down there, and if presented, whether it should be done by the British and Treasury representatives in Washington or by the President to Churchill. The Secretary said that on thinking this over he did not believe this was the place for this resolution, that very definitely it should be cleared with the British, and possibly Russia and China, before it is acted upon. He does not think we should bother the President about this, but we may advise White that he has no objection to the international stabilization scheme being discussed at this conference in order to get the general views of the representatives of the South American governments, but he is opposed to the presentation of any formal resolution on the matter until it has been cleared with the other large world powers.

FOR DEFENSE



BUY
UNITED
STATES
SAVINGS
BONDS
POSTAGE

sub B

January 15, 1942

Mr. Livenessy

Mr. Southard

Will you please send the following cablegram to Mr. H. D. White, American Delegation, Conference of Foreign Ministers, Rio de Janeiro, Brazil:

"From the Treasury.

In reply to Delegation's No. 9, January 14, Secretary of the Treasury feels that the idea of a Stabilization Fund of the United and Associated Nations could well be discussed informally at Rio but that it should also be discussed with other of the United Nations before any formal proposal is made. Discussions here cannot be arranged within your deadline. The Secretary of the Treasury therefore feels that a Stabilization Fund resolution should not be introduced at Rio."

Put over to State Department
at 4:00 P.M. - 1/15/42

PA: dm: 1/15/42

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PARAPHRASE OF TELEGRAM NEWS

TO: American Delegation, Rio de Janeiro, Brazil
DATE: January 15, 1942, 5 p.m.
NO.: 9.

Reference is made to telegram no. 9 sent by the Delegation at 9 p.m. on the 14th of January, 1942. This telegram is transmitting a message from the Secretary of the Treasury to Mr. White.

It is the feeling of the Secretary of the Treasury that the suggestion of a Stabilization Fund of the United and Associated Nations should be discussed with others who belong to the United Nations as well as informally at Rio before you make a formal proposal. No arrangement of discussions within your deadline can be made here. Therefore, it is the feeling of the Secretary of the Treasury that a resolution for a Stabilization Fund should not be brought up at the Conference in Rio de Janeiro.

HULL
(FL)

*This read to Secy
in Fla over phone
1040 am 1/16/42.*

eh:copy
1-16-42

PARAPHRASE OF TELEGRAM SENT

To: American Delegation, Rio de Janeiro, Brazil

Date: January 17, 1942, 10 p.m.

No.: 24

This is a confidential message from Secretary
Cordell Hull for the Under Secretary of State series.

Reference is made to telegram no. 19 sent by the
delegation at Rio de Janeiro on the 17th of January, 1942. It is
still my feeling that there should be no formal presenta-
tion at Rio of the idea of a stabilization fund. Since
your telegram of the 15th of January, I have been considering
the matter and more than ever before I believe this strongly.

In order to assure success, it may be desirable to
discuss this question with the appropriate committees in
Congress as well as to give Great Britain and other United
Nations a chance to react to the proposition.

HULL
(AMB)

January 15, 1943.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston

J. Homer Butler, formerly Assistant Treasury Attache at Paris, who was dismissed from the Customs Service with prejudice because of an incident that happened on his return voyage to the United States, came in to see me this afternoon after having talked to Mrs. Klotz. His plea is that he is being made to suffer beyond his deserts in that all his friends, both in the United States and abroad, who hear of the case come to the conclusion that he was dismissed for dishonesty in some form and he denies most firmly there was anything corrupt in the favor he attempted to do for the Frenchman Robert of Coty's. He does not at all dispute the facts in the case as we know them.

I told him that he was not charged with being bribed and that officers of the Customs who knew him believed him to be entirely honest. I added that they explained this transaction as characteristic of his habit of going beyond the bounds of good judgment in undertaking to do favors for acquaintances. I told him that he was accused solely of misusing in a flagrant way his position as an officer of the United States and the special passport issued to him in that capacity. He admitted that he was guilty of this and that it was an extremely stupid thing to do, but that in view of his long and faithful service he thought the punishment too harsh. His record now is such, he says, that it is impossible for him to get any kind of a job. In palliation of his offense he said that he had been through an extremely difficult period in France, that he had undertaken many risks to help Americans and other refugees, that he knew very little about the controls established by the British and that he thought some allowance ought to be made for these special circumstances in judging him.

I told him finally that I could not give him any promise or offer him any encouragement whatever, but that I would report to you on his visit.

NRG

TREASURY DEPARTMENT

9

INTER OFFICE COMMUNICATION

DATE January 15, 1942.

TO Secretary Morgenthau
FROM Mr. White

There is attached a list of memoranda and reports prepared in the Division of Monetary Research during October, November, and December, 1941.

Memoranda Prepared in the Division of Monetary Research during
October, November and December, 1941.

Industrial consumption of silver for 1941.

Reports of daily information regarding our trade with Japan,
China, and Russia.

Status of the Mexican Stabilization and silver negotiations.

Visit to the Secretary by the Minister of South Africa, Oct. 3.

Meeting of the Secretary with the Mexican Finance Minister,
October 6.

Mexico's request concerning defaulted bonds held by the British.

Organization of Financial Work in London Embassy.

Request of South Africa Regarding Priorities.

Memorandum for the Vice President regarding Economic Defense
Functions Administered by the Treasury.

British Inquiries regarding Gold Payments from Russia.

Memorandum for the Vice President: Can a system of compulsory
saving excises be made a satisfactory instrument for the pre-
vention of war-time inflation and post-war depression?

Conference held in Secretary Hull's office on October 7th, on
financial arrangements between the United Kingdom and Russia
and the United States and Russia.

Summary of report "Amount of Taxes Needed in June 1942 to
Avert Inflation."

Exports of Philippine Iron Ore to Japan.

Clippings on Women's Work in England

Triangular Lend-Lease transactions.

Preliminary report on census of foreign-owned property.

Meeting of Secretary with Mr. Gromyko, of the Soviet Embassy,
and Mr. Lukashov, President of the Amtorg Corporation.

Axis and Allied Production of Airplanes and Tanks.

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Digests of Statements of the Ministry of Supply with regard to Lend-Lease arrangements for the distribution of small tools, and distribution of Lend-Lease agricultural machinery.

Notes on the report prepared by Robert Nathan on defense production.

Exports to Russia, China, Burma, Japan, France and other blocked countries.

Exports from the Port of Manila, Philippine Islands, to China, Hong Kong, Burma, Japan and Russia.

The Barnard proposal on compulsory saving.

England - Food Supplies and Racketeering.

Summary of British press opinion on British Production - Restoration of Incentives.

British Expenditures compared to National Income, 1940-41 and 1941-42.

Mr. Casaday's Mission and Financial Reporting from the American Embassy in London.

Great Britain - Criticisms of Production.

Attitude of British Exporters to British Export Policy under Lend-Lease.

Developments in the British Cash Position.

Conversation with Mr. Bewley regarding Anglo-Russian gold.

Meeting at Secretary's home, November 9, at 8:45 p.m., with Mr. Philip Murray, regarding captive mine issue.

Canada's blocked sterling.

Trade Agreements Committee consideration of the proposed agreement with the United Kingdom.

Summary of Commerce Confidential Report on the Aircraft Industry.

Forecast of Canada's gold and dollar exchange position for the coming year, furnished by Canadians.

Recent Developments in the United States-China Program.

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Spain - Aviation Lubricating Oil and Petroleum Products.

Comments on Mr. Lubin's memorandum regarding the machine tool industry.

U. S. Petroleum Exports to Spain.

An approach to the problem of eliminating tension with Japan and helping defeat of Germany.

Possible sale of British Bomber Contracts to Russia.

British Women's War Work.

British Film Settlement.

Suggesting an informal committee regarding protective food.

Proposed Research Committee on Income, Investment Savings and Expenditures. (Prepared by Messrs. Sullivan, Barnard, White, Blough and Haas.)

Conference held in the Secretary's office on November 21st with Mr. Gromyko of the Russian Embassy.

Distribution of Russian material.

Supplementary Cuban Trade Agreement.

British Press Summaries.

British Excess Profits Tax.

Memorandum on Eire.

U. S. Petroleum Exports to Japan.

German petroleum - Standard Oil information.

Axis oil situation.

Oxford Institute of Statistics Article on Employment.

British joint taxation of husband and wife and a possible deterrent to the employment of married women.

Outline of telegram from American Ambassador, Chungking, reporting suggestions from Sir Otto Niemeyer regarding Chinese financial situation.

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Status of Gold Purchases from Russia.

Notes on the Japanese Petroleum Situation.

The Secretary's conference with Dr. Soong, December 9th.

The Secretary's conference with Mr. Litvinov, Russian Ambassador.

The Secretary's conference with Mr. Morris Wilson, of the British Supply Council.

Conference in the Secretary's office December 22nd with Sir Frederick Phillips.

Conference with Dr. Li, Chinese Embassy.

The Banque Worms, Pierre Pucheu and their associates.

British Financial Developments.

Conference in Mr. White's office with Canadian representatives on revised Canadian exchange outlook for 1942.

Conferences in the Secretary's office with representatives of Dodge Local-United Auto Workers regarding employment.

Memorandum furnished by Sir Frederick Phillips on Planes for Russia.

Answers to questions asked of Mr. Bell by the Committee on Appropriations.

Meeting to consider Ecuadoran request for a Stabilization Loan, October 24th.

Questions and answers from the Secretary's press conference of June 26th on the sale of British securities and investments pledged to the R.F.C.

Government War Risk Insurance for Property Damage.

Current Literature on Government War Risk Insurance.

Summary of "Civilian Welfare and Civilian Defense in Great Britain".

Summary of Determination of Needs Bill Memorandum by the Assistance Board, presented to Parliament by the Financial Secretary to the Treasury.

Recent U. S. Petroleum Exports.

Material to be furnished the Economic Defense Board.

Should the Shanghai Power Company be permitted to make payments in dollars to the Kailan Mining Administration.

Second Supplementary Trade Agreement with Cuba.

French North African Phosphates.

Stabilization Fund Developments.

Distribution of Lend-Lease Goods.

Saving a Billion.

State Department memorandum on U. S. oil exports to Spain.

Agriculture memorandum on preclusive purchase of Latin American cotton.

Visit of Bolivian Minister and list of questions handed him to be answered and sent in.

Visit from Ambassador from Ecuador and list of questions handed him to answer and return.

Fields of activity of Canadian Committees.
Canadian-American Production Committee.

The Swedish Air Force Commission's claim of interest due set aside for purchase of aircraft equipment.

Correspondence with Joint Boycott Council on subject of enforcement of the Foreign Funds Control.

Data provided Secret Service on Japanese Nationals.

Small Loan Facilities.

Small Defense Loans.

Relationship of Stabilization Fund to defense program.

Comments on Supplementary Report of the Committee on Non-Defense Bank Loans.

Comments on "Program for Dealing with Bank Reserves," presented by the Board of Governors of the Federal Reserve System.

The Federal Loan Agency, Defense, and Inflation.

Current Trends in Silver Imports.

Summary of article "Third Quarter Earnings of Large Industrial Corporations."

Amortization of home mortgage loans as a rigid factor in individual budgets.

The SEC proposal with regard to control over corporate financing.

Silver prices.

Summary of W. W. Riefler's "Program to Stimulate International Investment."

Silver Imports and the Industrial Consumption of Silver.

The Handy and Harman Estimate of Industrial Silver Consumption.

R. F. C. Loans to Business Enterprise.

A fiscal Program for the Calendar year 1942.

Specific Objections to the Barnard Plan.

TFR-300 Reports in the name of the State of Vatican City.

Proposed Changes in Capital Movements Reports.

Drafts of resolutions regarding American Republics cooperation in blocked funds.

External Loans of Iceland.

Stabilization Fund Loan to Iceland.

Income Payments, Retail Sales and Sales of Series E Bonds.

The issue of Cuban paper pesos.

French North Africa and the German War Economy.

Imports of U. S. dollar notes into the United States from the Orient.

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Nickel and Copper in Minor Coins.

Sweden and the New Order.

Coinage in Foreign Countries.

Changes in Hours, Production, Employment, and Output per Wage-earner and Wage Hour in Selected Industries.

Coinage for Latin American countries.

The Circulation of Coin and Production at the Mints 1900-1940.

Appointment of Fox as Adviser to the Ministry of Finance.

Can Germany derive any benefit from an increase in the useable foreign exchange assets of Switzerland.

Conclusions of Economists Group on Defense Production.

Are we losing the War?

Agreement on Figures on Taxes Needed.

Chronology of telegrams sent by Treasury to Fox.

Canada's gold.

South Africa.

Canada's Blocked Sterling.

Resolution on gold mining and scarce materials passed by Joint Canada-American Economic Committee.

Canadian Production Figures.

Fields of activity of Canadian Committees.

Canadian-American Production Committee.

President's instructions that State, Treasury, and Justice Departments liberalize travel regulations between U.S. and Canada as much as possible.

RFC's unwillingness to import scarce metals from Canada on which there is a duty.

Conference in Mr. Berle's office on Priorities and Gold Mining.

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Modification of general provisions in the Cuban trade agreement.
New Government in Panama.
Panamanian note issue, and Panamanian Paper Currency.
Developments in Ecuador.
Chronology of negotiations with Ecuador.
Cost of field trip around South America.
Mexico.
Reaction of Latin American Countries to Japanese War.
The effect on Latin America of lower silver prices.
Duty on "Brazilian Burlap".
Cuban Financial Agenda.
Questions for submission to the Bureau of Engraving and Printing with relation to the printing of Cuban currency.
Report of American Technical Mission to Cuba regarding Cuba's immediate monetary problems.
United States Currency in Latin America.
Borrowing funds from state Governments, etc. -- The Budget Director's suggestion.
The Federal Reserve proposal for an industrial loan corporation.
Selling savings bonds to state governments and other large investors.
A suggestion for monetary warfare.
Should Government contractors be paid in tax-anticipation notes or other Government securities?
The reserve supply of U.S. currency and a suggestion for borrowing some money.
Income and Consumption in Germany during the Rearmament Period, by Frederick Strauss.
Germany's Economic Gains in Russia.

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Cork production of the Western Mediterranean Countries in relation to the German and American Armament production.

The Japanese "Oriental Economist" attacks Germany's economic plans.

Purchase of raw silk from Free China by the United States.

Recapture of Ichang by the Chinese may considerably alleviate the food situation in Free China.

Meeting to discuss proposals for bringing stronger political and economic pressure to bear upon Japan.

How Shanghai serves the Japanese in ways inimicable to American interests.

Possibility of Depressing the Quoted Value of the German Mark and the Japanese Yen in Latin America.

Portugal permits Timor to be used as air base for Japan.

Proposal that yen be sold at devalued rate.

Agriculture memorandum on preclusive purchase of Latin American cotton.

Attitude of the American Consul General at Shanghai regarding imports into Shanghai and the Stabilization Board.

Imports of U.S. dollar notes into the U.S. from the Orient in recent months.

Japanese evacuate Chengchow.

Banking organization of Hong Kong.

The incorporation of Thailand into the yen-bloc would be an important step in Japan's achieving her "co-prosperity sphere".

New note issue by Nanking Central Reserve Bank and British recommendation that Stabilization Board immediately announce that exchange for essential imports will continue to be provided for indefinite period.

The new China program.

Proposal to Integrate U. S. export controls and Chinese import controls.

- X Recent Developments in the United States-China program.
- Comments on United States-Japanese relations.
- Problems with which the U.S. Treasury must still deal in connection with the China program.
- State Department Consignee Control.
- Effect of withdrawal of U.S. Marines on position of Shanghai.
- Proposed steps to make effective our economic measures against Japan.
- Comments on the Current Chinese situation.
- Dollar holdings in Hong Kong.
- Suggested activities of the Division of Monetary Research in connection with the new situation.
- Question of treating occupied China as enemy territory.
- Revocation of Indo-Chinese and Occupied China's licenses.
- Request for Treasury approval for shipment of petroleum to Free China.
- Proposal that Netherlands East Indies finance their trade with China in sterling.
- Proposal that Russia be deleted from the list of blocked countries.
- Request of Koreans for special treatment by Foreign Funds.
- Treasury activities in connection with the China program.
- German requisitions and purchases from the French unoccupied zone.
- Proposal that an Interdepartmental Committee be formed to study steps necessary for the prevention of inflation and to issue a public statement on this question.
- Priorities on steel for gold mining.
- Turkish Foreign Exchange Holdings.

Private Capital Investment in the Defense Program.

Italian Public Finances.

Fluctuations in the Reichsmark.

Employment and Defense Expansion.

Possible effects of complete breaking off of U.S. trade with Switzerland.

Defense Industrial Facilities financed with Public and Private funds through September 30, 1941.

Reported Defense Construction Schedules.

General rationing and the restriction of consumption in the United States.

Termination of U.S. trade and financial relations with Spain.

Proposal that all Swiss gold be shipped to the United States.

Meeting of December 19th with the Swiss Minister.

Points from recent French consular reports and other printed sources.

Capital Flow between the United States and Canada.

Capital Movements during the first ten months of 1941.

British Purchasing Mission Forecast of Payments;
Comparison of various B.P.M. Forecasts of Payments
Analyses of B.P.M. Commitments and Payments
Changes in Commitments by B.P.M.

Comments on memorandum received from Secretary of the South African Legation.

The British Dollar Position.

Discrepancies between published gold holdings of the Exchange Stabilization Fund and holdings indicated by the Federal Reserve table "Analysis of changes in Monetary Gold Stock".

Review of sales of British-owned dollar securities.

Importance of by-product mining in the gold and silver industries.

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Possible sale of British Bomber Contracts to Russia.

Comparison of new British estimate of their gold and dollar receipts and expenditures with that presented to Congress by Mr. Bell.

Recent Developments in Take-over Problem.

Public reaction to White paper on Lend-Lease export policy.

An alternative plan for encouraging voluntary defense saving.

Effect of SPAB's allocation of tin to Latin America on need for British exports.

Notes on the Legality of Lend-Lease Take-Over of British contracts.

Sir Frederick's memorandum of December 6th on Anglo-Russian Payment Procedures.

British Gold and Dollar Assets.

Gold Holdings of the South African Reserve Bank.

Silver available for coinage of 5-cent pieces.

Domestic Problems involved in Reducing the Price of Silver.

British Ministry of Information Home Press Surveys, London Press.

Agreement between Bank of England and State Bank of U.S.S.R.

Great Britain - Post-War Planning and Reconstruction.

British stamp plan to distribute lend-lease food.

U.K. - U.S. Tax Convention.

British Experience with the 100% Excess Profits Tax, as indicated by Reactions of Business and the Press.

British government machinery for economic coordination.

Proposed 100% tax on all profits over 6%.

British Press Summaries.

Eire Assets in the U.S. and U.S. Assets in Eire.

Estimated Benevolent Remittances U.S. to Eire, 1939 and 1940.

- 15 -

British Select Committee on National Expenditure.
French North Africa and the German War Economy.
Treatment of Switzerland in our Economic Defense Program.
Matters which the Economic Defense Board should be considering, if it is not now doing so.
Estimated German production of certain armaments in March 1943.
Possible freezing of Ukrainian Insurance Societies.
Argentina as a possible subject of Economic Warfare Board action.
Information from our Allies.
Significance of the Accumulation of Sterling Balances in London for Post-War Trade Policy.
U.K. Dollar Expenditures.
Analysis of U.K. Government Expenditures paid for out of overseas sources during the first eighteen months of war.
Canadian Trade.
U.K. Export Figures.
Foreign Investments in the United States of Axis Powers and Occupied Countries.
Publication of Treasury Statistics of possible use to the Enemy.
Possible Effects of a Complete Interruption of trade with Switzerland.
Economic Organization of the Danube States.
Sweden's contribution to the Axis War Effort.
Latin American Sterling Balances.
Bolivian Developments.
Chronology of Stabilization Credit Negotiations with Bolivia.

- 14

Latin American Countries as Intermediaries in Japanese Trade with the United States.

Colombia's Complaints about the Proclaimed List.

Current Situation in Argentina.

New Dominican Republic Reserve Bank.

United States Sugar Concessions to Cuba.

Offer of credit by Chase and National City to Chile.

Extent to which FFC can make use of the Export-Import Bank's recent scheme of export credits for Latin America.

Activity in individual Latin American countries inimical to the United States and retaliatory measures of an economic nature which the U.S. can take against these same countries.

Credit Control in Australia.

Curtailement of loans to civilian industry and trade by commercial banks.

Interim Report of the Committee on Skilled men in the Service.

Stabilization operation with Cuba involving a sale of gold on credit.

Export-Import Bank proposals.

Procedure recommended in initiating Inter-American Treasury Bulletin.

Analysis of the proposed International Wheat Agreement.

Coinage Problems.

Are Proclaimed List Banks in Latin America enabled by "exchange pools" to drain off their blocked dollars?

Elimination of nickel from five-cent coins.

Pros and cons of an embargo on exports and imports of U.S. currency.

Summary of Director of the Mint's report on 5 cent and 1 cent coins.

- 15 -

Article requested by Nelson Rockefeller on "How Our Spending Program will affect Latin America".

Consideration of questions asked by Mr. Irigoyen, Under Finance Minister of Argentina.

Relationship of Stabilization Fund to the defense program.

Why the Fund buys gold from day to day.

Renewal of \$50 million stabilization agreement of 1937 with the Central Bank of China.

Cuban monetary and banking proposals.

Cuba's Agricultural Credit Problem.

Application of Solvay American Corporation for release of \$1 million for investment in Brazil.

Duty-free entry of defense articles.

The effect on Latin America of lower silver prices.

Mr. Taub's memorandum regarding deficiencies in our utilization of manufacturing facilities for defense.

U. S. firms with German connections.

Shipments to Russia.

Soviet Cash Needs.

Soviet Financial Position.

Commerce Report - Merchant Shipping, October 1941.

Notes on Standard Oil's comments on the Japanese petroleum situation.

Machine Tool Production - Commerce Report for October.

Sale of Treasury Silver.

Weakness in Unofficial Canadian Exchange Rate.

Treasury Support for Removal of Tariff on Defense Articles.

Effect of Suspension of Silver Purchases on Canada.

- 16 -

Coordination of Canadian Allocation System with American Allocation Program.

Estimated Dollar Position of Canada.

Application by the Chemical Bank and Trust Company to trade claims on German banks for Colombian Government bills held in Germany.

Gold and Dollar Notes as Payment for Shipment of Oil to Japan.

Disposition of 395 Corporations taken over by the Alien Property Custodian in the Last War.

Nature and importance of Liberia's foreign trade.

A plan for avoid preferential treatment of American creditors of Germany.

Use of Blocked Funds to Service Japanese Dollar Bonds.

Export control violation at Martinique involving operations in the United States.

Imports of Japanese fish-liver oils by way of Latin America.

The importance of certain miscellaneous imports from Japan and China.

U.S. Exports of concentrated milk products, cocoa and chocolate to Thailand.

Present status of Spanish foreign exchange control.

United States currency imports.

Japan's proposal to pay for oil with funds from Latin America.

Applications to permit the sale of the Winter Austrian Properties to Swiss interests.

The importance of bristles, essential oils, and camphor oil imported from Japan.

Meeting regarding applications on the Silesian-American Corporation, and the Winter Austrian Magnesite Properties.

American Insurance Companies operating in Latin America.

Transactions concerning certain foreign dollar bonds.

- 17 -

Austrian and German Nationals' applications to sell Reichsmark bonds of the Conversion Office for German foreign debts.

Application to release approximately \$100,000 from the earmarked gold account of the Central Reserve Bank of Peru to be shipped to Argentina as a means of acquiring Swiss francs from the Swiss National Bank.

Transfer of Swiss-owned Gold in the United States.

Shipment of cotton tire cord fabrics to Sweden.

Requests by central banks or exchange control authorities in South America to have funds held in the United States for blocked accounts of "Proclaimed list" nationals transferred to central bank of relative South American Republic.

Gold and dollar banknotes as means of servicing Japanese dollar bonds.

American exports to Turkey.

Purchase of Chinese silk for delivery to Mexico.

Blocking of debts due on commercial account to American individuals or concerns by countries coming under Executive Order No. 8289.

Application of the BIS to purchase securities and short-term obligations in the market.

Advisability of placing Guatemalan coffee interests under Proclaimed List restrictions.

American private banking firms in Latin America.

Recent price trends in leading commodities exported from the United States to the French West Indies.

Withdrawal of Swedish and German banks from a syndicate of Hungarian Standstill creditors.

Application by the Standard Oil Company of New Jersey to permit the payment of debts of its subsidiaries in occupied territory.

Finnish debt position.

Blocked assets of the Danish Government.

Problem and techniques of control of foreign business enterprise in the United States.

Axis unblocked funds in Latin America.

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Application to transfer \$560,000 of gold bars from the earmarked gold account of the BIS to the earmarked gold account of the Banco de Portugal.

Panama holding companies.

Comment on the alleged present "big demand" for silk waste.

American-Danish loan and investment positions.

Application by the International General Electric Company of N.Y. to receive \$17,000 from the United Incandescent Lamp and Electric Company of Hungary, etc.

Russian funds on deposit.

Economic aspects of the Proclaimed List problem in relation to foreign funds.

Application by the Continental Illinois National Bank and Trust Co. of Chicago to pay \$1991.15 to Richardson and Auer for services rendered in connection with patent applications.

Republic of China, secured Sinking Fund Bonds of 1937.

Norwegian Financial Position in the United States; Earnings of Norwegian shipping.

U.S. Textile Exports to French Africa and French Oceania.

Blocked Nationals filing for themselves on TFR-300, Series A.

Application by the National City Bank of N.Y. to debit the blocked account of the Banque Nationale Suisse and credit same to blocked account of the Spanish Foreign Exchange Institute.

Applications to sell oil royalties to Swiss nationals residing in Switzerland.

Increased Import of Swiss Watches.

Application by Texas Company of China to transfer sum from Tientsin branch of Chase National Bank to a blocked account with National City Bank of New York.

The dollar position of France.

Swedish applications to permit the reversal of certain blocked funds.

American Private Banking Firms in Latin America.

The proposal to trustee funds for the French 7's of 1949.

Gentlemen's Agreement Between the Swiss National Bank and the Swiss banks concerning dollar transactions.

Application by Credit Suisse, N. Y., to sell Swiss francs to Credit Suisse, Zurich, by debit to latter's blocked dollar account with the applicant.

American exports to French North Africa.

Application by Standard Oil Co. of N. J., to permit the payment of foreign annuity claims out of dividend lire due the Standard Oil from Societa Italo American pel Petrolio.

Desirability of importing current technical and scientific literature from Europe.

Economic Activities of International Standard Electric Corporation in Europe.

Should American nationals be granted licenses allowing them to realize on claims against property in blocked countries?

Assets in United States of Netherlands and its Colonies.

Importance of Yoshino paper in national defense.

Advisability of approving application allowing J. H. Monteath Company to accept U.S. currency in cover of shipment to Chinese national.

Short-term Swiss banking assets in the United States.

Application by the French-American Banking Corporation to negotiate a liquidation of the liability to them of the Hermes General Hungarian Exchange Bank, Budapest.

Application by International Business Machines Corporation of N. Y. to acquire an additional interest in its German subsidiary, Deutsche Hollerith Maschinen G.m.b.H.

Should American stockholders in French and Belgian Corporations be permitted to receive payments of dividends from these corporations?

Foreign Funds Control request for information on 30 German business enterprises in the United States.

- 20 -

Spain as a Generally-Licensed National.

Securities of foreign corporations traded on national exchanges in the United States.

Blocked funds at the New York Federal.

Desirability of revoking the general licenses issued to the four neutral European countries.

Considerations favoring the revocation of the Swedish General License.

Portugal as a Generally-Licensed Country.

Sequestration of European and Japanese stocks, bonds and evidences of ownership.

Switzerland as a Generally-Licensed Country.

Applications to Foreign Funds Control to effect transactions involving Worms and Company.

American Exports of Petroleum Products to certain French possessions.

Current reports in addition to the above:

Daily report on transactions in domestic stocks (compiled from S.E.C. figures).

Weekly table: "Balances and Earmarked Gold Held for Foreign Account".

Weekly table: "Net Capital and Gold Movements".

Material for monthly Treasury Bulletin.

Correspondence:

162 Letters replied to.

In addition to the above, material falling into the following categories is also prepared:

1. A large number of tables on various items.

- 21 -

2. Reports on conferences in which this Division participates.
3. Participation in preparation of some of the statements and speeches by the Secretary.

January 15, 1942.

Dear Mr. Watson:

On behalf of the Secretary I am acknowledging your telegram of January 14th. Mr. Morgenthau is away from Washington, but just as soon as he is back, I shall give him this message, and I know that he will be pleased to have the information that you sent.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Mr. Thomas J. Watson,
590 Madison Avenue,
New York, New York.

GEF/dbs

Treasury Department

32

TELEGRAPH OFFICE

PO15 WD 62/61 SER

MA NEWYORK NY JAN 14-42 518P

1942 JAN 14 PM 5 42

THE HONORABLE HENRY MORGENTHAU JR

SECRETARY OF THE TREASURY WASH DC

BY HOLDING UP OTHER WORK WE WERE ABLE TO SHIP ONE MILLION BOND
ASSEMBLIES TODAY, WHICH IS 250,000 OVER AND ABOVE OUR SCHEDULE.
THIS IS IN ORDER TO CREATE AN INCREASED INVENTORY IN THE BUREAU OF
PRINTING AND ENGRAVING. WE WILL CONTINUE SHIPPING IN ACCORDANCE
WITH THE REGULAR SCHEDULE, AND WHENEVER POSSIBLE TO HOLD UP OTHER
WORK WILL SHIP EXTRA ASSEMBLIES

THOMAS J WATSON

532P

Treasury Department

32

TELEGRAPH OFFICE

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THOMAS J WATSON

532P

Unfilled Orders for Savings Bonds at the
Federal Reserve Banks and the Post Office Department
January 2 to date

CONFIDENTIAL

(In thousands of pieces)

Day	: Unfilled : : orders at : : opening of : : business :	New orders : : received : : today :	: Bonds : : manufactured : : today :	: Unfilled : : orders at : : close of : : business :	: Stock of : : "B" type : : bonds : : on hand :	: IBM : : deliveries : : this day :
Jan.						
2	429	932	370	991	61	400
3	991	600	420	1,171	61	400
4	1,171	none-no mail	none-closed	1,171	61	400
5	1,171	257	445	1,255	333	310
6	1,255	425	450	1,408	511	520
7	1,408	639	450	1,597	511	525
8	1,597	460	460	1,597	511	450
9	1,597	649	500	1,471	236	550
10	1,471	155	525	1,101	236	575
11	1,101	none-no mail	560	541	236	600
12	541	859	595	805	236	625
13	805	423	630	598	236	650
14	598	622	670	550	236	685

January 15, 1942

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

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Twelve Business Days of January 1942 and December and November 1941
 (November 1-15, December 1-13, January 1-14)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	January 1942	December 1941	November 1941	January over December	December over November	January over December	December over November
Series E - Post Offices	\$ 76,833	\$ 25,353	\$ 19,874	\$ 51,480	\$ 5,479	203.1%	27.6%
Series E - Banks	<u>208,339</u>	<u>47,376</u>	<u>36,217</u>	<u>160,963</u>	<u>11,159</u>	<u>339.5</u>	<u>30.8</u>
Series E - Total	285,171	72,729	56,092	212,442	16,637	292.1	29.7
Series F - Banks	31,088	9,424	9,642	21,664	- 218	229.9	- 2.3
Series G - Banks	<u>124,732</u>	<u>61,650</u>	<u>60,389</u>	<u>63,082</u>	<u>1,261</u>	<u>102.3</u>	<u>2.1</u>
Total	<u>\$440,991</u>	<u>\$143,803</u>	<u>\$126,122</u>	<u>\$297,188</u>	<u>\$ 17,681</u>	<u>206.7%</u>	<u>14.0%</u>

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

January 15, 1942.

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

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

UNITED STATES SAVINGS BONDS

Daily Sales - January, 1942
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
January 1942									
1	\$ 3,982	\$ 10,229	\$ 1,964	\$ 7,605	\$ 19,798	\$ 14,211	\$ 1,964	\$ 7,605	\$ 23,780
2	4,802	10,736	2,056	7,779	20,571	15,538	2,056	7,779	23,373
3	4,457	9,557	1,278	5,453	16,289	14,015	1,278	5,453	20,747
5	9,684	26,724	3,240	13,704	43,668	36,408	3,240	13,704	53,352
6	6,711	7,659	1,341	6,778	15,778	14,369	1,341	6,778	22,489
7	6,748	21,267	3,692	18,832	43,790	28,015	3,692	18,832	50,539
8	7,509	21,297	3,821	12,871	37,989	28,806	3,821	12,871	45,498
9	5,746	12,359	1,798	4,765	18,923	18,105	1,798	4,765	24,669
10	4,398	16,031	1,858	6,355	24,244	20,429	1,858	6,355	28,641
12	10,187	37,483	3,830	14,353	55,666	47,670	3,830	14,353	65,853
13	7,902	15,059	2,507	11,944	29,510	22,961	2,507	11,944	37,412
14	4,706	19,939	3,701	14,293	37,933	24,645	3,701	14,293	42,639
Total	\$ 76,833	\$208,339	\$ 31,088	\$124,732	\$364,158	\$285,171	\$ 31,088	\$124,732	\$440,991

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

January 15, 1942.

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

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

January 15, 1942

Dear Mr. Stettinius:

In the absence of the Secretary, I am acknowledging receipt of your memorandum of January 14th with which you transmitted a copy of the chart "Progress in obligating and allocating Lend-Lease Funds".

I shall present this to the Secretary as soon as he returns.

Yours sincerely,

(Signed) H. S. ARNOLD

Mr. E. R. Stettinius, Jr.,
Office of Lend-Lease Administration,
515 22nd Street, N. W.,
Washington, D. C.

File N.M.C.

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

E. R. Stettinius, Jr.
Administrator

CONFIDENTIAL

January 14, 1942

MEMORANDUM

To: Secretary Morgenthau
From: E. R. Stettinius, Jr.
Subject: Progress in obligating and allocating
Lend-Lease funds

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

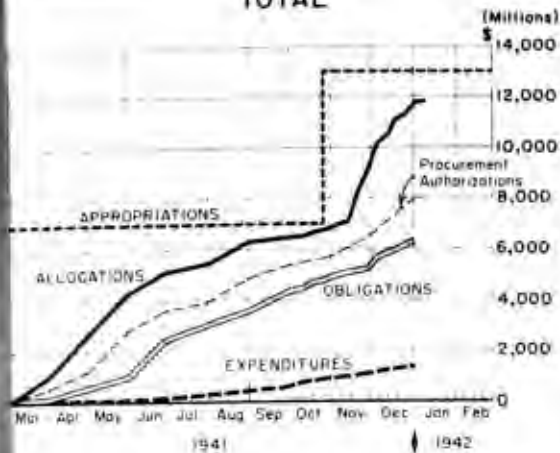
Attachment



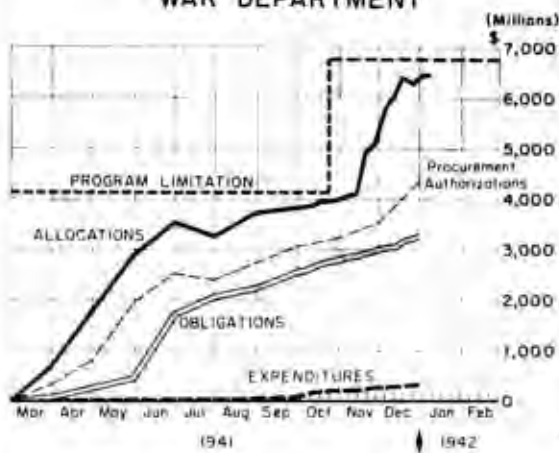
ALLOCATIONS AND OBLIGATIONS

LEND-LEASE FUNDS

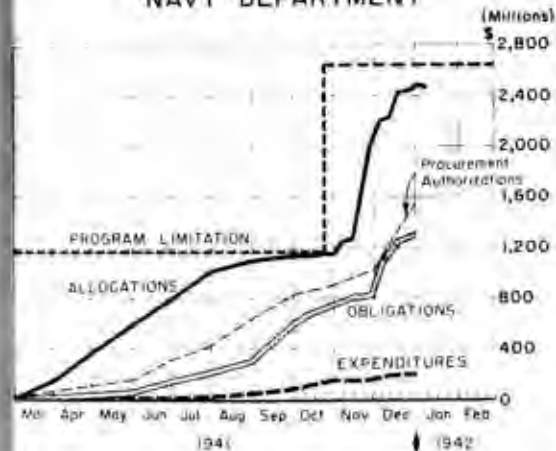
TOTAL



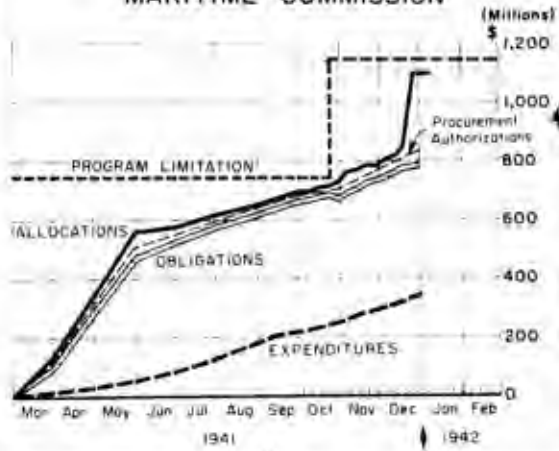
WAR DEPARTMENT



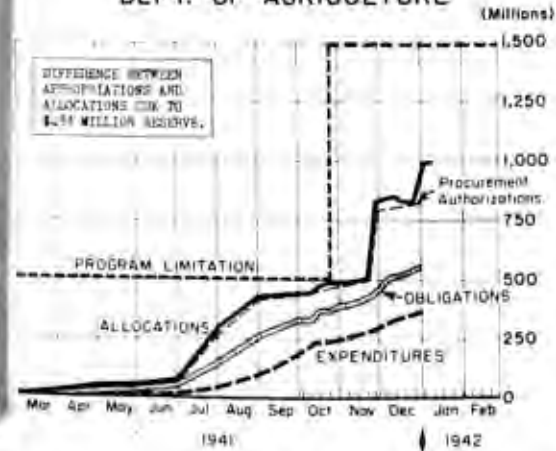
NAVY DEPARTMENT



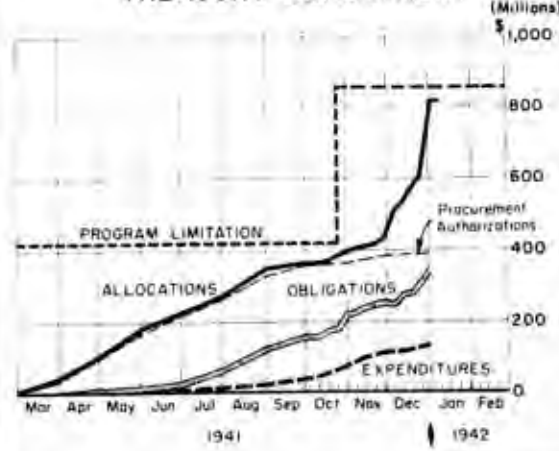
MARITIME COMMISSION



DEPT. OF AGRICULTURE



TREASURY DEPARTMENT



SECRET39
Jan 15 1942

Office of Lend-Lease Administration

STATEMENT OF ALLOCATIONS AND OBLIGATIONSWeekly Report as of January 15, 1942

Appropriation Category	Adjusted Appropriations Jan. 15, 1942	Allocations		Obligations
		Jan. 15, 1942	Jan. 8, 1942	Jan. 8, 1942
Ordnance and Ordnance Stores	\$ 2,251,300,000	\$ 2,146,380,266	\$ 2,212,500,266	\$1,060,502,098
Aircraft and Aero. Material	2,860,500,000	2,806,133,792	2,756,133,792	1,883,366,451
Tanks and Other Vehicles	971,100,000	914,674,875	892,904,057	415,747,664
Pipes	1,657,500,000	1,561,156,667	1,531,016,667	1,143,783,766
Misc. Military Equipment	466,500,000	432,158,409	432,158,409	89,820,797
Production Facilities	1,028,600,000	1,001,542,689	981,092,689	528,694,653
Agric. and Indust. Commod's	3,080,750,000	2,481,117,514	2,481,117,514	1,237,355,514
Servicing and Repair of Ships	310,750,000	294,219,833	294,219,833	135,871,741
Services and Expenses	325,000,000	262,142,944	250,642,944	18,522,930
Administrative Expenses	20,000,000	7,729,352	7,429,352	2,325,399
Total	\$12,972,000,000	\$11,907,256,341	\$11,839,215,523	\$6,515,991,013

Procuring Agency	Adjusted Appropriations Jan. 15, 1942	Allocations		Obligations
		Jan. 15, 1942	Jan. 8, 1942	Jan. 8, 1942
War Department	XXXXXXXXXX	\$ 6,498,005,701	\$ 6,460,854,883	\$3,342,152,683
Navy Department	XXXXXXXXXX	2,494,660,878	2,463,770,878	1,433,739,578
Maritime Commission	XXXXXXXXXX	1,101,869,000	1,101,869,000	808,817,065
Treasury Department	XXXXXXXXXX	817,112,879	817,112,879	368,288,412
Department of Agriculture	XXXXXXXXXX	994,927,939	994,927,939	562,484,002
Other	XXXXXXXXXX	679,944	679,944	509,273
Total	\$12,972,000,000	\$11,907,256,341	\$11,839,215,523	\$6,515,991,013

Funds for freight and other necessary charges are not included in obligations.

January 15, 1942.

Dear Mr. Stettinius:

On behalf of the Secretary, who is away from Washington, I am acknowledging the receipt of your letter of January 14th, together with the enclosed material bearing upon the Protocol agreement for the U.S.S.R. I know that Mr. Morgenthau will appreciate having the information this contains.

Sincerely yours,

(Signed) H. S. KLOTZ

H. S. Klotz,
Private Secretary.

Honorable E. E. Stettinius, Jr.,
Office of Lend-Lease Administration,
Five-Fifteen 22nd Street, N.W.,
Washington, D. C.

GEF/dbs

41

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

January 14, 1942

My dear Mr. Secretary:

Enclosed is a copy of a schedule of availability of material being procured by the Treasury, as provided in the Protocol agreement for the U. S. S. R.

This schedule has been prepared by Mr. Batt, with the assistance of representatives of the Treasury Procurement Division and this office. The decisions as to availability are those of Mr. Batt.

It is believed that this schedule may be of value to you in connection with procurement by the Treasury of material to meet the Protocol agreement.

Sincerely yours


E. R. Stettinius, Jr.

Enclosure

The Honorable,

The Secretary of the Treasury.

1/16/42
1/20/42
TEL
1/16/42
1/20/42
R

January 15, 1943.

Dear Mr. Stettinius:

On behalf of the Secretary, who is away from Washington, I am acknowledging the receipt of your letter of January 14th, together with the enclosed material bearing upon the Protocol agreement for the U.S.S.R. I know that Mr. Morgenthau will appreciate having the information this contains.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Honorable E. R. Stettinius, Jr.,
Office of Lend-Lease Administration,
Five-Fifteen 22nd Street, N.W.,
Washington, D. C.

GEF/dba

January 15, 1942.

Dear Mr. Stettinius:

On behalf of the Secretary, who is away from Washington, I am acknowledging the receipt of your letter of January 14th, together with the enclosed material bearing upon the Protocol agreement for the U.S.S.R. I know that Mr. Morgenthau will appreciate having the information this contains.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Honorable E. R. Stettinius, Jr.,
Office of Lend-Lease Administration,
Five-Fifteen 22nd Street, N.W.,
Washington, D. C.

GEF/dbs

CONDITION OF THE SOVIET AID PROGRAM AS PROVIDED IN THE PROTOCOL AGREEMENT

Materials Division
Office of Production Management

January 8, 1942

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 31	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7. Field Telephone Apparatus.....	36,000 pcs.	Scheduled release withheld by Signal Corps	72,000 pcs.	72,000 pcs.	106,000 pcs.	Anticipate no difficulties in meeting total amount of 106,000 pcs., providing requisitions and specifications are filed. Amtorg requested uniform parts and equipment from all manufacturers, which is not in accordance with U.S. manufacturing practices. Signal Corps and Amtorg representatives have cleared this problem.
8. Field Telephone Cable (7 strands type).....	167,500 miles	21,400 miles	353,600 miles	166,645 miles	562,500 miles	Requisitions have been filed for the Protocol amounts. War Department releases are required to fulfill commitment by June 30.
9. Underwater Telegraph Cable..... (1000-poncha)	150 km.	None (No requisitions)	300 km.		350 km.	Impossible to make definite commitments on availability and shipments until detailed specifications for total amount through June 1942 are received.
10. Submarine Cable.....	300 km.	None (Specifications just cleared)	500 km.		900 km.	Complete specifications and requisitions for balance of Protocol amounts must be filed immediately in order to ascertain availability of types of cable and capacity for production before specific commitments may be made on volume of shipments through June 30.
(11)	6,000 tons	3,700 tons (No requisition filed until December 1941)	8,300 tons	8,300 tons (Provided requisition and orders are placed immediately)	15,000 tons	12,000 tons

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
11. Aluminum (COMP'D) (b) Duralumin.....	1,500 tons	1,590 tons	1,410 tons	1,410 tons Provided: (a) SPAB immediately authorizes delivery of 2,000,000 lbs. hard alloy sheet for U.S.S.R. (b) Reynolds Metals Company overcomes production difficulties which have thus far prevented it from fully meeting production schedules.	2,910 tons	2,910 tons Provided SPAB authorizes release of necessary hard alloy sheet, and provided Reynolds Metals Company is able to meet production schedules. Protocol requirements for fabricated material amount to 4,500 tons over the 3 month period. In fact, U.S.S.R. placed order in October 1941 for something in excess of 5,100 tons. Subject to conditions indicated in Col. 5, it is expected to be abreast of the Protocol requirements by March 31. It is also hoped that by the end of June the major portion of the Russian order for fabricated material will be shipped. If this is accomplished, we will, of course, be approximately 1,000 tons ahead of our commitment on fabricated material. With respect to aluminums—both ingot and fabricated—it must be remembered that every pound of aluminums delivered for the U.S.S.R. means that much less for our own aircraft program. There will be corresponding pressure against fulfilling the schedule of Russian deliveries, as pressure increases for accelerating military aircraft production.
12. Nickel.....	1,200 tons	1,200 tons	None (USSR proposes requisition additional 2,400 tons. Deliveries desired unknown)	Requires further study.	None	
13. Molybdenum.....	900 tons	900 tons	900 tons	900 tons (Provided requisitions and orders are placed immediately)	1,800 tons	1,800 tons (Subject to placing requisitions and orders)
14. Rolled Brass.....	15,000 tons	3,238 tons	26,762 tons	27,453 tons (Provided requisitions and orders are placed immediately. Offer of this amount made to Kosharschik on Jan. 7, 1942.)	41,762 tons	41,762 tons Provided orders are placed promptly and subject to specifications which U. S. facilities are capable of meeting.
15. Electrolytic Zinc	2,250 tons	3,000 tons	1,500 tons	3,750 tons (Provided requisitions and orders are placed immediately)	3,750 tons	As indicated in Col. 5, the full amount of the Protocol commitment can be supplied by March 31.
16. Copper Rods— Wires, etc.	900 tons	1,086 tons	774 tons	774 tons (Provided requisitions and orders are promptly placed)	1,574 tons	1,574 tons

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 31	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
23. Ferroaluminum....	900 tons	342 tons	1,458 tons	1,458 tons (Divided equally between 75% and 50% ferroaluminum)	1,800 tons	Total gross tonnage available may differ from Protocol but silicon content will be the same as that requested.
24. Ferrochromium....	600 tons	200 tons	1,000 tons	1,000 tons (Provided requisitions filed promptly)	1,600 tons	1,600 tons (Subject to reasonably prompt filing of requisitions)
25. Armor Plate.....	3,000 tons	None	6,000 tons	No allocations made. Problems of specifications and encroachment on Navy orders.	9,000 tons	Subject to Navy purchases, specifications, and negotiations between Amtorg and United States Steel Export Co.
26. Hard Alloy and Cutting Tools...	\$300,000	None (No requisitions received until December 15, 1941)	\$600,000	Approximately \$280,000 (50% tons ball wire, requisitioned December 15, 1941). Only 3 U.S. manufacturers can meet specifications applied for this item. Approximately \$58,000 (396 tons cold drawn hi. no. electric furnace steel) available immediately from warehouse stock. Balance of commitment can be supplied provided: (a) Requisitions are in the hands of GPM at least 60 days before first deliveries are to commence and (b) specifications are reasonably conformable to standard U.S. mill practice.	\$900,000	\$900,000 (Subject to conditions indicated in Col. 5)
28. High Speed Steel	300 tons	None-Due to extraordinary specifications not conformable to standard U.S. mill practices, U.S. mills could not commence work.	600 tons	800 tons (R-13-34) by March 31 and 200 additional tons by end of April. Requisitions received December 6, 1941.	900 tons	U.S.S.R. proposes requisition additional 1,000 tons. U.S. can supply this additional amount beyond Protocol requirement provided U.S.S.R. will accept 2% tungsten type and 75% so-called 562 type high speed tool steel, as U.S. consumers are compelled to do in compliance priority order M-14, as amended.
29. Tool Steel.....	1,500 tons	None First requisition: (R-222) dated Nov. 27, received Steel Branch Dec. 19, 1941, called for 511 tons alloy tool steel. R-223, same date, called for 390 tons plain carbon tool steel.	3,000 tons	600 tons of alloy tool steel completed by March 31, 1942. Additional 211 tons by April 30, 1942. 390 tons plain carbon tool steel available by March 31. 75 tons is now ready for mill dispatch, awaits placing purchase order by Treasury and inspection. No requisitions received for amounts in excess of the above 1,001 tons.	4,500 tons	Can be made available. Although no requisition has been filed, U.S.S.R. has given Iron & Steel Branch, GPM, specifications for 3,875 tons drill rod. This can be supplied by June 30, 1942, if U.S.S.R. accepts standard U.S. analysis drill rod grade. If above order filled, total amount available by June 30 under this item would be 4,876 tons, or 376 tons in excess of commitment.
.....	None	None	None	5,980 tons (R-182, 183) dated 11-27-41 filed with GPM Steel Branch 12-17-41	None	Additional quantities can be supplied, amounts depending on size and analysis requested.

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
11. Hot Rolled Steel	21,000 tons	None (No requisitions)	42,000 tons	42,000 tons of hot rolled strip or sheet steel can be made available provided: (a) Requisitions are received in Steel Branch, OPW, by 1-20-42 for full amount; (b) Sizes, both width and gauge, are widely spread over full range of U.S. production; and (c) Specifications are conformable to U.S. standards.	63,000 tons	63,000 tons Subject to conditions set forth in Col. 5 with the further condition that requisitions covering the last 3 months' Protocol amounts be received in the OPW Steel Branch by March 1.
12. Steel Billets... (Chromium-Silicon-Manganese)	24,000 tons	None 1st requisition, B-528, dated 12-10-41, rec'd OPW 12-31-41, allocated 12-31-41 for 16,000 tons for delivery in Jan. & Feb., 1942.	48,000 tons	16,000 tons Additional 14,000 tons can be made available by March 31 subject only to the continued availability of chromium.	72,000 tons	60,000 tons available by June 30, dependent on availability of chromium; remaining 12,000 tons can be supplied in July and August, 1942, again subject to the availability of chromium.
13. Cold-rolled Steel Strip.....	24,000 tons	None No requisition received until December 17.	48,000 tons	805 tons will be delivered in January, fulfilling only requisition received to date. Total of 48,000 tons can be made available provided: (a) Requisitions received by January 20 for full amount. (b) Sizes, width, and gauge are widely spread over full range of U.S. production in accordance with our respective capacities for the various sizes, gauges, etc. (c) Other specifications are conformable to American standards.	72,000 tons	72,000 tons will be available, subject to conditions outlined in Col. 5, with the further provision that requisitions covering the last 3 months' Protocol amounts be in the hands of OPW by March 1.
14. Cold-rolled Steel Sheet.....	24,000 tons	None No requisition received until December 17.	48,000 tons	8,050 tons will be delivered in January, fulfilling only requisition received to date. Balance of 39,950 tons can be made available provided: (a) Requisitions are received in OPW Steel Branch by January 20 for full amount. (b) Sizes, both width and gauge are spread over full range of U.S. production in accordance with our respective capacities for the various sizes, gauges, etc. (c) Specifications are conformable to U.S. standards.	72,000 tons	72,000 tons will be available subject to conditions outlined in Col. 5, with the further provision that requisitions covering the last 3 months' Protocol amounts be received in the OPW Steel Branch by March 1.
15. Tin Plate.....	12,000 tons	2,000 tons	22,000 tons	Total of 16,000 tons has been ordered for shipment in January and February thus completing commitments through February 28. March and later months are subject to the commitments in Col. 7.	34,000 tons	Mill capacities are sufficient to fill the balance of the commitment but a critical situation in tin may cause a curtailment in Lend-Lease commitments as it has for domestic needs.

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
36. Steel Wire..... In accordance with specifications.	21,000 tons	None No requisitions received until December 17.	42,000 tons	6,156 tons have been made available for shipment by March 31. Bulk of this is in high tensile small gauge. Impossible to make full 42,000 tons available in these specifications. Full amount can be made available in low carbon, heavy gauge types, and provided requisitions for balance are placed within two weeks.	63,000 tons	Full Protocol amount will be made available provided not more than 7,000 additional tons is of small gauge, high tensile strength as requisitioned in R-224, 228, and 231. See remarks in Col. 5.
37. Steel Wire Ropes	3,600 tons	None No requisitions received.	7,200 tons	4,000 tons will be made available by March 31 provided: (a) requisitions filed with OPM within next 2 weeks. (b) Specifications are conformable to American standards for size, analyses, and tensile strength. (c) Not more than 10% is in sizes 1/2" diameter and under.	10,800 tons	Balance will be made available subject to the following conditions: (a) Requisitions are received by OPM not later than March 1. (b) Specifications are conformable to American standards for size, analyses, and tensile strength. (c) Not more than 10% is in sizes 1/2" diameter and under.
38. Steel Alloy Tubes.....	600 tons	None No requisitions received.	1,200 tons	1,200 tons can be made available provided: (a) Analysis does not exceed 4% to 6% chrome, 1/2% molybdenum. (b) Size is not larger than 5" outside diameter, nor smaller than 3/4" outside diameter, and wall thicknesses for 2" to 5" diameter do not exceed 1/2" hot rolled. (c) Cold drawn content does not exceed 10%. (d) Requisitions are filed with OPM by January 20.	1,800 tons	Balance will be made available subject to conditions outlined in Col. 5 and provided requisitions received by OPM not later than March 15 for April, May, and June deliveries.
39. Stainless Steel Wire.....	60 tons	None Requisition received Dec. 31 for 12 tons.	120 tons	120 tons will be available if ordered immediately.	180 tons	Balance will be available if ordered promptly.
40. Nickel Chrome Wire.....	60 tons	80 tons	40 tons	140 tons will be made available provided requisitions for the full amount are filed in January.	100 tons	100 tons
41. Barbed Wire.....	12,000 tons	13,471 tons will be delivered by February 1.	24,000 tons	13,471 tons will be available for shipment January 31. Balance of 10,529 tons will be made available by March 31.	36,000 tons	Balance will be made available by June 30.

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1962 Through June 30, 1962	Available Through June 30, 1962
(1)	(2)	(3)	(4)	(5)	(6)	(7)
42. Tolzol.....	6,000 tons	2,376.6 tons	9,625.4 tons	See Col. 7.	15,625 tons	There will be adequate production facilities to make full amounts available. Under existing arrangements with Ordnance Department, the Army gets first call on each month's allocation of tolzol for TNT. Consequently, Materials Division cannot assure availability. The War Department must also concur in diversion of this amount for delivery to U.S.S.R.
TNT.....					10,000 tons (as soon as possible)	Materials Division has no control over production and distribution of TNT which is exclusively under control of Ordnance Department. Consequently, it will be necessary for War Department to arrange for diversion of necessary TNT to fulfill U.S. commitment.
43. Nitroglycerine Powder.....	No definite commitment			See Col. 7	No definite commitment	Same comment applies as in case of TNT.
44. Phenol.....	400 tons	737 tons	1,913 tons	2,250 tons will be available for delivery. Allocations must be made by January 25.	4,163 tons	4,163 tons will be available for delivery.
45. Ethylene Glycol.	360 tons	207 tons	513 tons	Requisition should be filed with Chemical Branch, OPM, by February 15, and deliveries will be made fulfilling Protocol amounts to this period.	873 tons	Balance can be shipped if requisitions filed and allocations made one month before deliveries are required.
47. Sodium Bromide..	300 tons	54.5 tons	545.5 tons	Will probably be made available through current acceleration of monthly deliveries.	845.5 tons	Balance expected to be shipped ahead of schedule.
48. Phosphorus.....	300 tons	302 tons	298 tons	Balance will be shipped if procurement agency places orders for full amount.	598 tons	Balance will be shipped if procurement agency places orders for full amount.
49. Dimethyl-Phtalate	400 tons	None	1,300 tons	Full 1,300 tons can be made available through drastic curtailment of civilian uses and provided procurement agencies place orders immediately with suppliers designated by OPM Chemicals Branch.	2,200 tons	Estimated 2,000 tons will be available for shipment under same conditions as in Col. 5.
50. Diethylmaline..	300 tons	72.7 tons	527.3 tons	Balance can be made available for shipment.	1,227.3 tons	Balance will be made available for shipment.
51. Diphenylamine...	300 tons	None	600 tons	Ordnance Department has control of practically all production facilities and we are therefore unable to give any assurance with respect to availability.	900 tons	Ordnance Department has control of practically all production facilities and we are therefore unable to give any assurance with respect to availability.

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
52. Collyria..... (Wet Basis)	900 tons	50 tons	1,750 tons	1,700 tons will be made available. Efforts will be made to obtain cooperation of Ordnance Department for additional 500 tons.	2,650 tons	2,600 tons will be maximum amount that can be made available for shipment.
53. Metal Cutting Machine Tools....	No definite commitments	None 194 units totaling \$1,025,000 placed by Amtorg on private orders have been shipped. (Not under Lend-Lease.)		There is very little precise information on this item. Due to the character of the item it is impossible to estimate deliveries except on the basis of completed orders placed with the manufacturer. Deliveries in general will be made during the year on those completed requisitions and specifications filed the latter part of 1941 and during the first quarter of 1942.		2,625 machine tools valued at \$26,639,112.73 have been cleared on Lend-Lease for purchase by the Ordnance Department. These items have been cleared since October 1941 and deliveries will be made during the current year. In addition, approximately \$11,000,000 of machine tools are on order by Amtorg, to be paid for out of private funds and will be delivered during the year. These do not appear under Lend-Lease requisition. NOTE: The only conditions under which such of the equipment can be delivered would be by substituting machines built in accordance with American standard specifications and taking such machines from important programs covered by the Master Preference List.
54. Electric Furnaces.....	None		110 pieces initially committed for delivery during 1942.	See Item 53, Col. 5.		Requisitions covering 67 electric furnaces in the amount of \$1,524,000 have been placed on the Lend-Lease requisitions. As of November 15, 1941, there were 155 electric furnaces with a dollar value of \$2,306,582.73 on order for which Amtorg had filed a preference rating on PD-1 form. These are understood to be in addition to those placed under Lend-Lease requisitions. See Item 53, Col. 7.
55. Forging and Press Equipment	None	\$195,035 (Number of units unknown)	627 pieces initially committed for 9 months.	See Item 53, Col. 5.		Amtorg has on order 264 machines with a dollar value of \$6,015,508.71 (\$195,035 of this amount already shipped). See Item 53, Col. 7.
56. Various Industrial Equipment (Heavy assistance practicable)						No information available on this item at this time.
57. Abrasives.....	\$900,000	None	\$1,800,000	Abrasives valued at \$900,000 will be available and shipped by middle of March. Balance will be available only if requisitions are filed immediately to cover additional \$900,000.	\$2,700,000	Balance will be made available if all requisitions are filed in March.

Item	Commitment Through December 31	Shipped or Delivered for Shipment Through January 8	Balance Due Through March 31	Available Through March 31	Balance Due January 1, 1942 Through June 30, 1942	Available Through June 30, 1942
(1)	(2)	(3)	(4)	(5)	(6)	(7)
59. Graphitized Electrodes.....	1,200 tons	366 tons	2,012 tons	967 tons will be available and shipped by March 31. Deposible to fulfill first 6 months' commitment, as 100 days are consumed in actual process of manufacture. In fact, 289 tons were diverted from British shipment. This must be replaced.	3,212 tons	There are two primary factors influencing schedules of shipments. One is the actual time consumed in manufacturing. The other is the specialized nature of this industry. For example, only two companies have facilities for producing the larger sizes, which make up over half the order. The following schedule of deliveries has been arranged and is agreeable to Amtorg: December 1941...308.1 tons July....1942...380.0 tons January..1942... 51.0 tons August...1942...326.8 tons February..1942...197.1 tons September '42...267.8 tons March....1942...330.6 tons October..1942...256.1 tons April....1942...419.6 tons November.1942...176.3 tons May.....1942...411.3 tons December.1942...157.7 tons June....1942...419.6 tons January..1943...117.0 tons
60. Sole Leather....	4,500 tons	None Allocation delayed by failure to secure specifications until December 15.	9,000 tons	4,500 tons will be available and shipped. Schedules of deliveries made up with Russian agreement providing for shipment of 1,500 tons per month from January through September. First month's commitments secured by diversion from civilian orders. More will be shipped, if possible, to comply with the Protocol, although specifications covering 4500 tons only have been received.	13,500 tons	9,000 tons in accordance with schedule (Col. 5). Balance in equal monthly deliveries of 1,500 tons each from August through September. Additional requisitions and specifications should be filed immediately in order that efforts may be made to accelerate completion of commitments.
66. Army Boots.....	400,000 pr.	400,000 pr.	600,000 pr.	1,000,000 pr., total six month Protocol commitment will be shipped by March 15.	1,600,000 pr.	Balance will be shipped by May 31.
67. Army Cloth.....	See Col. 4	250,000 yds.	1,000,000 yds. (Four months' commitment, 10-1-41 to 1-31-42.)	This commitment is being fulfilled by the Quartermaster Corps, which has already bought the full 1,000,000 yds. 600,000 yds. will be delivered latter part of December and January and 400,000 yds. in February. 500,000 yds. of reprocessed wool were offered to the Russians but refused because of apparent poor quality. All of this information has been provided by the Army.	No further commitments.	<i>M. C. Carr</i>

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52

DEPARTMENT OF STATE

WASHINGTON

Livy

January 15, 1942

In reply refer to
PR 701.3311/234

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and informs him of the receipt of a note dated December 30, 1941 from the Ambassador of Uruguay informing the Department that the Uruguayan Government has appointed Senor Carlos M. Fernandez Goyechea as Financial Attache to the Embassy of Uruguay in Washington.

Copy:lc:1/19/42

C A B L E

In: Caracas

Dated: January 15, 1942

Rec'd: January 16, 1942

Federal Reserve Bank of New York,
New York.

#1

Please buy for our account 22,857 ounces of gold within approximate value \$8,000,000 debiting us cost of gold plus expenses. We shall leave gold purchased earmarked with your good selves. Kindly advise execution.

Banco Central de Venezuela.

HERRERA MENDOZA.

(Received by telephone from Federal Reserve Bank, New York,

1:55 P.M., 1-16-42)

ec

OUTGOING CABLE

From: Federal Reserve Bank of New York

Dated: January 16, 1942

Banco Central de Venezuela,

Caracas.

#1

Your no. 1. Cost of 22,857 fine ounces would only be about \$802,000. We assume you wish to acquire gold to increase your gold reserve. Please confirm by cable.

Federal Reserve Bank of New York.

(Received from Federal Reserve Bank, New York, 1:55 p.m.,
1-16-42)

ec

C A B L E

From: Caracas
Dated: January 16, 1942
Rec'd: January 17, 1942

Federal Reserve Bank of New York,
New York.

#2

Attention Mr. Allen Sproul

Purpose of our purchase of gold is strengthen our
reserves.

(Signed) Banco Central de Venezuela

HERRERA MENDOZA.

(Received from Federal Reserve Bank, New York, 10:00 a.m.,
1-17-42)

ec

C A B L E

From: Caracas

Dated: January 16, 1942

Rec'd: January 17, 1942

Federal Reserve Bank of New York,
New York.

Attention Mr. Allen Sproul

#3

Refer to our wire no. 1 January 15 interested to
purchase about \$8,000,000 approximate equivalent
228,571 ounces of gold.

(Signed) Banco Central de Venezuela

HERRERA MENDOZA

(Received by telephone from Federal Reserve Bank, New
York, 10:00 a.m., 1-17-42)

ec

TREASURY DEPARTMENT

57

INTER-OFFICE COMMUNICATION

DATE January 15, 1942

TO Secretary Morgenthau

FROM Mr. Dietrich

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£46,000
Purchased from commercial concerns	£15,000

Open marked sterling was quoted at 4.03-3/4, and there were no reported transactions.

In a very thin market, the Argentine free peso improved another 10 points to close at .2375.

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

Canadian dollar	11-5/8% discount
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2065
Uruguayan peso (free)	.5250
Venezuelan bolivar	.2675
Cuban peso	Par

We purchased \$1,700,000 in gold from the earmarked account of the Central Bank of the Uruguayan Republic.

The Federal Reserve Bank of New York reported that the Bank of Mexico was making three gold shipments with a total value of \$4,373,000 from Mexico to the Federal, to be earmarked for its account.

In London, spot and forward silver were again fixed at 23-1/2d and 23-9/16d, respectively, equivalent to 42.67¢ and 42.78¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 35-1/8¢.

We made no purchases of silver today.

BRITISH EMBASSY
WASHINGTON, D.C.

PERSONAL & SECRET

January 15th, 1942.

Dear Mr. Secretary,

I enclose herein for your personal and secret information a copy of the latest report received from London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

(For the Ambassador)

R. I. Campbell

The Honourable

Henry Morgenthau, Jr.

United States Treasury,

Washington, D.C.

BRITISH MOST SECRET

(U.S. SECRET)

CPTEL No. 17

Information received up to 7 a.m., 14th January, 1942.

1. NAVAL

One of H.M. submarines set on fire and sank a 2,000 ton merchant vessel in ballast in the Eastern Mediterranean on January 2nd. Australian Hudson aircraft attacked a Japanese cruiser and transport off the CRETES Islands and claimed two probable and two possible hits. One medium sized ship of an outward bound convoy was sunk in the Western Approaches. In East Coast convoys, one medium sized ship was sunk and one medium sized ship damaged by enemy aircraft.

2. MILITARY

LIBYA. By the evening of the 12th, contact had been made with the enemy in the neighbourhood of EL BREGA. Further South our forces have come against prepared enemy infantry and gun positions roughly along the track from BUES SUEDA - MICHLEBAT - MAATEN GIOFER. There is much movement of enemy M.T. West of BURUEA with which our armoured cars are already in touch. The number of prisoners captured at SOLLUN is given as 7 Officers, 315 Other Ranks of whom approximately half are German.

MALAYA. It now appears that the Japanese have not followed up our withdrawal beyond KUALA LUMPUR. 9 Japanese dressed as Malays were captured in South East JOHORE. The Commander A.I.F. has assumed command of a force to be known as Test Force comprising one Australian Infantry Brigade Group and one Indian Infantry Brigade Group. An important convoy reached SINGAPORE on the 13th.

BORNEO. There has been an engagement between Indian troops and Japanese forces near the SARAWAK-DUTCH BORNEO border. No details yet available. At TABAKAN the Dutch forces have surrendered after heavy fighting, the oil denial scheme having been completed.

RUSSIA. There is now some confirmation that the Russians have taken LYUDIMOVO on the VYASNA-BRYANSK railway. German counter attacks in the area South of CURSE is continuing.

3. AIR OPERATIONS

MEDITERRANEAN. LIBYA. Night 11/12. TRIPOLI, HMS and military targets near SIRTE were attacked by 8 Wellingtons and a Liberator. Enemy aircraft damaged an Ordnance Depot at TOBRUK.

12th. HALFAYA was bombed at intervals throughout the day.

Night 12/13th. TRIPOLI was bombed by 5 Wellingtons.

- 2 -

During night 12/13th and the following day 6 enemy aircraft bombed BENGHAZI and laid mines in the harbour.

MALTA. 13th. 38 bombers and fighters attacked HALFAR area destroying 1 Hurricane and causing some civilian casualties. Two ME 109's were destroyed.

FAR EAST. 12th. 120 enemy aircraft made 3 attacks on SINGAPORE. 6 enemy fighters were destroyed and 4 more probably destroyed. Our losses were 6 aircraft and 2 pilots.

4. HOME SECURITY

During daylight a single aircraft bombed Dorman Long's Iron Works, Redcar. Casualties reported 10 killed and a single aircraft bombed LOWESTOFT with some damage to private property and 35 people killed.

5. Japanese transports have been located in CAMRANH BAY and in MARSHALL ISLANDS.

6. Reported that the daily movement of about 1,800 tons of motor spirit and diesel oil from GERMANY to ITALY which started on 12th December was still continuing on January 3rd.

7. 32 hours is in future to be the normal working week throughout the large textile industry in ITALY. This reduction is the result of increasing shortage of raw materials.

8. MALAYA. It is understood that owing to damage at TAMPIN considerable amount of rolling stock has been immobilized to the North of this place, but at GEMAS which is now railhead there is sufficient stock to work the line from SINGAPORE to GEMAS to full capacity. The programme for the destruction of dredgers and rubber stocks at SELANGOR was successfully completed in the main.

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NUMBER 14

SECRET

COORDINATOR OF INFORMATION

THE WAR THIS WEEK

January 8-15, 1942



Printed for the Board of Analysts

Copy No. 3

Secretary of the Treasury

January 8-15, 1942

SECRET

THE WAR THIS WEEK

January 8-15, 1942

In the Far East the Japanese continued this week to capitalize the mobility won by the blows struck in the opening days of the war and their attacks splayed out from Rangoon to Rabaul, a distance of more than four thousand miles. On the Russian front the German withdrawal persisted and should soon reach the point where general military opinion places the so-called Nazi winter line. Elsewhere in Europe indications of coming German moves give as yet no adequate basis for assured prediction.

The Drive on Singapore

Reaching out toward the strategic center of the Allied effort in the Far East, the Japanese offensive this week pushed relentlessly down the Malay Peninsula toward Singapore. The Japanese have taken Kuala Lumpur, the world's leading rubber producing center; they have forced the British back to positions about 100 miles from the Straits of Johore; and there is as yet no indication of a slackening of the momentum of their drive.

The Japanese are pushing forward in an area which produces the major portion of four commodities essential to the conduct of war—rubber, tin, and to a lesser degree kapok, and cinchona bark (for quinine). They have already seized areas producing nearly 55 per cent of the region's rubber and 70 per cent of its tin.

Although we have stocks of tin sufficient for more than a year, without restrictions, OPM has ordered a 50 per cent

curtailment in its use during the first quarter of 1942 and its complete discontinuance thereafter for a number of non-essential purposes (chiefly tin foil).

United States rubber stocks slightly exceed average annual peacetime consumption of new rubber—600,000 long tons—but are well below even the 1941 consumption rate of 750,000 tons. Supplies for 1943 will depend primarily on reclaimed rubber (300,000 tons annual average) and production of synthetic rubber, for which our negligible present capacity is to be increased to 400,000 tons by mid-1943, according to present plans. To fill the inevitable gap, civilian consumption is to be reduced in the immediate future by 80 per cent.

Defense of the Philippines

Isolated in the Fortress of Corregidor and on the Bataan Peninsula, American forces have brilliantly repelled attacks by the Japanese, but it is clear that the enemy is rapidly bringing up fresh reinforcements in an effort to bring this unequal struggle to a close.

The strategic position of the Philippines has been alluded to in previous weeks, and is now apparently being exploited to the full in wide-ranging naval and air attacks by the Japanese on the Netherlands Indies and beyond. Japanese forces have seized the Dutch oil island of Tarakan off the eastern coast of Borneo. They have made landings on Minahassa, the northeastern arm of the Celebes, and they have repeatedly bombed the Australian outpost at Rabaul, guardian of the vital sea communications to the east of the Netherlands Indies.

The Menace to Burma

Competent military sources believe an attack on Burma will follow as soon as the situation in Malaya will permit a diversion of adequate air support. Three comparatively good routes lead into Lower Burma from Japanese-held Thailand, and these are partly or wholly negotiable by automobile during the dry season (which now obtains). In addition there are at least six horse trails over the mountains in this same region. These routes are vital because Lower Burma can be invaded much more easily than Upper Burma, and because in the dry season it is a flat desiccated plain which, with the exception of three north-south rivers, offers no geographical obstacles to an invader who has once crossed the mountains.

The Importance of Burma

Rangoon is the political, economic, governmental, and communications center of the country. It is also the port of reception for goods destined for China via the Burma Road. Rangoon has been repeatedly bombed, its stevedore force disorganized, and its traffic apparently notably reduced in volume.

In addition to its crucial importance as the terminus of the route to China, Burma produces annually 250 million gallons of oil (and has large refineries); it is a very important rice producer and exporter; it would be an excellent base for bombing India and preying on commerce in the Bay of Bengal, and it might be developed as a base for an assault on India. Moreover, the conquest of Burma would deny to the United States essential tungsten imports. During the first six months of 1941 more than half of our total imports of this metal (originating in China and Burma) were shipped from Rangoon.

The Significance of Changes in the Chinese Government

Since the entry of the United States and Britain into the Far Eastern conflict, the attitude of the Chungking government has been the subject of the most attentive interest. The recent changes in the higher ranks of the government at Chungking are believed by Ambassador Gauss to reflect merely the effort of the Kuomintang to consolidate its power, Chiang Kai-Shek and his policies remaining unaffected. It is also to be noted, however, that officials known to be ardently pro-American and pro-British have been displaced.

T. V. Soong has replaced Quo T'ai-ch'i as Foreign Minister. The latter is a man of American education, and he was Minister and Ambassador to Great Britain from 1932 to 1941. Since this step was taken in part to strengthen Mr. Soong's position in Washington, undue significance might readily be attached to it. On the other hand, for Quo T'ai-ch'i to remain in eclipse would be a blow to democratic interests.

H. H. Kung, who is Minister of Finance and also friendly toward the United States, has been ill and is recuperating. It is possible that recent changes in office reflect a decline in his power, which has been very extensive at Chungking. T. V. Soong is his rival.

Perhaps connected with Kung's illness is the displacement of T. F. Tsiang from the key post of Secretary-General of the Executive Yuan, or, in effect, *chef du cabinet* to the Generalissimo. Dr. Tsiang attended a small high school in North Dakota and spent eleven years getting his education in the United States. He became the leading historian of Chinese foreign relations and Dean of Tsing Hua University before entering the government. Like Quo T'ai-ch'i, he represents the democratic front in China. It is certainly of importance that his place as Secretary-General has been taken by Ch'en Yi, a notorious opportunist who attended school in Japan

and has a Japanese wife. As Governor of Fukien the latter offered indifferent resistance to the Japanese.

German Withdrawal in the East

It is not yet clear how seriously Soviet attacks are interfering with the Nazi withdrawal on the main Russian front. An important threat to the Germans will appear only if the Russians succeed in making a notable breach in the line on which the Nazis propose to stabilize. Military observers are inclined to agree that that line runs, in the north, Lake Ladoga-Volkhov River—Lake Ilmen—Valdai Hills; in the south, Kursk—Kharkov—and then generally south to the Sea of Azov.

In the center, German intentions are less clear and there are several alternatives. If the Nazis intended to hold the line of the Oka River, the Russians have already breached that at Kaluga. The next line, Rzhev-Bryansk, apparently offers the last possibilities of adequate troop shelter east of the Smolensk region. The Soviets have now driven a wide salient through this line at Lyudinovo and Kirov, and have breached the lateral railroad line from Vyazma to Bryansk. If the Germans lose this line, they may still fall back to the Smolensk area, but any retreat beyond that point would, in the opinion of competent military observers, mean a disorganization of the whole central German defense system and a blow of the most serious character.

A Line of Vital Railheads

The Nazi stabilization line is not to be conceived as a natural barrier in any sense. It would simply represent an effort to protect certain railheads which lie in general on the slight elevation marking the watershed. Even the rivers

forming part of this line now offer no real protection, since they are frozen over during the winter months.

Cities like Smolensk and Kharkov are rail junctions and, according to the report of a reliable observer, probably mark the eastward limit of Nazi track conversion efforts. Rail-heads are naturally vital in a campaign such as that in Russia, where the Germans have been forced by inadequate roads and by gasoline and tire shortages to rely on the railroads to an unusual degree.

Smolensk also offers the only adequate extensive winter shelter for troops on the central front, if half-ruined Vyazma is neglected. In the vicinity of Smolensk the Germans have, according to reports, constructed winter quarters on a large scale.

Crimean Offensive

In the Crimea the picture is clearer. There the Nazis seem definitely to have been taken by surprise and with inadequate air defenses, with the result that the Russians have made successful landings on three faces of the peninsula. They have relieved the crucial naval base at Sevastopol, have taken Balaklava, have made landings at Evpatoriia and Yalta, and are gradually pushing inland toward Simferopol, the administrative center of the Crimea. At the same time the Russians are moving westward on Simferopol from a line connecting the Black Sea and the Sea of Azov, near Feodosiia.

Crimea Suited to Winter War

As the map indicates, the Crimea is far more suited to winter operations than the more northerly parts of the Russian front. The peninsula as a whole has an average January temperature of about 32 degrees, and the snow cover in the colder interior region lasts only for some forty days. On the peninsula's southern tip, however, is the favored "Crimean

Riviera," sheltered by the abrupt escarpment of the Yaila Mountains and enjoying a milder climate. The nobility of Tsarist days had luxurious winter homes there, and the Germans planned to use the area as a recuperation center for their wounded.

With the exception of the southern mountains, the Crimea is a platform sloping gently to the north. The area north of the mountains is almost entirely steppe-dry, inhospitable, and sparsely inhabited. With the exception of the southeastern region, the Crimea is poorly provided with roads, as the map shows, and the Russians are already in possession of parts of this area.

It is far too early to predict the course of the Russian offensive in the Crimea. Anything like a complete defeat of the Germans in this area would seriously jeopardize the whole Nazi position in southern Russia. A close observer of the Russian scene believes that the demonstrated weakness of the German air arm in the Crimea is evidence of a *voluntary* withdrawal of German air strength from the eastern front. He points out that the Crimean winter is not such as to oblige the reduction of air strength (as may have been the case further north). He concludes that this voluntary withdrawal may be connected with a massive German air concentration aimed at some all-out objective, such as an attack on British naval forces in the Mediterranean or in British home waters. He excludes an immediate attack on Turkey; if the Nazis had intended such an attack, they would not have permitted Russian successes in the Crimea, precisely calculated to stiffen the backs of the Turks.

Nazi Preparations in the Mediterranean

There is positive evidence, as well, of Axis activity in the Mediterranean which might be preparatory to important

action against the British fleet. Concentration of submarines and high speed surface craft, coming through Gibraltar, is reported to our Consul in Geneva by an informant who has just spent some weeks in France, and who goes so far as to suggest the possibility of a large-scale attack on the British navy in that area. Great activity is also reported at Pantelleria where speed boats and two-man torpedo carriers are being gathered, possibly for an attack on Malta after that stronghold has been sufficiently softened by air attack. In this connection it is to be noted that Malta has had forty-two air-raid warnings during the past week, bringing the total for the war to 1218, and that on Thursday no fewer than seventeen air attacks were reported for the previous twenty-four hours.

A German Move Through Spain?

The capital news from western Europe is that Franco has finally yielded to German pressure and agreed to the passage of German troops through Spain, according to the Spanish Ambassador in Vichy. The Caudillo has insisted, however, that this move be delayed until after the termination of the Rio conference, by reason of the resentment it is expected to arouse among the nations of Latin America.

At the same time there are no outward indications of an early move in this direction, and conditions in southwestern France are quiet (two regiments are reported to have left France for Russia during the past week). A director of the French railways points out, however, that a German move into Spain need not be preceded by a concentration along the frontier, since the capacity of the French railways is nine times that of the Spanish railways lying opposite the occupied portion of the Pyrenean frontier. This of course takes no account of the probability that German forces would be moved into Spain in large measure by truck.

Anti-Collaborationism in France

As a concomitant of current German difficulties, anti-collaborationist sentiment in official French circles is reported to have grown notably. It is no longer Pétain alone who is mentioned. The conservative Bouthillier, Finance Minister with Banque Worms connections, is said to regard collaboration as a dead issue, an opinion shared by numerous of his friends. Even Pucheu is hesitating, although loath to admit his earlier error. And Darlan is said to feel sure that the Allies will now win.

Vichy is reported as calm but expecting further Nazi demands before long. The Germans are said to be furious with Pétain for his New Year's Day speech. General Delattre de Tassigny has been ousted as commander of the French forces in Tunis—a reward for his independence, it is said. But such a concession to the Germans and the French collaborationists would scarcely accord with the above stories of the growth of resistance to the Nazis. At best the French scene continues to be confused.

Anti-Collaborationism in Spain

Spain, too, has anti-collaborationists. General Orgaz is reported to be taking a more and more independent line in Spanish Moroccan affairs, and is declared to be moved solely by the interests of Spain, untrammelled by Axis ties. The General was recently described as ambitious to succeed Franco, and as placing his own supporters in high administrative posts. The retirement of Suñer, which is reported to be imminent, would probably strengthen the position of Orgaz.

General Orgaz represents in Spain the conservative, Catholic, and military tradition, as contrasted to the new fascist trend of the Falangists, just as Pétain represents much

the same tradition in France, in opposition to men of the stamp of Pucheu. This traditionalist background is probably not unconnected with the resistance of Orgaz and Pétain to collaboration with the Axis.

Growing Difficulties of the Finns

The position of the Finns is becoming increasingly painful. The difficulties of the food situation are illustrated by the report that, with a promise of butter from Germany, the Finns will presently increase their fat ration from roughly one and a half to three ounces a week, which will, it is said, make it just over one-quarter of the German ration. With the early winter and the shortage of labor resulting from the mobilization, only half of the vital autumn plowing was completed. Among the laboring class in the cities, a serious tide of discontent is reported. Progressive demobilization is returning soldiers to civil life, and the Finns as a whole are only too obviously war-weary and anxious to enjoy again the lesser difficulties of peace.

As to official Finnish intentions, a straw in the wind is offered by the report from our Minister in Stockholm that an agreement has been reached by the Anglo-Saxon correspondents in the Swedish capital that, in the matter of Finnish peace feelers, they will eschew all rumors and communicate to their papers only official announcements.

Japanese Propaganda in Latin America

Unlike Nazi propaganda, that of the Japanese in Latin America has on the whole been limited and ineffectual, according to an official survey. With the exception of Mexico, there are practically no Japanese in the Caribbean countries, and organized propaganda is negligible. In Mexico and the

west-coast countries of South America practically all propaganda is disseminated by Japanese residents in conversation. It is not considered a problem in Mexico and Chile, but substantial numbers of intelligent Japanese in Ecuador and Peru make verbal propaganda there a more serious matter. In Uruguay, Bolivia, and Paraguay, Japanese propaganda is virtually non-existent.

It is in Argentina that the propaganda of the Japanese appears to have been most active. There they have several means of dissemination at Japanese disposal: broadcasts, free entertainments and pamphlets, a tourist bureau, a monthly in Spanish, and three newspapers in which they have occasional sections in Spanish at their disposal.

Latin America Reacts to the President's Message

The Latin American reaction to the President's annual message was generally favorable. Newspapers in most of the countries printed the speech in full or in large excerpts. The public reaction appears to have been very favorable in the northern countries, becoming enthusiastic in the vicinity of the Canal. In general, it appears that both interest and newspaper headlines dwindled somewhat towards the south. Ecuador and Peru were distracted by the boundary dispute, Chile by a presidential election. Argentina is enjoying a state of siege, Paraguay forbids press comment on international affairs, Bolivia is proverbially lethargic. Brazil and Uruguay reacted very favorably.

Receiving favorable comment were the President's frankness in adversity, his confidence, his stand for the Church and for world liberty, and above all the awesome production figures. From Mexico, our own Ambassador hailed the speech as perhaps the most powerful piece of propaganda yet seen in that country.

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Q-2/2657-220; No. 601 M.I.D., T.D. 11:00 AM., January 15, 1942

SITUATION REPORT

I. Pacific Theater.

Philippines: Two determined enemy attacks in force, accompanied by artillery and aircraft, were repulsed with heavy Japanese losses. Our losses were light. Corregidor was raided by nine heavy bombers, two of which were shot down. Damage resulting from this raid was slight and casualties few. Hawaii: No further reports of hostile activity. Malaya: The ground situation is unchanged. The press reports that Japanese planes have intensified their attacks over lower Malaya. N.E.I.: There have been no further reports on the Japanese landings in the Celebes and at Tarakan. According to the press, the Japanese have made further bombing attacks near Amboina. West Coast: No further reports of activity have been received.

II. Eastern Theater.

Fighting continues on the northern and central fronts. There is no change in the general situation. The Russians claim the capture of Medyn (40 miles northwest of Kaluga).

III. Western Theater.

The press reports that the H.M.A.F. made raids last night on Hamburg and on other objectives in Germany and in the occupied countries. No results were announced.

IV. Middle Eastern Theater.

Ground: Situation unchanged.

Air: Axis has increased aerial pressure on Malta.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, January 16, 1942.

The Secretary of the Treasury, by this public notice, invites tenders for \$150,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated January 21, 1942, and will mature April 22, 1942, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern Standard time, Monday, January 19, 1942. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 10 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on January 21, 1942.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

January 16, 1942

MEMORANDUM

For the Secretary's Diary:

Secretary Morgenthau telephoned from Florida this morning to suggest that we prepare three or four radio programs designed specially for foreign-born groups in this country. He would like a group of Czech refugees to do one of these programs, Polish refugees another, Yugoslavs another, and make two-thirds of each of these programs in the language of the respective countries. The programs would be addressed by the refugees to their people in this country, telling them what is happening to their mothers or brothers or friends in their old homeland. The message would be that we must set these people free, and we can do it by buying Defense Bonds. The Secretary suggested that Miss Hallie Flanagan, Dean of Women, Smith College, might be useful in helping us prepare these programs.

I said that I like the idea if we could have transcriptions rather than network programs. The recorded programs could be played in cities where there are large foreign-born groups, such as Buffalo or Pittsburgh, whereas they would be wasted if they were produced over the networks. The Secretary agreed completely, and instructed me to proceed with the idea.

F. K. Jr.

F.K. Jr.

January 16, 1942

Dear Archie:

In Secretary Morgenthau's absence from Washington I am writing to thank you for your letters of January 14th addressed to him.

I know that the Secretary will be much interested in the new procedure dealing with the publication of information on procurement contracts. I have already told him something of it, and I hope to discuss it with him in more detail after his return.

Regarding the clearing of radio time, I shall tell our information officers about the new arrangement, and I know that they will be happy to cooperate with Mr. Lewis. I assume that Mr. Lewis will communicate with our radio people as soon as possible to work out the practical application of the new policy as it may affect the Treasury.

Sincerely,

Ferdinand Kuhn, Jr.
Assistant to the Secretary.

Mr. Archibald MacLish,
Director, Office of Facts and Figures,
Library of Congress,
Washington, D. C.



THE LIBRARIAN OF CONGRESS

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WASHINGTON

January 14, 1942

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

My dear Mr. Secretary:

I have today received from Mr. Stephen Early a communication relating in part as follows:

"The time has come when a central clearing point within the Government should be created to give guidance to Government departments and agencies and to the radio industry as a whole concerning inquiries originating within the Government and received by the Government from the broadcasting companies and stations and to handle certain Government programs on the networks within the United States.

"I may tell you therefore, by direction of the President, that the Radio Division of the Office of Facts and Figures, headed by William Lewis, is designated to carry out this work under your supervision.

"It is requested that you advise all departments and agencies of the Government, as well as the national networks and the Committee on Defense Information of the National Association of Broadcasters, that this assignment has been given to the Radio Division, OFF."

In accordance with this direction I have pleasure in informing you that the services of Mr. Lewis and the facilities of OFF will be available for the purposes indicated. Mr. Lewis will be happy to clear requests for radio time, and to advise with respect to radio programs should you wish to call upon him. It is suggested that government information officers be informed of this arrangement and assured that the services of Mr. Lewis and staff are at their disposal in connection with any question relating to government radio programs.

Faithfully yours,

Archibald MacLeish
Archibald MacLeish,
Director, Office of Facts and Figures



THE LIBRARIAN OF CONGRESS

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WASHINGTON

January 14, 1942

CONFIDENTIAL

My dear Mr. Secretary:

A recent communication from the War Department submitted to the Committee on War Information raises the question of the desirability of a uniform policy covering government publication of information bearing upon the letting of procurement contracts and similar matters. The Director of Censorship has indicated his interest in the establishment of such a general policy in order that government publications in this field may not conflict with the self-censorship which press and radio have so willingly accepted and so loyally practiced.

I am therefore sending you herewith a statement of the action taken by the Committee on War Information upon the proposal submitted by the War Department. From time to time the Committee on War Information will doubtless reach similar policy conclusions covering other problems of this nature. Departments and agencies will, of course, determine for themselves the application of these general policies to specific proposed publications. If, however, an information officer is in doubt as to a particular proposed publication, the Committee on War Information directs me to indicate that application may be made to the Office of Facts and Figures which will undertake, at the request of any information office, to do the following things:

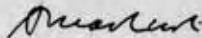
- (a) take up the question of the propriety of a proposed publication with any other agency or agencies having an interest in the subject matter;
- (b) attempt to devise forms or kinds of publication which will satisfy as nearly as possible the needs of the country for information while avoiding publication of information of value to the enemy;
- (c) submit to the Committee on War Information questions of unusual difficulty in which solutions by the methods provided above appear to be impossible.

It is unnecessary to add, of course, that the proposed procedure does not contemplate "clearance" of government publications

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through the Office of Facts and Figures or through the Committee on War Information. The action of the Committee on War Information is taken solely to provide a common policy, the need of which is urgently felt, and to supply simple and informal procedures for working out possible questions as to the propriety of publication. It is felt by the Committee on War Information that these procedures will be more effective and more useful if they are not made public but are treated as confidential. The enclosure is, of course, not confidential but will be released to the press.

Faithfully yours,



Archibald MacLeish
Chairman, Committee on War Information

Enclosure

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

COMMITTEE ON WAR INFORMATION

Policy with regard to government publication of information relating to the letting of procurement contracts and similar matters

In order that the policy controlling government publication of information relating to the letting of procurement contracts and similar matters may be consistent with the policy established by the Director of Censorship for the advice of press and radio, the Committee on War Information has adopted the following statement which has been approved by the departments and agencies represented on the Committee.

1. The policy considerations which should control in all cases of government publication of information during the war period are:

- (a) Information helpful to the enemy should not be made public.
- (b) Information helpful to our own people should be published when publication is possible.
- (c) In case of conflict between these two considerations every attempt should be made to resolve the conflict not by arbitrary action in either direction but by employing forms of publication, or kinds of publication, which will provide information helpful to our own people without providing information helpful to our enemies.

2. The publication of specific information relating to procurement and production can be helpful to the enemy if the publication informs of plans for the manufacture of weapons and other supplies of war, the location of plants, the types and quantities of materials, the dates of completion and similar data.

Publication of general information of this kind can, however, be helpful to our own people in so far as it supplies the basis for independent criticism of the war effort, stimulates production, and, in general, informs the country about the progress of the productive effort the country has been called upon to make.

Furthermore, publication of certain information of this kind is necessary to specific sections of the population, as, for example, sub-contractors, suppliers of labor, common carriers, public utilities, and others called upon to make specific preparations for, or to provide specific services in connection with, procurement and production projects.

3. Information with regard to procurement and production should therefore be provided by government departments and agencies and bureaus but subject to the following limitations:

- (a) There should be no general publication of specific information as to contract awards, site locations of war industries and military installations, estimated supplies of strategic and critical materials available, specific production schedules and detailed progress reports. The open display of contract awards in public offices should be discontinued.
- (b) Where the construction of plants and installations, and the placing of large contracts requiring additional labor forces, are of such nature as to become known in the localities where the work is done, information of a non-detailed character may be published by local newspapers and should be released by government departments to interested Members of Congress for local use. Details as to kind, quantities or delivery date of armaments or munitions or installations should not be given. (The Director of Censorship has advised press and wire services that nation-wide roundups of such locally released procurement data may give material aid to the enemy, but that local publication of the kind here described is permissible.)
- (c) Such information regarding the letting of contracts, the construction of factories and cantonments and the like, as may be necessary to the proper functioning of suppliers of labor, materials, facilities, and other services should be furnished, for their official use, to the appropriate regional offices of the United States Employment Services, Army procurement, OPM, and other designated agencies. Such offices should, however, be cautioned against releases of procurement information to others than those duly identified as having a bona fide interest and when such information is so released to responsible persons they should be cautioned against its publication.
- (d) To provide essential public information as to the progress of the production effort as a whole, the Office of Facts and Figures, working with the advice and assistance of the Bureau of Statistics and Research of OPM, the Division of Statistical Standards of the Bureau of the Budget, and other designated agencies, which should continue to receive on a

confidential basis all information and data regarding procurement and production, will devise forms of publication which, without releasing information of importance to the enemy, would enable the country as a whole to know from time to time whether or not it had met the requirements of the production program; together with other forms of publication which would enable particular localities, and factories, etc. to ascertain whether they had met or failed to meet or had surpassed their quotas of production. Before release these forms of "Production Communiques" should be cleared through a subcommittee of the Committee on War Information, composed of representatives of the War Department, the Navy Department, and the Office of Facts and Figures.

All departments, agencies, officials and employees of the administrative branch of the government are requested to cooperate in carrying out the above policies. It is hoped that members of the legislative and judicial branches will also adopt similar principles in order to prevent valuable information from reaching the enemy.

For your information

January 16, 1942

To Archibald MacLeish

From Alan Barth

EDITORIAL OPINION
ON THE WAR:
PREPARING TO FIGHT

Contradiction

The press reveals an interesting contrast these days between its news pages and its editorial pages. Editors are busily warning readers to beware of headline writers.

The commentators, suddenly, have become propaganda-conscious. The Scripps-Howard papers head an editorial "Don't Underrate The Enemy," and praise the counsel recently offered by Donald Nelson, Senator Connally and Secretary Knox to discount stories of German losses. Anne O'Hare McCormick, in The New York Times, remarks: "Regardless of the truth or falsehood of reports of trouble in Germany, it cannot be repeated too often that they should be received with the utmost caution." Many other newspapers echo this theme, urging the public to be on guard against overconfidence or the expectation of an easy victory.

But the cable editors apparently do not read these inside pages. They continue to treat each successful American bombing raid as an important victory. They are now giving increased prominence to the news of Russian advances on the eastern front, and they go right on brightening the news columns with the dubious tales of diminished German morale.

The editorial writers themselves, moreover, exhibit a tendency to recite the resources of the United States as reassuring evidence that the Axis is inexorably doomed. They marshal President Roosevelt's figures of planes and tanks and ships to be produced in 1943 to prove conclusively on paper that the United Nations are invincible. Confidence, despite the setbacks in the Far East, is at a high level; it may be on the borderline of complacency.

Getting Down To Business

The appointment of Donald Nelson to a post commonly referred to in headlines as "War Production Czar" answered a demand expressed by newspapers in every section of the country. Concentration of authority has been generally regarded as a prerequisite to meeting the production quotas set by the President in his message on the state of the Union.

While a variety of candidates, including Wendell Willkie, had been advocated by different newspapers, the press united in endorsement of the President's action. Perhaps the most lyrical note of appreciation was sounded by New York's PM. "With a stroke of his pen," observed Ralph Ingersoll, "President Roosevelt wrote off from the Nazi balance sheet whole industries in Europe. No bombing mission from England was ever as destructive to Hitler's ambition to out-produce us."

The Nelson appointment, together with the creation of a War Labor Board, restrictions on the sale of tires and automobiles and Mr. Roosevelt's firm attitude on farm prices, has greatly bolstered the editorial hope that the Administration is preparing to get down to the business of waging war in earnest.

Establishment of the War Labor Board also answered a widespread editorial demand; although there was some carping at the failure to eliminate the closed shop issue from its deliberations, commentators in general expressed satisfaction with its functions and its personnel. Increased and stiffened rationing is advocated by a considerable number of newspapers; some of them, indeed, have taken to extolling the virtues of the simple life to be induced by cuts in civilian consumption. According to The Chicago Times, "It's going to be good for us." Most of the press wants the

Government to take a tough attitude on rationing and prices. Judging from a recent Gallup poll, the public feels the same way; 78 percent answered "yes" to the question, "In time of war, should the Government have the right to tell factory owners and businessmen what products they can make and what prices they can charge?"

This insistence on mobilizing our domestic resources appears to reflect a deep-seated and genuine editorial conviction that assembly lines are now America's front lines in the war. The conviction embraces an awareness of the war's planetary scope. It finds expression also in an angry impatience with the Government's failure to build up adequate stock piles of strategic materials and with industry's failure to convert its facilities more rapidly into war production.

The concept of the United States as "the arsenal of democracy" seems to be in the process of translation from theory to reality. The press is now preparing for a long war, a hard war and a world war.

Revival

A guidepost as to the form in which isolationism may be reborn, in marked contrast to the global thinking of most commentators, is to be found in an editorial by the New York Daily News Syndicate. Declaring that loss of the Philippines appears to be

"only a question of time" and suggesting that Singapore is likely to fall to the Japanese as well, the Dutch East Indies following as a matter of course, The News urges that American strength be concentrated on Hawaii. "If we don't hold Hawaii," this gloomy prophecy continues, "one guess is as good as another what will happen to us. Our guess is that Jap bomber raids or battleship raids or both will take to harrying our West Coast shortly after Hawaii goes down, and that we will then be on a bad spot indeed. . . . The defense of Hawaii -- implacable, last-ditch defense kept supplied remorselessly from the mainland -- is, we believe, war job No. 1 for the American people."

This sort of concentration on our narrow parochial defenses appears to be emerging as the new isolationist "line".

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE January 16, 1942

TO Ferdinand Kuhn, Jr.

FROM Joseph Melia

EDITORIAL COMMENT
ON TAX PROBLEMS:
BATTLE LINES FORM

Editorial discussion of wartime taxes centers on the need for a measure that will quickly raise an unprecedented amount of revenue and at the same time act as a brake on inflation. Most editorial writers insist that these two goals must subordinate "ability to pay" as the basic principle of the new program, and accordingly strongly favor a general sales tax. They argue in all seriousness that a sales tax is the only remaining major source of revenue, since income taxes and excise levies have just about reached the point of diminishing returns.

Even liberal newspapers like the New York Post and Chicago Sun are willing to accept a sales tax if necessary. But these newspapers make a point ignored by the majority of the press -- that along with deflationary, "spread-the-burden" taxes, drastic steps must be taken to recapture war profits.

Leading labor publications, with the exception of the Railroad Brotherhoods' organ, have not as yet commented editorially on the

impending tax program, although they are traditional and vigorous opponents of withholding taxes and sales taxes. They give prominent display in both their news and editorial columns to disclosures of large war profits.

Deflation Taxes

The proponents of a general sales tax claim that such a levy would largely solve the problem of financing the war, meeting perhaps two-thirds of the proposed 7 billion dollar increase in the tax bill. Many also maintain that such a measure would be relatively "painless" and the most "fair" way of distributing the tax burden. The argument that a sales levy is a tax on the poor man's table is met with the rebuttal that the necessities of life -- food, clothing, and medicine -- should be exempted.

A large number of the same newspapers that suggest a sales tax as a deflationary measure and a quick, steady source of income are opposed, however, to either a withholding tax or enforced savings. The Philadelphia Inquirer sums up the prevailing sentiment in arguing for a sales levy and against a withholding tax: "The comprehensive sales tax possesses many advantages both for the government and the taxpayers. It brings in the money and it distributes the tax load in the fairest manner possible. A government check-off or withholding tax at the source makes no allowance for the individual's

special circumstances. It takes steady toll in the same amount each week or month from his wages.... But if a considerable part of his contribution is to be made in sales taxes, he can adjust his spending."

A recent Gallup poll indicates that the man on the street is still far from advocating a sales tax as wholeheartedly as his editors and publishers. According to this survey, 47 percent of the people favor a sales tax, 46 percent disapprove, and 7 percent are undecided. Last January, the score was 42 percent for, 49 percent against, and 9 percent with no opinion.

Progressive Taxes

Most of the conservative press fears that to increase private or corporate income taxes would kill the goose that lays the golden eggs and would lead to economic and social disruption. It is maintained that the middle class already is supporting a disproportionate share of the tax load; to add to corporate taxes might so "stifle" the profit motive and private enterprise that production would suffer.

"May not the government in its eagerness to tax corporate business -- which is tantamount to reducing the wages of management and capital -- risk the danger of destroying the zest for industrial expansion...?" asks the Boston Herald, while the Chicago News argues: "The social convulsions Europe underwent after the last war were striking evidence of the unwisdom of piling an unbearable burden in taxes and inflation on the middle classes...."

Opposed to the sentiment expressed by these two newspapers and the conservative press as a whole, the liberal press insists that personal and corporate income taxes must be drastically increased. The Chicago Sun proposes that all personal income above a minimum amount necessary for the essentials of life should be taken by taxation, and the New York Post states: "Excess profits will have to be lifted; we can hardly continue a rate that runs about half that of England's.... Those who oppose a fair increase in excess profits taxes must ask themselves whether they are defending the profit system or defending temporary profits."

TREASURY DEPARTMENT
INTER-OFFICE COMMUNICATION

DATE JAN 16 1942

TO Secretary Morgenthau
FROM E. H. Foley, Jr.

Re: Final Report on status of the Treasury
Department's Legislative Program at
the End of first session of 77th Congress.

I attach herewith in tabular form a final report on the status of Treasury-sponsored legislation at the end of the first session of the 77th Congress. This report is as of the date of adjournment on January 2, 1942. Though some extremely important Treasury legislation was enacted during the past session, the total number of our bills enacted was not quite as large as the total enacted during some of the sessions of Congress since the establishment of the Legislative Section in the summer of 1934, and the centralization in it (with some exceptions) of Treasury legislative activities. This is attributable to the fact that both Houses of Congress and the committees thereof have concentrated on national defense and war legislation during the past session, and have for the most part been disinclined to consider desirable but non-essential legislation not directly related to the defense or war program. With the recent active entrance of the United States into the war this Congressional attitude

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will, I believe, be even more pronounced during the new session.

The following summary shows the record of this office:

<u>Session Year</u>	<u>Number of Treasury sponsored bills enacted</u>	<u>Number of Treasury-sponsored bills actively pending at the end of Congress which failed of enactment.</u>
1941	20	22
1940	23	8
1939	27	4
1938	13	11
1937	22	10
1936	21	8
1935	19	12

Notable among the important Treasury legislation enacted during the last session was the Public Debt Act of 1941, increasing the debt limit of the United States to \$65,000,000,000, providing for the federal taxation of future issues of obligations to the United States and its instrumentalities, and providing for the issue and sale of United States Defense Savings bonds and stamps.

The Congress at our recommendation again extended (till 1943) the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

An important, but little publicized, Treasury bill enacted into law was the one authorizing the Treasurer of the United States to make settlement with payees of lost or stolen checks, which have been paid on forged endorsements, in advance of reclamation. This legislation relieved the inequitable condition arising when the payee or a special endorsee of a check drawn on the Treasurer of the United States, which has been improperly negotiated through no fault of the payee or special endorsee and paid upon a forgery of his endorsement, is deprived of the amount due him until such indeterminate future time as recovery has been effected from the forger or of the bank or of the party cashing the check by setting up a small revolving fund of \$50,000 out of which payment may be made in advance of reclamation.

Due to the nation's increasing demand for minor coins, Treasury legislation was enacted to increase from \$600,000 to \$1,000,000 the so-called minor coinage metal fund, a revolving fund which is available for the purchase of metal (nickel, copper, tin, and zinc), as needed, for the manufacture of minor coins of the United States.

One of the most important bills enacted during this session is the Lease-Lend Bill on March 11, 1941. Although in a literal sense this is not a Treasury sponsored bill, this office prepared the original draft of the bill, committee reports thereon for

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the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs, numerous short speeches and several lengthy speeches which were made in support thereof, and memoranda on many questions of law involved.

Another major bill enacted was the War Powers Bill of December 18, 1941, which conferred upon the President authority to put the Government of the United States on an immediate war footing. This office participated actively in the drafting and handling of this bill. Of particular importance to the Treasury is that part of it which deals with the Trading with the Enemy Act, under which the existing system of foreign property control (commonly known as freezing control) is based. There was added to the existing freezing control, in substance, the powers contained in the Trading with the Enemy Act with respect to alien property, extending those powers, and adding a flexibility of control, which experience under the original act and the recent experience under freezing control have demonstrated to be advisable. This office presented and explained the bill to the House Judiciary Committee, did a major part of the work on both the House and Senate Committee reports, and assisted the Chairmen and members of the Judiciary Committees in the debates on the floor.

Although the legislation relating to foreign accounts in Federal Reserve Banks and insured banks was prepared by the Board of Governors of the Federal Reserve System, the Legislative Section did a great deal of work on the subject matter.

Our bill to amend the Strategic and Critical Materials Act of June 7, 1939, to provide that the proceeds of any sales or other dispositions of strategic or critical materials, acquired and held by the Procurement Division of the Treasury Department under the authority of that act, shall be deposited to the credit of the appropriation made by Congress for the purpose of acquiring strategic and critical materials under that act and will thus be available to the Procurement Division for further purchases of such materials under the terms of the act instead of going into miscellaneous receipts of the Treasury as would be the case under existing law, was enacted by Congress during this session.

Although the Coast Guard was transferred to the Navy Department on November 1, 1941, a number of important Coast Guard bills prepared and sponsored by the Treasury Department were enacted. These included the bill providing for the establishment, administration, and maintenance of a Coast Guard Auxiliary and a Coast Guard Reserve, which bill was enacted after hearings before the House Committee on Merchant Marine and Fisheries. Another Coast

Guard bill enacted during this session made a large number of miscellaneous amendments in existing Coast Guard laws in the interest of clarification and better administration. This legislation includes provisions: for exchanging rights of way at Coast Guard Stations; authorizing the Secretary of the Treasury to negotiate contracts on behalf of the Coast Guard with respect to vessels and aircraft; clarifying the status of the Coast Guard as a military service constituting a part of the land and naval forces; amending existing laws with respect to financing the expenses of the Coast Guard when operating as a part of the Navy in time of war or when the President so directs; etc. A bill was also enacted authorizing the Secretary of the Treasury to purchase or accept as gifts motorboats, yachts, and similar vessels for Coast Guard use. (It was provided therein, however, that should the Coast Guard operate as a part of the Navy, the authority conferred by this act upon the Secretary of the Treasury shall vest in, and be exercised by, the Secretary of the Navy). Moreover, three bills were enacted to vest control of land in the Secretary of the Treasury, and authorizing the Secretary to exchange certain lands, for Coast Guard purposes.

Of the twenty-two Treasury bills still pending in Congress, seven have passed one house. Since the recent adjournment marked

the end of a session and not the end of a Congress, these will retain the same status in the next session which they had achieved in this.

We also, of course, did a great deal of work on many other pieces of legislation, notably on various defense measures of 1941; the so-called Attorneys Bill, which amends existing law to further restrict the Government practice of former Government attorneys; the Administrative Procedure Bills; the Defense Highway Bills; non-essential expenditure appropriation bills, etc. None of these bills, however, strictly speaking, could be described as a Treasury bill.

Aside from the foregoing, the Legislative Section handled a total of 481 Treasury reports on legislation during the past session. Of this number, 297 were reports to committees of Congress, 111 were reports to the Bureau of the Budget on pending or proposed legislation, and 73 were reports to the Bureau of the Budget on enrolled bills to assist the President in determining whether or not to approve these bills.

The Legislative Section transacted legislative business with the legislative counsel of both the House and Senate, and worked with, and appeared before, virtually all the major and many minor committees of both Houses of Congress, during the first session of the 77th Congress. In addition, it drafted or as-

sisted in drafting, much legislation not covered by this report, such as bills which are still in process, bills which have been submitted to, but not yet cleared by, the Bureau of the Budget, bills which were completed but which, for one reason or another, the appropriate administrative officers decided not to submit to Congress at this time, bills prepared as a courtesy accommodation to members of Congress, etc. The Legislative Section also opposed legislation objectionable to the Treasury Department and drafted, or participated in drafting, a considerable number of Executive Orders and Proclamations. In addition, this Section did a large amount of research work on legislative and other problems of interest to the Department, and generally endeavored to keep the various bureaus and branches of the Department advised about all phases of legislative matters in which they were interested.

The National Defense Program during the first session of this Congress and the accelerated legislative activity in connection therewith resulted in a considerable increase in the Legislative Section's work in order to keep the many interested Treasury offices advised about the progress of, and other matters of interest to them in connection with, defense legislation.

S.M. 76

FINAL PROGRESS REPORT ON TREASURY LEGISLATION
DURING THE FIRST SESSION OF THE 77th CONGRESS

A. TREASURY SPONSORED BILLS ENACTED DURING
THE FIRST SESSION OF THE 77th CONGRESS (1941)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>APPROVED</u>	<u>PUBLIC OR PRIVATE NUMBER</u>
1. H.R. 2959 Public Debt Legislation	Increases the debt limit of the United States, provides for Federal taxation of future issues of the United States and its instrumentalities, and authorizes Defense Savings Bonds and Stamps.	Feb. 19, 1941	Public No. 7
2. S. 187 (H.R. 562) Coast Guard Auxiliary and Reserve	Provides for the establishment, administration, and maintenance of a Coast Guard Auxiliary and a Coast Guard Reserve.	Feb. 19, 1941	Public No. 8
3. H.R. 1776 Lend-Lease Act	Empowers the President, notwithstanding any other law, when the President deems it in the interest of national defense, to authorize the heads of any Government department or agency (1) to manufacture or procure any defense articles, which are defined therein, for any country whose defense he deems vital to ours; (2) to sell, transfer title to, exchange, lease, lend, or otherwise dispose of such defense articles to such governments (with limitations); (3) to outfit, inspect, repair, etc., the defense article of any nation whom we aid under the Act; (4) to communicate any defense information to or for the benefit of those nations; and (5) to release for export any defense article disposed of under the Act to any such government. Authorizes the Secretaries of War and Navy to acquire arms, ammunition, and implements of war produced in such countries whenever the President deems such acquisition necessary to the national defense. Authorizes necessary appropriations.	March 11, 1941	Public No. 11

a. Commodity responsibilities enacted
begin in First Session of the
77th Congress (1941) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>APPEARED</u>	<u>PUBLIC LAW</u> <u>TRACTION NUMBER</u>
4. H. 390 (H.R. 4216)* Foreign accounts in Federal Reserve Banks and insured banks	Regulates the handling of foreign accounts in Federal Reserve Banks and insured banks.	April 7, 1941	Public No. 31
5. H.R. 4239 (S. 900) Compensating taxes trust fund	Carries to the surplus fund of the Treasury certain trust funds derived from compensat- ing taxes collected under the Act of May 12, 1933, 48 Stat. 40, upon certain articles coming into the United States	May 9, 1941	Public No. 62
6. S. 994 Strategic and critical materials	Provides for the reimbursement of appropri- ations in cases where sales or transfers of strategic or critical materials would result from action by the President, pursuant to the Act of June 7, 1939, 53 Stat. 812, thus making revolving funds out of such appropriations.	May 28, 1941	Public No. 76
7. S. J. Res. 74 (H. J. Res. 184) Finnish Debt	Authorizes the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness.	June 12, 1941	Public No. 110
8. H.R. 4132 Metals for minor coins	Authorizes the purchase of metals for minor coins of the United States not to exceed \$1,000,000 (instead of \$600,000).	June 21, 1941	Public No. 117
9. H.R. 4646 (S. 1540) Stabilization Fund	Continues powers relating to the Stabiliza- tion Fund, devaluation of the dollar, and purchase of silver.	June 30, 1941	Public No. 142
10. H.R. 531 Coast Guard Sites at Miami Beach	* Authorizes the Secretary of the Treasury to exchange the existing Coast Guard site located at Ft. Lauderdale, Florida, for another site determined suitable for Coast Guard purposes.	July 9, 1941	Public No. 159

* Although this bill originated in the Federal Reserve, it is included because the Legislative Section of the Treasury Department did a great deal of work on the subject matter.

A. Treasury sponsored bills enacted during the First Session of the 77th Congress (1941) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>APPROVED</u>	<u>PUBLIC OR PRIVATE NUMBER</u>
11. H.R. 4903 (S. 1601) Coast Guard Site at Au Sable, Michigan.	Authorizes the Secretary of the Treasury to exchange certain land owned by the United States for a site for a road right-of-way needed for access to the Coast Guard Lighthouse Station Reservation, Au Sable, Michigan.	July 9, 1941	Public No. 162
12. H.R. 4658 (S. 1477) Omnibus Coast Guard Act	Makes a large number of miscellaneous amendments of existing Coast Guard laws in the interest of clarification and better administration. The bill includes provisions: for exchanging rights-of-way at Coast Guard stations; extending authority to utilize collections of the value of repairs and replacements of aids to navigation damaged by private persons to all Coast Guard property; authorizing the Secretary of the Treasury to negotiate contracts on behalf of the Coast Guard with respect to vessels and aircraft; vesting in the Secretary of the Treasury authority to waive the legal requirement of performance and payment bonds in certain classes of Coast Guard contracts; clarifying the status of the Coast Guard as a military service constituting a part of the land and naval forces; amending existing law with respect to financing the expenses of the Coast Guard when operating as a part of the Navy in time of war or when the President otherwise so directs; extending the law-enforcement jurisdiction of the Coast Guard; clarifying and extending existing law with respect to enlistments and retentions in the service; effecting certain clarifying amendments to the Coast Guard Auxiliary and Reserve Act of 1941; etc.	July 11, 1941	Public No. 166

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A. Treasury sponsored bills enacted during the First Session of the 77th Congress (1941) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>APPROVED</u>	<u>PUBLIC OR PRIVATE NUMBER</u>
13. H.R. 4867 Coast Guard Cutters	Authorizes the construction of 13 Coast Guard cutters, including 3 specially designed for ice breaking in arctic regions.	July 15, 1941	Public No. 178
14. H.R. 5903* U.S. Housing Act amendment	Authorizes the U.S. Housing Authority to issue obligations in the amount of \$800,000,000, exclusive of obligations issued for refunding purposes, such obligations to be prescribed by the Authority with the approval of the Secretary of the Treasury.	Oct. 30, 1941	Public No. 288
15. H.R. 5079 Lost or stolen checks paid on forged endorsements	Authorizes the Treasurer of the United States to make settlement with payees of lost or stolen checks, which have been paid on forged endorsements, in advance of reclamation.	Nov. 21, 1941	Public No. 310
16. S. 1826 (H.R. 5537): (H.R. 5459) Seeing-Eye Dogs	Permits seeing-eye dogs, when accompanied by their blind masters, to enter any Government building. This bill was drafted and handled by us as a result of a request from Mrs. Roosevelt to the Secretary.	Dec. 10, 1941	Public No. 330

* The final draft of this bill, now Public Law No. 288, was prepared in the Legislative Section of the Treasury Department.

A. Tracy sponsored bills enacted during the First Session of the 77th Congress (1941) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>APPROVED</u>	<u>PUBLIC OR PRIVATE NUMBER</u>
17. H.J.Res. 221 (S. 1794) Coast Guard at Marquette, Michigan.	Declares abandoned the title of the City of Marquette, Michigan, to certain land, and vests control in the Secretary of the Treasury for Coast Guard purposes.	Dec. 16, 1941	Public No. 342
18. H.R. 5509 (S. 1827) Motorboats and Yachts for Coast Guard	Authorizes the Secretary of the Treasury to purchase or accept as gifts motorboats, yachts, and similar vessels for Coast Guard use.	Dec. 16, 1941	Public No. 349
19. H.R. 6233 (H.R. 6206); S. 2129) (S. 2118) First War Powers Bill, Freezing and Alien Property Control	Confers upon the President authority to put the Government of the United States on an immediate war footing. Title III of the Act, among other things, amends and extends section 5(b) of the Trading with the Enemy Act, on which the present system of foreign property control (commonly known as freezing control) is based, to meet the present war-time conditions.	Dec. 18, 1941	Public No. 354 (Title III)
20. H.R. 4499 (S. 1405) Negotiated Contracts Bill	Authorizes the heads of various departments and agencies of the United States to negotiate national defense contracts without advertising or competitive bidding, authorizes the President to give priority to deliveries under such contracts, and requires a report on contracts to be made to Congress. This legislation after being stalled for a long time in the House Judiciary Committee which had not handled and did not have the background to give expedite consideration to this type of national defense legislation was finally enacted in even broader form in Title II of the First War Powers Act, 1941.	Dec. 18, 1941	Public No. 354 (Title II)

SEPARATE SPONSORED BILL ACTIVITY
ENDING IN CONGRESS AT THE END OF
THE FIRST SESSION OF THE 77th
CONGRESS (January 2, 1942).

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END</u> <u>OF FIRST SESSION</u>	<u>REMARKS</u>
1. S. 1045 (S. 959) Government Life Insurance Fund,	Provides that the National Life Insurance Fund and the U. S. Government Life Insurance Fund, together with all money accruing to these funds shall be deposited in the Treasury of the United States, and shall be available for disbursement to meet expenditures and make investments authorized to be made from such funds.	Passed Senate May 1, 1941; referred to Ways and Means Committee, and reported on Oct. 14, 1941; Union Calendar No. 433.	We expect to get enactment of this bill at the next session. The busy calendar of the House crowded it out this session.
2. S. 1602 Annual Report of the Comptroller of the Currency	Places the Annual Report of the Comptroller of the Currency on a calendar-year basis rather than on an October-to-October basis.	Passed Senate June 30, 1941; pending before House Committee on Banking and Currency.	This bill will probably be enacted during the next session.
3. H.R. 1409 Treasury Guards, Increase in Salary	Designates building guards employed in buildings under the jurisdiction of the Federal Works Agency as U. S. Building Police, and fixes the annual salaries of such police.	Passed House, July 7, 1941; pending before Senate Committee on Public Buildings and Grounds.	The Treasury Department recommended extension of the provisions of this bill to members of the Guard forces of the Treasury Department in the District of Columbia, which recommendation is being informally handled as an amendment to the bill. Although our proposed amendment did not pass the House, we are optimistic that if this bill is enacted, it will be included.

F. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
4. H.R. 5280 (S. 1742) Relief of G. F. Allen	Authorizes and directs the Comptroller General to allow credit for the sum of \$4,923.50 in the account of G. F. Allen, Chief Disbursing Officer, Treasury Department, and the sum of \$26.39 in the account of Cecil M. P. Cross, former special disbursing agent, Treasury Department, and the sum of \$2.70 in the account of Will S. Wood, former special disbursing agent, Bureau of Narcotics.	Passed House, Oct. 6, 1941; pending before Senate Committee on Claims.	This bill undoubtedly will be enacted next session.
5. H.R. 5291 Relief of Helen and Max Rauch	Provides that the sum of \$2,132.20 be paid to Helen Rauch and \$500 to Max Rauch in satisfaction of their claims against the United States for judgments obtained against the Director General of Railroads as a result of personal injuries sustained on May 11, 1919. This is the case in which, after consideration by us of further evidence, the Treasury reversed itself and recommended enactment of this bill which was vetoed in 1938 on the Treasury's recommendation.	Passed House, Oct. 6, 1941; pending before Senate Committee on Claims.	This bill has an excellent chance of passage next session.

B. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
6. H.R. 1793 Mailing of fire-arms	Authorizes the mailing of small fire-arms to officers and employees of the enforcement agencies of the United States.	Passed House, Oct. 6, 1941; pending before Senate Committee on Post Offices and Post Roads.	This bill has a very good chance of enactment next session.
7. H.R. 5895 (S. 2021) Library of Congress Trust Fund Board. Allocation of Income.	Authorizes the Library of Congress Trust Fund Board to allocate one-half of the income from certain property to the Smithsonian Institution. The Secretary of the Treasury is chairman of this Board.	Passed House, Nov. 3, 1941; pending before Senate Committee on the Library.	This bill was not submitted to Congress until Oct. 22, 1941, and no doubt will be enacted next session.
8. H.R. 2599; S. 490 Additional Coinage Mint	Authorizes the Federal Works Administrator to establish an additional coinage mint for the United States in the central section of the United States.	Bills pending before House Committee on Coinage, Weights & Measures, and Senate Committee on Banking and Currency.	This legislation has a slim chance of passage due to the fact that so many members of Congress would like to have the new mint in their districts or are afraid the establishment of a new mint will reduce employment in present mints located in their districts.

3. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
9. H.R. 4934; S.1799 Conspiracy Counterfeiting Bill	Amends the laws relating to counterfeiting of currency, stamps, etc., by providing conspirators shall be subject to the punishment applicable to convictions for substantive violations of such laws. In other words, it will make the same penalties applicable to the chiefs of counterfeiting syndicates as now apply to their leg-men.	Bills pending before House and Senate Committees on the Judiciary.	We hope to secure enactment of this bill during the second session of the 77th Congress.
10. H.R. 5857; S.2023 Relief of Roy F. Lessly and G. F. Allen	Authorizes and directs the Comptroller General to allow credit for the sum of \$7,533.50 in the account of Roy F. Lessly, former Acting Chief Disbursing Clerk, Department of the Interior, and the sum of \$20,012.20 in the accounts of G. F. Allen, Chief Disbursing Officer, Division of Disbursements, Treasury Department, on account of amounts which were paid by them on fraudulent vouchers.	Bills pending before House and Senate Committees on Claims.	Submitted to Congress too late in the First Session to receive consideration.
11. H.R. 6089; S.2075 Travel Expenses of Treasury Employees Serving Abroad	Authorizes payment of traveling expenses of families of officers and employees of Treasury Department going to or returning from foreign posts of duty.	Bills pending before House Committee on Civil Service and Senate Committee on Finance.	This bill was not submitted to Congress until Nov. 24, 1941, too late to receive consideration in the First Session.

B. Treasury sponsored bills actively
pending in Congress at the end of
the First Session of the 77th
Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
12. H.R. 107 Customs Leases Abroad	Authorizes the Secretary of the Treasury or any of his authorized representatives to lease buildings, parts of buildings, and grounds in foreign countries for periods not to exceed 10 years.	Bill pending before House Committee on Public Buildings & Grounds.	This bill has a slight chance of passage during the continuance of the present war, due to the world-wide character of the war.
13. H.R. 1874 Enforcement Of- ficers' Death and Disability Benefits	Authorizes an increase in the death and disability compensation payable to Federal enforcement officers and their dependents when such officers are killed or disabled while engaged in hazardous work.	Bill pending before House Committee on the Judiciary.	This bill probably will not be enacted during the present emergency, due to the prevailing economy sentiment on the Hill with respect to matters not related to national defense.
14. S. 649 Customs Facilities at International Toll Bridges	Requires International Toll Bridges (i.e., along Mexican and Canadian borders) to furnish free inspectional facilities for Customs and other Federal officers necessarily stationed there.	Bill pending before Senate Finance Committee.	This bill has a very slight chance of passage as it has received a great deal of opposition from toll bridge owners and operators, and relatively little expense to the Government is involved (\$50,000).

E. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILL</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
15. H.R. 4768 Customs Overtime Compensation	Authorizes regular tours of duty for customs officers and employees, at night, and on Sundays and holidays, without extra compensation, and generally clarifies customs laws relating to services of customs employees at night, and on Sundays and holidays, permitting assignment of customs employees to perform overtime services, and the payment of extra compensation for such services.	Bill pending before Ways and Means Committee.	Although there will be a fight on this bill, it has a chance of passage during the Second Session.
16. S. 1603 Banking facilities at military posts	Provides for the extension of national banking facilities at military reservations, and at Navy Yards and Navy Stations, upon authorization of the Comptroller of the Currency and the Secretary of War or the Secretary of the Navy.	Bill pending before Senate Committee on Banking and Currency.	Due to the increase in the number of military reservations etc., this bill has an excellent chance of passage next session.
17. H.R. 5080 District of Columbia Credit Unions.	Transfers the jurisdiction over District of Columbia Credit Unions to the Farm Credit Administration.	Bill pending before House Committee on the District of Columbia.	This bill has been introduced in three or four different Congresses, and has been stalled each time by opposition of the District of Columbia Credit Unions.

E. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
18. S. 1671 Power to pledge assets of national banks	Authorizes national banks to pledge assets to secure deposits of states and political subdivisions thereof in those states having statutes permitting this practice.	Bill pending before Senate Committee on Banking and Currency.	This bill has a very good chance of passage during the Second Session of the 77th Congress.
19. S. 1839 Orderly payment of conflicting claims against the United States	Relieves the Treasury Department from the necessity and responsibility of making a judicial determination whenever a creditor or other claimant against the United States requests that the Treasury Department withhold payment from the original claimant, and relieves original claimants from the necessity of having to travel to the District of Columbia to defend actions commenced there to reach amounts payable to them by the United States, while at the same time protecting the rights of creditors of such claimants.	Bill pending before Senate Committee on the Judiciary.	We did not expect this bill to be enacted this session, but it has a chance for favorable action next session. The Acting Comptroller General and the Attorney General have approved the objectives of this bill.

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B. Treasury sponsored bills actively pending in Congress at the end of the First Session of the 77th Congress (January 2, 1942) - (continued)

<u>BILLS</u>	<u>BRIEF EXPLANATION</u>	<u>STATUS AT END OF FIRST SESSION</u>	<u>REMARKS</u>
20. H.R. 5882 Unexpended and obligated balances of certain emergency relief appropriations	Simplifies accounting procedures with respect to unexpended and obligated balances of the Emergency Relief Acts of 1935, 1936, 1937, and 1938 (other than repayments and recoveries deposited as trust revolving funds) by providing that such funds shall constitute an "Emergency Relief Liquidation Fund", which is reappropriated to pay claims certified by the Comptroller General to be properly payable under those Acts.	Bill pending before the House Committee on Appropriations.	This bill was not introduced in Congress until Oct. 21, 1941. It has a good chance of passage next session.
21. Foreign Exchange for Customs Purposes.	Clarifies the procedure in ascertaining the value of foreign currency for customs conversion purposes while there are dual or multiple exchange rates.	No bill introduced, but Treasury draft bill and letter of submission pending before House Ways and Means Committee.	Although there may be a fight on this bill, we are optimistic that it will be enacted during the Second Session.
22. Harrison Narcotic Act Amendment	Relieves certain hospitals from double occupational tax by specifically reclassifying them; classifies newly discovered morphine derivatives, prevents abusive use of narcotic commodity tax stamps, and makes other desirable changes in the laws relating to narcotics.	No bill introduced, but Treasury draft bill and letter of submission pending before Senate Committee on Finance, and House Ways and Means Committee.	This bill eventually has a good chance of passage.

THE AMERICAN BANKERS ASSOCIATION

OFFICE OF THE PRESIDENT

THE SECURITY BANK
OF PONCA CITY
PONCA CITY, OKLAHOMAH. W. KOEHEKE
President

January 16, 1942

To America's Banks:

Since December 7th it has become increasingly more important that the Defense Bond program be pushed to the utmost. I am taking this opportunity of asking the banks to put forth every effort to keep this program continually before the people. There is now more need than ever for the success of the Defense Bond program and we should do everything possible to help.

From reports which have come to the officers of the Association, it is gratifying to know that the banks are doing an excellent job in the Defense Bond program. I have every confidence that they will continue to do this job in a manner characteristic and emblematic of the American way.

The officers of the Association have asked me to communicate with you and urge you to make arrangements as soon as possible for imprinting the "For Victory Minute Man" on the face or back of your customers' and official checks, on customers' monthly statements, on letterheads, envelopes and all other stationery used by your bank.

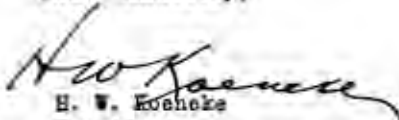
A cut of the size you desire can be obtained free of charge from the Defense Savings Staff, United States Treasury Department, Washington, D. C. Illustrated below are the two sizes available to banks for the purpose of carrying out this program. Order direct from the Defense Savings Staff of the Treasury and designate by number the size cut you desire.

Your hearty cooperation in this undertaking will be appreciated, and there is no doubt in my mind but what it will help materially to increase the sale of Bonds.

For your further help in the promotion of these Bonds, the Advertising Department of the A. B. A. has prepared a completely new campaign with a war-time appeal. The new material is described in the accompanying circular.

REMEMBER PEARL HARBOR!

Yours sincerely,


H. W. Koehelke
President


Style #1



Style #2

Unfilled Orders for Savings Bonds at the
Federal Reserve Banks and the Post Office Department
January 5 to date

(In thousands of pieces)

	: Unfilled : orders at : opening of : business :	: New orders : received : today :	: Bonds : manufactured : today :	: Unfilled : orders at : close of : business :	: Stock of : "B" type : bonds : on hand :	: IBM : deliveries : this day :
Jan.						
5	1,171	257	445	1,255	333	310
6	1,255	425	450	1,408	511	520
7	1,408	639	450	1,597	511	525
8	1,597	460	460	1,597	511	450
9	1,597	649	500	1,471	236	550
10	1,471	155	525	1,101	236	575
11	1,101	none-no mail	560	541	236	600
12	541	859	595	805	236	625
13	805	423	630	598	236	650
14	598	622	670	550	236	685
15	550	660	750	455	231	1,000

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

January 16, 1942

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Thirteen Business Days of January 1942 and December and November 1941
 (November 1-17, December 1-15, January 1-15)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	January 1942	December 1941	November 1941	January over December	December over November	January over December	December over November
Series E - Post Offices	\$ 83,277	\$ 32,538	\$ 22,599	\$ 50,739	\$ 9,939	155.9%	44.0%
Series E - Banks	<u>224,935</u>	<u>59,055</u>	<u>40,057</u>	<u>165,880</u>	<u>18,998</u>	<u>280.9</u>	<u>47.4</u>
Series E - Total	308,213	91,594	62,656	216,619	28,938	236.5	46.2
Series F - Banks	33,331	10,446	10,439	22,885	7	219.1	0.1
Series G - Banks	<u>138,014</u>	<u>66,112</u>	<u>63,648</u>	<u>71,902</u>	<u>2,464</u>	<u>108.8</u>	<u>3.9</u>
Total	<u>\$479,558</u>	<u>\$168,151</u>	<u>\$136,743</u>	<u>\$311,407</u>	<u>\$ 31,408</u>	<u>185.2%</u>	<u>23.0%</u>

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

January 16, 1942.

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

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

UNITED STATES SAVINGS BONDS

Daily Sales - January, 1942
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
January 1942									
1	\$ 3,982	\$ 10,229	\$ 1,964	\$ 7,605	\$ 19,798	\$ 14,211	\$ 1,964	\$ 7,605	\$ 23,780
2	4,802	10,736	2,056	7,779	20,571	15,538	2,056	7,779	25,373
3	4,457	9,557	1,278	5,453	16,289	14,015	1,278	5,453	20,747
5	9,684	26,724	3,240	13,704	43,668	36,408	3,240	13,704	53,352
6	6,711	7,659	1,341	6,778	15,778	14,369	1,341	6,778	22,489
7	6,748	21,267	3,692	18,832	43,790	28,015	3,692	18,832	50,539
8	7,509	21,297	3,821	12,871	37,989	28,806	3,821	12,871	45,498
9	5,746	12,359	1,798	4,765	18,923	18,105	1,798	4,765	24,669
10	4,398	16,031	1,858	6,355	24,244	20,429	1,858	6,355	28,641
12	10,187	37,483	3,830	14,353	55,666	47,670	3,830	14,353	65,853
13	7,902	15,059	2,507	11,944	29,510	22,961	2,507	11,944	37,412
14	4,706	19,939	3,701	14,293	37,933	24,645	3,701	14,293	42,639
15	6,444	16,597	2,243	13,283	32,123	23,041	2,243	13,283	38,567
Total	\$ 83,277	\$224,935	\$ 33,331	\$138,014	\$396,281	\$308,213	\$ 33,331	\$138,014	\$479,558

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

January 16, 1942.

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

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

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Fourteen Business Days of January 1942 and December and November 1941
 (November 1-18, December 1-16, January 1-16)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	January 1942	December 1941	November 1941	January over December	December over November	January over December	December over November
	Series E - Post Offices	\$ 88,998	\$ 34,652	\$ 23,552	\$ 54,346	\$ 11,100	156.8%
Series E - Banks	<u>251,175</u>	<u>63,011</u>	<u>42,740</u>	<u>188,164</u>	<u>20,271</u>	<u>298.6</u>	<u>47.4</u>
Series E - Total	340,173	97,663	66,292	242,510	31,371	248.3	47.3
Series F - Banks	37,650	11,339	11,051	26,311	288	232.0	2.6
Series G - Banks	<u>152,093</u>	<u>68,012</u>	<u>67,673</u>	<u>84,081</u>	<u>339</u>	<u>123.6</u>	<u>0.5</u>
Total	<u>\$529,916</u>	<u>\$177,014</u>	<u>\$145,016</u>	<u>\$352,902</u>	<u>\$ 31,998</u>	<u>199.4%</u>	<u>22.1%</u>

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

January 17, 1942.

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

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

109
 Unfilled Orders for Savings Bonds at the
 Federal Reserve Banks and the Post Office Department
 January 5 to date

(In thousands of pieces)

	: Unfilled : orders at : opening of : business	: New orders : received : today	: Bonds : manufactured : today	Unfilled orders at close of business	Stock of "B" type bonds on hand	: IBM : deliveries : this day
Jan.						
5	1,171	257	445	1,255	333	310
6	1,255	425	450	1,408	511	520
7	1,408	639	450	1,597	511	525
8	1,597	460	460	1,597	511	450
9	1,597	649	500	1,471	236	550
10	1,471	155	525	1,101	236	575
11	1,101	none-no mail	560	541	236	600
12	541	859	595	805	236	625
13	805	423	630	598	236	650
14	598	622	670	550	236	685
15	550	660	750	455	231	1,000
16	455	773	775	426	204	750

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

January 17, 1942

UNITED STATES SAVINGS BONDS

Daily Sales - January, 1942
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
January 1942									
1	\$ 3,982	\$ 10,229	\$ 1,964	\$ 7,605	\$ 19,798	\$ 14,211	\$ 1,964	\$ 7,605	\$ 23,780
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3	4,457	9,557	1,278	5,453	16,289	14,015	1,278	5,453	20,747
5	9,684	26,724	3,240	13,704	43,668	36,408	3,240	13,704	53,352
6	6,711	7,659	1,341	6,778	15,778	14,369	1,341	6,778	22,489
7	6,748	21,267	3,692	18,832	43,790	28,015	3,692	18,832	50,539
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10	4,398	16,031	1,858	6,355	24,244	20,429	1,858	6,355	28,641
12	10,187	37,483	3,830	14,353	55,666	47,670	3,830	14,353	65,853
13	7,902	15,059	2,507	11,944	29,510	22,961	2,507	11,944	37,412
14	4,706	19,939	3,701	14,293	37,933	24,645	3,701	14,293	42,639
15	6,444	16,597	2,243	13,283	32,123	23,041	2,243	13,283	38,567
16	5,721	26,239	4,319	14,078	44,637	31,960	4,319	14,078	50,358
Total	\$ 88,998	\$251,175	\$ 37,650	\$152,093	\$440,917	\$340,173	\$ 37,650	\$152,093	\$529,916

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

January 17, 1942.

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

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

January 16, 1942

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

SALE OF BONDS

Actual cash receipts from the sale of E, F and G Bonds for the first twelve business days of January totalled \$440,991,000, an increase of 206.7 per cent over sales for the corresponding twelve days of December. Sales for the first twelve days of December were \$143,803,000, while sales for the same days in November were \$126,122,000.

Sales of Series E Bonds during the first twelve business days of January were \$285,171,000, an increase of 292.1 per cent over Series E Bond sales during the corresponding period in December. Series E Bond sales for the first twelve business days of December were \$72,729,000.

SPECIAL

A study of People's Motives for Buying Defense Bonds and Stamps, made by the Psychological Corporation of New York and Chicago, based upon 790 interviews, reveals valuable and interesting information. (A complete copy of the study is attached)

PAYROLL SAVINGS PLAN

Based on reports from State Administrators, returns from 38 states, as of January 15, showed that 8,216 firms employing

1/16/42
1/17/42

PAYROLL SAVINGS PLAN (continued)

9,778,000 persons either already have adopted or are currently making arrangements to install the Payroll Savings Plan for regular and continued purchases of Defense Savings Bonds.

Outstanding reports of recent installations as reported by the Field Office, include:

General Electric Co., Schenectady, N. Y., advises that 102,000 out of 132,000 employees are subscribing \$1,260,000 each month.

Eastern Massachusetts Street Railway Co., with 1,750 employees reports 90 percent participation.

One hundred per cent participation is reported by the Fairbanks Scale Company, of St. Johnsbury, Vermont, with 772 employees, and the Gilman Paper Company, Gilman, Vermont with 512 employees.

The Ford Motor Company's Payroll Savings Plan for 127,000 employees has been forwarded to the Treasury.

The 60,000 employees of the Aluminum Company of America will enroll in the Payroll Savings effective February 1.

Carson-Picrie-Scott of Chicago, with 700 employees, reports 98 per cent are participating, and that in addition they have sold \$50,000 worth of bonds in "spot cash" purchases.

The Mohawk Carpet Co., Amsterdam, N. Y. invested \$216,175 in Defense Savings Bonds through payroll Savings in November and December.

PAYROLL SAVINGS PLAN (Continued)

All State Departments in Ohio have installed Payroll Savings, enrolling 16,000 employees.

STATE GUIDE BOOKS

Twenty-six states have received copies of the State Guide Books prepared jointly by the Office of Government Reports and the Promotional Unit of the Defense Savings Field Office. The remaining states will receive their books within ten days.

SECURITY DEALERS

Representatives of various associations of security dealers in stock exchange firms have offered their services to the Defense Savings Program. Field Memorandum No. 172 (copy attached) explains tentative plans in detail.

RETAIL STORES

New York retailers have decided to extend the advertising effort they inaugurated January 1. They will sponsor indefinitely a series of monthly promotions in the interest of Defense Savings. Their plans include newspaper advertising, plus an outdoor campaign using space on 500 billboards in the Greater New York Area.

RETAIL STORES (Continued)

The following chain store firms advise that the voluntary Payroll Savings Plan has been adopted, with a major percentage of their employees participating.

Sears, Roebuck, 55,000 employees

Safeway Stores, 23,000 employees

Kroger Grocery & Baking Co., 23,000 employees

Economy Grocery Co., 2,000 employees

In addition, Sears, Roebuck has set up a \$500,000 revolving fund for Defense Savings Stamp purchases. From this fund every regular employee is supplied with \$10 worth of Stamps to sell to his customers and acquaintances.

Many retail concerns are preparing their own posters and signs, advertising Defense Savings, to display in their stores. Among firms doing this are Schulte Cigar Stores, United-Whalen Drugs, Sears Roebuck, Kroger Grocery and Baking Co., and Safeway Stores.

EDUCATION

Official handbooks for educational committees, setting forth means for adapting Defense Savings in schools, are scheduled to be off the presses by the first of next week. These handbooks will be distributed by State Administrators.

Special Lincoln and Washington Birthday articles of particular interest to school children are being printed in form

EDUCATION (Continued)

suitable for insertion in students notebooks. The Lincoln's birthday article features the story of the Lincoln penny, while the other compares the methods of financing George Washington's army and our present and potential armed forces. The Lincoln piece is designed for grammar school children; the Washington story for high school pupils. Both articles are illustrated.

An article prepared by the Education Division appears in the February issue of "School Life", published by the Office of Education. Another is scheduled for the March issue of the magazine "Nation's School".

SPECIAL FOREIGN LANGUAGE GROUPS

Sons of Norway, of Madison, Wisconsin, voted to purchase \$750 worth of Bonds.

Hungarian Women's Reformed Sick Benefit Society, Indiana, has appropriated \$300 of its fund for Defense Bonds.

The Polish National Alliance, Schenectady, New York, has \$12,000 in Defense Bonds.

Members of the St. George Greek community in Springfield, Massachusetts, subscribed more than \$3,000 worth of Defense Savings Bonds in ten days.

The Lithuanian Citizens Political Club of Waterbury, Connecticut, has voted to buy its third \$10,000 Defense Bond.

SPECIAL FOREIGN LANGUAGE GROUPS (Continued)

In Cincinnati, Ohio, German-speaking members of the American Citizens' League helped raise \$800 for Defense Bonds in a fortnight.

Youngstown's Croatian Fraternal Union, in Ohio, voted a \$1000 subscription to Defense Bonds.

The Italian Workmen's Club, Madison, Wisconsin, bought a \$1000 Bond.

The Sacramento, California resident Japanese are participating wholeheartedly in the Defense Program.

In The Dalles, Oregon, the postmaster counted 5600 pennies for Defense Bonds turned in by the baby daughter of a Japanese restaurant keeper.

Ukrainian National Association, West Easton, Pennsylvania, voted \$300 in Defense Bonds.

Members of the Syrian-American Association pledged a \$10,000 purchase.

In Gary, Indiana, representatives of five Roumanian groups purchased \$7000 in Defense Bonds.

Members of the Serbian Lodge, No. 129, East Moline, Illinois, have pledged at least \$3000 in Defense Bonds.

A Philadelphia bootblack, Tony da Grossa, bought \$1700 in Defense Bonds - 50 years savings.

In Houston, Texas, a Roumanian has sold \$700 worth of stamps from store to store. His goal is \$5000.

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RADIO

New "station break" copy has been sent to all radio stations. A total of 5,222 are being used daily. (see Radio Attachment No.2)

The following radio programs are now including Bond and Stamps as prizes.

- | | |
|-----------------------|--|
| a. Red Skelton | NBC (Brown and Williamson-sponsor) |
| b. Quiz Kids | NBC (Dr. Miles Laboratory-sponsor) |
| c. Information Please | NBC (American Tobacco Company-sponsor) |
| d. Vox Pop | CBS (Emerson Drug Co.-sponsor) |
| e. How Am I Doin' | CBS (Camel Cigarette-sponsor) |
| f. Hit Parade | CBS (American Tobacco Co.-sponsor) |
| g. Kay Kyser | NBC (American Tobacco Co.-sponsor) |
| h. Double or Nothing | MBC (Peenamint - sponsor) |

540 Foreign Language announcements are being made daily over 186 radio stations, copies of new foreign language announcements are attached. (See Radio Attachment No. 1)

Radio Station KTNM (Tucumcari, New Mexico) originated its own Defense show "America Calling" on January 10, and sold bonds at the rate of one per minute. The town has a population of 5,000. A total of \$2,650 in bonds was sold during the first program. "America Calling" will be on the air on KTNM every Saturday.

David Sarnoff, Director of the National Radio Minute Men Campaign has invited William Paley, President of CBS and Alfred J. McCosker, President of MBS, to serve with him on a joint committee.

The RCA office in New York will schedule all Minute Men on network broadcasts, both sponsored and sustaining.

RADIO (Continued)

Invitations to nationally prominent religious leaders of all faiths to join the Minute Man Committee were issued this week. A total of 4,300 Minute Man announcements already have been made over the nation's radio stations.

Radio Station WBZ-WBZA, in Boston and Springfield, Massachusetts, have inaugurated a half hour Saturday evening program - "REMEMBER PEARL HARBOR"- devoted to securing pledges for purchases of bonds. Western Union is cooperating with the stations in this campaign. Pledges on the January 10th program amounted to \$12,000. The program is scheduled to go on indefinitely.

Arrangements are being completed to record Minute Man announcements by U. S. Senators to be distributed to all radio stations in their home states for repeated broadcasts.

One hundred and twenty-four radio stations now have 100% memberships in Payroll Defense Savings Plans.

TELEVISION

The Columbia Broadcasting System reports that the first television Bond Program telecast 8:15 - 9:10 P.M., Friday, January 9, sold \$75,000 worth of bonds. In all, 48 contributions were received, the largest one of \$50,000 from Bankers National Life Insurance Company. Other purchases in amounts of \$5,000 each were phoned in by Larry McPhail and Dan Topping in the name of the Brooklyn Dodgers and the N. Y. Football Playing Dodgers, respectively.

TELEVISION (Continued)

The Defense Savings Staff is also utilizing the ten-minute intermission spot on the NBC telecast of the Monday night fight shows, to promote Bond sales.

PRESS

Photographs of Dorothy Lamour's varied activities in New York, Philadelphia and Washington were carried by all newspapers and photo services. (Several clippings are attached.) Other pictures arranged by the Press Section which received widespread publicity include the installation of a Defense Stamp Booth at the Washington National Airport; sale of bond to Sonja Heine by Mrs. Lytle Hull; Joe Louis buying bond on the day of his induction into the Army; and of stars of the Olser and Johnson shows, visiting Vice President Wallace before starting their Payroll Savings Entertainment Caravan. (Clippings are attached.)

Voluntary reports from the first mailing of comic cartoons, drawn especially for Defense Savings Staff, were received from 75 editors and publishers of leading daily newspapers asserting that they would use the material regularly.

First of a special "Defense Savings hints for housewives" series were mailed to all women page editors of daily newspapers.

ACME News Pictures, Inc. took pictures of Chinese buying bonds at the Chinese Post Office in San Francisco and are arranging a feature release.

PRESS (Continued)

Crockett Johnston, representing a group of magazine cartoonists, came to Washington to inform Treasury officials that the nation's magazine cartoonists would provide Defense Savings with cartoons for their Trade Publications and House Magazines.

A full page color cartoon of "THE TIMID SOUL" devoted to the Defense Savings Program is attached. Also attached are clippings of newspapers with unusual publicity "breaks".

Editor and Publisher Newspaper trade magazine carried three stories and a full page advertisement about activities of the Press Section. (Marked copy is attached.)

NEWSPAPER CARRIER SALES

As of January 12, 493 newspapers in 443 cities, with a total city circulation of 11,063,290, reported sales of 38,265,370 ten-cent stamps, or their equivalent in Bonds or Stamps of larger denominations. (Cash total - \$3,826,537.) These sales were made by 107,303 newspaper carrier boys. The average sales per carrier amounted to \$35.60. A table showing the breakdown of sales is attached.

LABOR PRESS ADVERTISING

To date, 235 labor papers have agreed definitely to publish our Payroll Savings advertising releases. This group has an aggregate circulation of approximately 3,525,000.

PRESS (Continued)

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BUSINESS PUBLICATIONS

A total of 1,878 requests for complete information about the voluntary Payroll Savings Plan was received as a result of advertisements of the Defense Savings Staff published by business publications. These requests all have been answered.

HOUSE MAGAZINES

A detailed plan, calling for additional emphasis on the Payroll Savings Plan in house magazine publications has been completed by the House Magazine Editors' Committee. The committee's report was based on a two week study here in Washington.

LABOR PRESS

Bernard Seaman, who draws the "March of Labor," a cartoon feature appearing regularly in 160 labor publications, has notified the Treasury that he will include a pictorial item about Defense Savings in each release.

Copies of labor publications showing typical use they make of mats, stories and cartoons sent out by the Press Section, are attached.

STAGE AND SCREEN STARS

At a statewide Defense Bond rally attended by 20,000 persons in Indianapolis, Indiana, on January 15, Carole Lombard, appearing

THEATRE AND SCREEN STARS (Continued)

Guest star, sold a total of \$2,000,000 worth of Defense Bonds during the course of the evening.

Dorothy Lamour made special appearances this week for the Defense Savings Program in New York, Philadelphia, Washington, and Baltimore.

The entire cast of Eddie Cantor's "Banjo Eyes," Broadway musical comedy production, has signed up to participate in the Defense Payroll Savings Plan.

NEWSREELS

The Defense Savings Staff Newsreel Crew made pictures this week in various cities and towns in Massachusetts, Rhode Island and Connecticut.

MOTION PICTURES

Employees of Metro-Goldwyn-Mayer, Loew's Inc., Warner Bros., and Paramount have signed up to participate in the Payroll Savings Plan.

The Defense Savings Staff is sending out copy and layouts to all motion picture producers which they will work into their advertisements. These advertisements are used in the nation's 16,000 theatres and in the 1,550 daily newspapers. Special copy is also being prepared for use on billboard posters and theatre lobby displays. This copy will be changed frequently to emphasize need of universal adoption of Payroll Savings.

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HAGERSTOWN CAMPAIGN

The Defense Bond and Stamp Campaign for Hagerstown and Washington county, Maryland, established as its goal enough money to buy two Fairchild Trainer planes. The campaign wound up with enough bonds and stamps sold to purchase 28 such planes.

DIRECT MAIL

Defense Bond sales by direct mail this week were \$1,001,331 bringing the total sales as on January 15 through this medium to \$16,445,507.

LABOR

The International Union of Bricklayers, Masons and Plasterers of America (A.F.L.) has purchased \$150,000 of Defense Bonds for 1942. They purchased the same for 1941.

Los Angeles Typographical Union No. 174 has voted a \$10,000 purchase of Defense Bonds.

At New Britain, Connecticut, The American Velvet Company has bought \$6,300 of Defense Bonds.

In Atlanta, Georgia, United Auto Workers, (C.I.O.) have asked the Ford Motor Company to pay all wages in excess of the 5-day week into the purchase of Defense Savings Bonds and Stamps.

In the Sand Coulee-Stockett district of Montana, miners are devoting a day's pay, besides their pledges, to the purchase of Defense Bonds and Stamps.

LABOR (Continued)

International Brotherhood of Teamsters, (A.F.L.) bought \$1,000,000 of Defense Bonds and are pledging \$2,000,000 yearly as long as the war lasts.

The International Union of Mine, Mill and Smelter Workers (C.I.O.) Birmingham-Bessemer area of Alabama, sets a goal of \$200,000 for its quota.

SERVICE GROUPS

North Dakota's ten Elks Lodges have recently bought over \$100,000 in U. S. Defense Bonds.

Members of the Fourth Degree Assembly of the Knights of Columbus in Rochester, New York, have undertaken to sell \$10,000 worth of Bonds and Stamps the first two weeks in January.

Benevolent and Protective Order of Elks in New Bedford, Mass., met to receive instructions for canvassing 40,000 workers relative to payroll savings plan.

TRADE PROMOTION

The Menasha Products Company of Menasha, Wisconsin, reports that it has provided 12,350,000 Defense Bond Labels to 19 large bakeries in various sections of the United States. (Sample attached)

SPECIAL FULL PAGE COMIC CARTOON

Attached is photostat of full page of Dudley Fisher's "Right Around Home", which will be published in more than 60 newspapers on February 1 in full color, both in standard size and tabloid.

- 9024

ESTABLISHING THE WAR PRODUCTION BOARD IN THE
EXECUTIVE OFFICE OF THE PRESIDENT
AND DEFINING ITS FUNCTIONS AND DUTIES

By virtue of the authority vested in me by the Constitution and statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to define further the functions and duties of the Office for Emergency Management with respect to the state of war declared to exist by Joint Resolutions of the Congress, approved December 8, 1941, and December 11, 1941, respectively, and for the purpose of assuring the most effective prosecution of war procurement and production, it is hereby ordered as follows:

1. There is established within the Office for Emergency Management of the Executive Office of the President a War Production Board, hereinafter referred to as the Board. The Board shall consist of a Chairman, to be appointed by the President, the Secretary of War, the Secretary of the Navy, the Federal Loan Administrator, the Director General and the Associate Director General of the Office of Production Management, the Administrator of the Office of Price Administration, the Chairman of the Board of Economic Warfare, and the Special Assistant to the President supervising the defense aid program.

2. The Chairman of the War Production Board, with the advice and assistance of the members of the Board, shall:

112

- a. Exercise general direction over the war procurement and production program.
- b. Determine the policies, plans, procedures, and methods of the several Federal departments, establishments, and agencies in respect to war procurement and production, including purchasing, contracting, specifications, and construction; and including conversion, requisitioning, plant expansion, and the financing thereof; and issue such directives in respect thereto as he may deem necessary or appropriate.
- c. Perform the functions and exercise the powers vested in the Supply Priorities and Allocations Board by Executive Order No. 8875 of August 28, 1941.
- d. Supervise the Office of Production Management in the performance of its responsibilities and duties, and direct such changes in its organization as he may deem necessary.
- e. Report from time to time to the President on the progress of war procurement and production; and perform such other duties as the President may direct.

3. Federal departments, establishments, and agencies shall comply with the policies, plans, methods, and procedures in respect to war procurement and production as determined by the Chairman; and shall furnish to the Chairman such information relating to war procurement and production as he may deem necessary for the performance of his duties.

4. The Army and Navy Munitions Board shall report to the President through the Chairman of the War Production Board.

5. The Chairman may exercise the powers, authority, and discretion conferred upon him by this Order through such officials or agencies and in such manner as he may determine; and his decisions shall be final.

6. The Chairman is further authorized within the limits of such funds as may be allocated or appropriated to the Board to employ necessary personnel and make provision for necessary supplies, facilities, and services.

7. The Supply Priorities and Allocations Board, established by the Executive Order of August 28, 1941, is hereby abolished, and its personnel, records, and property transferred to the Board. The Executive Orders No. 8629 of January 7, 1941, No. 8875 of August 28, 1941, No. 8891 of September 4, 1941, No. 8942 of November 19, 1941, No. 9001 of December 27, 1941, and No. 9023 of January 14, 1942, are hereby amended accordingly, and any provisions of these or other pertinent Executive Orders conflicting with this Order are hereby superseded.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

January 16, 1942.

The President announced today the appointment of William S. Knudsen as Director of Production for the War Department.

On Monday, the President will send the name of Mr. Knudsen to the Senate for appointment as a Lieutenant General in the Army.

Mr. Knudsen will have entire charge of directing and expediting the gigantic production involved in the War Department munitions program, with special emphasis on the production of airplanes, tanks, guns and ammunition.

He and his staff will in addition visit the great arsenals and munitions factories with the object of helping them constantly to improve and speed up their lines of production.

In announcing the appointment, the President said:

"Bill Knudsen is one of the great production men of the world and his acceptance of this new post means that he can give his entire time to the direction and expediting of production, a field in which he has no equal.

"The country is already immeasurably indebted to Mr. Knudsen and in accepting this assignment at my request, he is undertaking one of the most important tasks of the war.

"He will, of course, continue as a member of the new War Production Board."

- - - -

JAN 16 1942

My dear Colonel Donovan:

I am enclosing copies of the report on our exports to some selected countries for the weeks ending December 13 and 20, 1941 and January 3, 1942.

Copies will be sent to you regularly in the future.

Sincerely yours,

H. W. Bell

Acting Secretary of the Treasury

Colonel William J. Donovan,
Coordinator,
Office of Coordinator of Information,
Old National Institute of Health Building,
25th and M Streets, N. W.,
Washington, D. C.

Enclosures

7777C
IV Messenger 2:40

Refer to 2-1-42

RLG:meh
1/14/42

JAN 16 1942

My dear Mr. Secretary:

I am enclosing copy of report on our
exports to some selected countries during
the week ending January 5, 1942.

Sincerely yours,

W. D. W. Bell

Acting Secretary of the Treasury

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

Enclosure

HIS:mab
1/6/42

nmc
By Messenger *Manuel* 2:40
copy to Dr. White

JAN 16 1942

My dear Mr. President:

I am enclosing report on our exports to some selected countries during the week ending January 5, 1942.

Faithfully,

D. W. Bell

Acting Secretary of the Treasury

The President,
The White House.

Enclosure

Via Secret Service 2 15

7. M. C.

Copies to D. W. Bell

RLB:mcg
1/6/42

January 14, 1942

Secretary Morgenthau

Mr. White

Subject: Exports to Russia, China, Burma, Hong Kong, Japan, France and other blocked countries, as reported to the Treasury Department during the week ending January 3, 1942.

1. Exports to Russia

Exports to Russia as reported to the Treasury during the week ending January 3, 1942 amounted to about \$4,000,000 as compared with approximately \$1,800,000 during the previous week. Military tanks and parts accounted for more than one-half of the total amount. (See Appendix C.)

2. Exports to China, Burma and Hong Kong

Exports to Free China amounted to \$75,000. (See Appendix D.) Exports to Burma amounted to only \$2,000. (See Appendix E.)

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

3. Exports to Japan

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

4. Exports to France

No exports to France were reported during the week ending January 3, 1942.

5. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A.

APPENDIX B

Exports from the U.S. to China, Burma, Hong Kong, Japan and U.S.S.R. as reported to the Treasury Department, July 8, 1941 - January 3, 1942.

(Thousands of Dollars) 1/

		Exports to China			Exports to Burma 1/	Exports to Hong Kong	Exports to Japan	Exports to U.S.S.R.
		Total	To Japanese controlled ports	To Chinese controlled ports				
July 28 - Aug. 2		937	542	395		654	1,657	4,523
Aug. 4 - Aug. 9		2,794	2,794	-		983	159	551
Aug. 11 - Aug. 16		1,278	969	309		235	42	986
Aug. 18 - Aug. 23		1,352	1,350	2		234	6	2,735
Aug. 25 - Aug. 30		736	735	1		742	-	1,023
Sept. 2 - Sept. 6		897	693	204		634	-	4,280
Sept. 8 - Sept. 13		3,038 2/	757	2,281 2/		456	-	5,217
Sept. 15 - Sept. 20		3,978 2/	156	3,822 2/		389	-	732
Sept. 22 - Sept. 27		462	352	110	449	810	-	2,333
Sept. 29 - Oct. 4		1,305	80	1,225	684	297	-	323
Oct. 6 - Oct. 11		5,864	552	5,312	1,157	1,233	-	6,845
Oct. 13 - Oct. 18		272	267	5	35	584	-	1,924
Oct. 20 - Oct. 25		668	399	269	403	1,243	-	5,623
Oct. 27 - Nov. 1		5,210	438	4,772	58	624	-	4,484
Nov. 3 - Nov. 8		1,836	164	1,672	342	283	5	4,552
Nov. 10 - Nov. 15		3,009	158	2,851	88	303	-	2,677
Nov. 17 - Nov. 22		1,701	473	1,228	1,021	600	-	3,981
Nov. 24 - Nov. 29		3,359	120	3,239	1,364	1,325	-	2,436
Dec. 1 - Dec. 6		852	61	791	64	-	-	3,609
Dec. 8 - Dec. 13		3,025	688	2,337	18	-	-	12,040
Dec. 15 - Dec. 20		123	12	111	8	-	-	4,580
Dec. 22 - Dec. 27		37	36	1	196	-	-	1,829
Dec. 29 - Jan. 3		35	-	35	2	-	-	1,223
Total		42,768	11,796	30,972	5,889	11,629	1,869	80,896

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

APPENDIX C

Principal Exports from U.S. to U.E.S.R.
as reported to the Treasury Department
during the week ending January 3, 1942.

(Thousands of Dollars)

Total Exports	\$ 3,993
Principal Items:	
Military tanks and parts	2,054
Motor trucks and chassis	498
Lathes	205
Wheels of artificial abrasives	120
Explosive shells and projectiles	107
Barbed wire	101
Diesel engines	98
Brass and bronze plates and sheets	97
Thread-cutting and automatic screw machines	94
Forging machinery and parts	73
Drilling Machines	73

APPENDIX D

Principal Exports from U.S. to Free China
as reported to the Treasury Department
during the week ending January 3, 1942.

(Thousands of Dollars)

Total Exports to Free China	\$ 35
Principal Items:	
Landplanes (partial shipment)	35

APPENDIX E

Principal Exports from U.S. to Burma
as reported to the Treasury Department
during the week ending January 3, 1942.

(Thousands of Dollars)

Total Exports	\$ 2
Principal Item:	
Paraffin wax	2

Treasury Department, Division of Monetary Research January 10, 1942

TSF/eis
1/12/42

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 January 3, 1942

(In thousands of dollars)

	July 28 to Dec. 20	Week ended December 27	Week ended January 3	Total Domestic Exports
U. S. S. S.	\$74,726	\$ 1,829	\$ 3,993	\$80,548
Free China	28,333	1	35	28,369
Burma 2/	6,806	196	4/	7,002
France 3/	6	-	-	6
Occupied France	2	-	-	2
Unoccupied France	.4	-	-	.4
Spain	2,329	4/	-	2,329
Switzerland	5,099	1	1	5,061
Sweden	11,100	14	1	11,515
Portugal	4,450	22	16	4,488

Treasury Department, Division of Monetary Research

January 6, 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 week. 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 through week ending October 4, 1941. Occupied and Unoccupied France separated thereafter.
- 4/ Less than \$500.

JWT:mf 1/6/42.

TREASURY DEPARTMENT

104

INTER OFFICE COMMUNICATION

DATE January 16, 1942

TO Mr. White
FROM Mr. Friedman
SUBJECT: Digest of two cables received from American Embassy
in Chungking dated January 12, 1942.

1. Embassy has been informed that Dr. Kung is proceeding with plans to institute monopolies.
2. When queried informally regarding reported monopoly of tobacco, Dr. Kung replied that a cigarette sales monopoly is in process of being planned but the legislative procedure has not been finished and the monopoly has not yet been completed.
3. Ambassador Gause says that he has little doubt that the plans for monopolies are related to the proposed loans. The Ambassador suggests that this provides an occasion for expressing United States objections to the establishment of monopolies.
4. The Embassy has been advised that effective January 1 the Chinese Government monopoly of salt was established.
5. The Ministry of Finance has assured the Ambassador that the members of the Salt Administration staff who are elective, who are technical experts, and who have given satisfactory service will be retained as members of the staff and that foreign loans originally secured on the salt tax will not be affected by the monopoly. The Ambassador says that this involves a question of good faith since it means a change in the existing status of the Salt Administration.

CONFIDENTIAL

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PARAPHRASE

A strictly confidential telegram of January 12, 1942 from the American Embassy at Chungking reads substantially as follows:

The Chinese Salt Administration's acting associate director general, an American, has advised me that effective January 1, a Chinese Government monopoly of salt was to be established. He said that the Chinese director general of the Chinese Salt Administration had told him that the proposal had been made to lower the position of the foreign officers of the Administration to that of advisors, whereas, at present they had equal authority and joint responsibility with the Chinese officers. Upon learning the foregoing I directed an informal inquiry in regard to the matter to the Minister of Finance. In reply I have been informed that the monopoly would become effective from January 1; that members of the staff who are elective, who are technical experts, and who have given service which is satisfactory will be retained as members of the staff; and that foreign loans originally secured on the salt tax will not be affected by the monopoly.

It is my understanding that the Chinese Government assured British and, I think, American interests which hold loans secured on Chinese salt revenue that the Chinese Government did not envisage any substantial change in the existing status of the Salt Administration which would result in a change of the status of foreign employees; the foregoing action of the Minister of Finance, therefore, involves the question of good faith. Moreover it involves the question of a large outlay of capital to organize a government monopoly of salt at a time when the finances of the Government are in a state of disorganization and when inflation of the currency is almost out of control.

Chicago
1-14-42

P A R A P H R A S E

A confidential telegram of January 12, 1942 from the American Embassy at Chungking reads substantially as follows:

Having been informed that Dr. H.H. Kung, Minister of Finance, notwithstanding advice to the contrary given to him by government advisers, is (proceeding?) with plans to institute monopolies, (I have been informed that there was in fact being established effective January 1 a salt monopoly), I asked Dr. Kung informally for data in regard to a reported monopoly of tobacco, and expressed concern on the part of American tobacco interests, including American leaf tobacco interests. In reply Dr. Kung said that although a cigarette sales monopoly is in process of being planned, legislative procedure has not been finished and the monopoly is not yet completed. He added that there is no discrimination and that equal treatment is being enjoyed by all cigarette merchants, both Chinese and foreign.

A large financial outlay will be necessarily incurred in connection with the institution of monopolies, and I therefore have little doubt that Dr. Kung's plans for monopolies are in fact related to the loans from Great Britain and the United States which China hopes to receive. If it is our intention to consider seriously a request for financial assistance on the part of the Chinese Government, it would seem to me that we now have an opportunity to say to the Chinese Government that we are not prepared to support costly, damaging, and restrictive monopolies directly or otherwise.

FE:JMJ:NHS FE 1-13-42

eh:copy
1-14-42

C
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Y

PARAPHRASE OF TELEGRAM RECEIVED

FROM: United States High Commissioner to the Philippines, (Manila),
Fort Mills via N. R.

DATE: January 16, 1942, 8 p.m.

NO. : 22.

THE FOLLOWING IS FOR TREASURY INFORMATION.

7. Please record that my staff have verified by actual count of large bills and sample count of small the following sums: (U.S. paper currency given to me for safekeeping)

NAME	AMOUNT
Nederlandsche Indische Handels Bank.....	\$ 13,500
Bank of Philippine Islands.....	175,000
Hong Kong and Shanghai Banking Corporation.....	50,000

SAYRE

EMB

Copy:bj:1-16-42

C
O
P
Y

PARAPHRASE OF TELEGRAM RECEIVED

FROM: United States High Commissioner, (Manila) Fort Mills

DATE: January 16, 1942, 3 p.m.

NO : 21

This is transmitting a message for the Secretary of the Treasury.

Six. It should be recorded, please, that the following sums in Philippine currency pesos have been verified by sample count of the small bills and by actual count of the large ones which were given for safe keeping to me:

<u>Amount in pesos</u>	<u>Property of</u>
500,000	Hong Kong and Shanghai Banking Corporation
800,000	China Banking Corporation
215,000	Peoples Bank and Trust Company
58,000	Nederlandscheindische Handels Bank
4,035,000	Bank of the Philippine Islands
2,421,000	National City Bank
30,000	Philippine Bank of Communications

SAYRE

Copy:bj:l-16-42

Treasury Department 129
Division of Monetary Research

Date January 19 1942

To: Miss Chauncey

From: Mr. Southard

I understand that Under Secretary
Bell is taking care of the matter
referred to in this cable.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Batavia, Java, Netherlands Indies.

DATE: January 16, 1942, noon.

NO. 37.

RUSH.

The following is from Javasche Bank for the Treasury.

U.S. Treasury paper currency and checks, presented chiefly in this country by American armed forces, are purchased direct by Java Bank. Because the Bank cannot risk loss of a ship and war risk insurance costs 10%, the problem of returning currency and checks to the U.S. is expensive and difficult. The Bank is desirous of finding a way to serve American armed forces as cheaply and efficiently as possible in financial matters. It is suggested that:

Checks and currency be destroyed by Java Bank. Consular and Java Bank officials to be present at time of destruction. The total amount of checks and currency destroyed at any one time to be cabled to Treasury Department in order that credit in the U.S. may be obtained by Java Bank. Treasury Department to have forwarded to it certified lists of currency and checks which have been destroyed; or an account with Java Bank, Batavia, to be opened by Treasury against which Navy and Army officers may draw, or in order to make the return of paper currency and checks to the U.S. unnecessary, appoint Java Bank as the Treasury representative in Netherlands East Indies.

With

-2-

With the increase of American armed forces here, this problem will become greater. Suggestions by the Treasury Department will be appreciated by Java Bank. (This is the end of bank message.)

To avoid delays or even loss, I suggest immediate action. I should like to be advised of any decisions reached in the matter.

FOOTE

TREASURY DEPARTMENT

1332

INTER-OFFICE COMMUNICATION

DATE: January 10, 1942

TO: Secretary Morgenthau

FROM: Mr. Dietrich

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	237,000
Purchased from commercial concerns	243,000

Open market sterling remained at 4.05-3/4, and there were no reported transactions.

In extremely light trading, the Canadian dollar discount widened to 12%, as compared with 11-5/8% last night.

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

Argentine peso (free)	.2370
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2065
Uruguayan peso (free)	.5250
Venezuelan bolivar	.2675
Cuban peso	Per

Swiss francs may still be purchased at .2351 from Swiss commercial banks, if the exchange is used for commercial and certain other specified purposes. But the quotation on Swiss francs for 'non-commercial' use has moved from .2375 to more than .2450 during the past week. Apparently, such francs are available only from Swiss balances at present owned by non-residents of Switzerland. The volume of transactions in 'non-commercial' francs is reported to be very small. According to a Swiss bank's New York agency, the bulk of orders to purchase this type of exchange has recently been coming from Brazil, Bolivia and Colombia. The agency is of the opinion that many of the orders represent government requirements.

The Federal Reserve Bank of New York purchased 140,000 Swedish kronor in New York at .2385 for account of the Central Bank of the Uruguayan Republic.

There were no gold transactions consummated by us today.

The Federal Reserve Bank of New York reported that the Bank of Canada will ship \$2,122,000 in gold from Canada to the Federal for account of the Government of Canada, for sale to the New York Assay Office.

- 2 -

The State Department forwarded a cable to us reporting that the Bank of New South Wales, Sydney, shipped \$124,000 in gold from Australis to the American Trust Company, San Francisco, for sale to the San Francisco Mint.

In London, spot and forward silver were again fixed at 23-1/2d and 23-9/16d, respectively, equivalent to 42.67¢ and 42.78¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Sanny and Harman's settlement price for foreign silver was also unchanged at 35-1/4¢.

We made no purchases of silver today.


CONFIDENTIAL

BRITISH EMBASSY
WASHINGTON, D.C.

January 16th, 1942.

Personal and Secret.

Dear Mr. Secretary,

I enclose herein for your
personal and secret information a copy
of the latest report received from
London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

(For the Ambassador)

R. J. Campbell

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D.C.

BRITISH MOST SECRET

(U.S. SECRET)

AFTEL No. 13

Information received up to 7 a.m., 15th January, 1941.

1. NAVAL

A medium sized British merchant ship, independently routed, was torpedoed near CAPE RACE.

2. MILITARY

LIBYA. In forward area bulk of the enemy are reported on the defensive on the general line MERSA EL BREGA-MAATEN BRIGELIBAT (20 miles South South West of MERSA EL BREGA) - MAATEN GIOFER thence 13 miles alongside track leading South to TAMUDA. Our forward troops are maintaining their pressure. (corrupt group) BALFUYA from North West and South East.

MALAYA. On 13th our withdrawal continued according to plan. Railway KAMPIN-GENAS is out in 3 places by bombing on 12th. Japanese claims to capture of Major General Gordon-Bennett are unfounded.

RUSSIA. The Russians have widened area of their advance South West towards BRVANSK. In GREECE the Russians are continuing to disembark troops at FEODOSIA.

3. AIR OPERATIONS

WESTERN FRONT. 14th. 4 large barges near DUNKIRK were hit and casualties caused to personnel of gun emplacements.

14th/15th. Aircraft were engaged in attacks on: HALBOMBERG (727), EBERN 18, Aerodromes in HOLLAND 17, ROTTERDAM 11 and sea mining 15. 5 of our fighters missing.

Enemy activity mainly confined to sea mining in Western approaches and Thames Estuary.

MEDITERRANEAN. LIBYA. 12th/13th. Wellingtons successfully bombed mechanical transport near EL AGHEILA.

13th/14th. TRIPOLI was bombed.

14th. Blenheims reported possible hits on 5,000 ton merchant vessel (729) miles East KIRKIRIAN ISLANDS. From foregoing operations 5 of our aircraft are missing.

MALTA. 13th/14th. 22 enemy aircraft carried out 7 attacks over a period of 12 hours causing slight damage to civilian property.

14th. 51 aircraft made 6 attacks with result that TRALI and SALBAR aerodromes were rendered temporarily unserviceable.

- 2 -

FAR EAST.

BURMA. 13th. Our aircraft damaged 2 enemy aircraft on PRACHUAB KIRKIHUN aerodrome (SIAM 150 miles South of BANGKOK) and destroyed a locomotive.

MALAYA. 12th/13th. 3 Catalinas (one of which is missing) bombed SINGORA.

13th. 50 bombers escorted by 20 fighters attacked SINGAPORE causing slight damage to R.A.F. and civilian property. 20 Buffaloes (of which 3 aircraft and 2 pilots are missing) intercepted them with result 1 enemy bomber probably destroyed and another damaged.

G-2/2857-220: No. 602 M.I.D., W.D. 11:00 A.M., January 16, 1942

SITUATION REPORTI. Pacific Theater.

Philippines: Fighting varying from intensive to desultory engages our entire front. The enemy is attempting infiltration tactics and is making full use of its air superiority. Fighters and dive bombers are continuously strafing and bombing our artillery positions and our front lines. The Japanese are systematically devastating the entire countryside. Hawaii: No further reports of enemy activity have been received. Malaya: The ground situation remains unchanged. According to the press, Australian reinforcements have reached the western Malayan front. Enemy air activity continues, with the press reporting that hostile planes were driven away from Singapore, and that Singapore based British planes have carried out attacks on Port Swettenham, which is now in Japanese hands. Burma: Air activity by both sides continues. The press states that the British have bombed a Japanese air base at Mesod on the Thailand-Burma border. Netherlands East Indies: Dutch forces, according to the press, were fighting against enemy invasion forces in the northern tip of Celebes Island. Hostile air raids on Amboina have intensified. West Coast: No further reports.

II. Eastern Theater.

Ground: Fighting continues on the central front west and northwest of Moscow. The Russians claim to be pushing their advance. The Germans report hard defensive fighting. The Germans claim that Russian attacks at Taganrog have been repulsed. (No situation map will be issued today.)

Air: The German High Command states that German aircraft attacked Russian troops on the Kerch peninsula and also damaged three Russian merchant ships in the Black Sea and in the Sea of Azov.

III. Western Theater.

The British Air Ministry reports that the R.A.F. raided enemy shipyards last night, two shipyards at Namburg being heavily bombed and the yards and docks there left ablaze.

IV. Middle Eastern Theater.

Ground: In the Halfaya area some local successes were obtained by the British. British lines are now approaching the Pass from both flanks. In the Agedabia-Agheila sector considerable enemy resistance is developing along the coastal strip. British troops are not encountering such resistance along the southern flank of the Axis line.

Air: The Press reports that Axis air raids on Malta increased yesterday. Hostile air activity is apparently increasing in the Tripoli-Cyrenaica sector. The R.A.F. continued the bombing of ports, roads, and supplies in the Axis rear areas.

TO:

Mrs. Klotz

138

Mrs. Magenthan
wants an original
and 1 copy of
the marked H
to go to her at
the house.

Sent 1/21/42-

From: LIBUT. STEPHENS

THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

January 17, 1942

MEMORANDUM FOR THE SECRETARY:Cabinet meeting - January 15, 1942

The President said that he was glad to welcome Donald Nelson in his new capacity at the Cabinet table, he had a big job before him, but he had confidence in him to do it and do it well.

Then he said that he had a letter before him from Mrs. Morgenthau with a number of pictures attached as to what might be done in preserving historical war records. He would like each department and agency to give some thought to this matter. During the last war, he had given a young painter a commission in the Navy as an ensign and sent him abroad to paint pictures of the United States fleet at war. He painted a number of pictures which are now displayed as a collection in your office in the Government service, some of which I did not see. He said that he would like to put someone in charge of it to follow through with all of the departments. I suggested that Ted Bruce would be the proper person to oversee it. The President said he thought that was a good suggestion and he would refer Mrs. Morgenthau's letter to Ted Bruce with instructions to carry out the idea. He wanted all the departments to cooperate as he was very much interested in it.

Secretary Hull said that he had the memorandum on the French matter and I assume he referred to the Free French occupying the islands off the coast of Canada. The President said that he and Churchill had discussed the memorandum and had agreed to it, and Churchill had said he believed he could take care of the matter when he got back to London by talking to DeGaulle.

Secretary Hull said he had under consideration the matter of the defense of Liberia. We have just about completed a large airfield in Sierra and the question now comes up of protecting this airfield from military standpoint and also from an operating standpoint. The President asked Mr. Hull to get together with the Army and Navy and make a joint recommendation as to what needed to be done in this area.

Secretary Hull then asked the President if he had seen the high Dutch official from Batavia. He said that he had not, but he had heard about him and thought he had better see him before many days. There was a general discussion between the President, Secretary Hull, and the President Wallace as to the attitude of the Dutch towards us. The

FOR DEFENSE

BUY

President said that the Dutch were not pleased at all with our actions, particularly the central command in Wavell and Hart. The President said that it was just necessary that he act on many matters without straining out cables between him and Queen Wilhelmina in England. They were just too slow to act for him to take these matters up with them first.

I had nothing to report other than the sale of Defense Savings Bonds, which the President was very much interested in. He was very much pleased to find that we had sold \$480,000,000 of these bonds the first fifteen days of January, almost as much as we had sold during the whole month of December.

Secretary Stimson had nothing to report.

The Attorney General had nothing to report but said that he would like to see the President after the conference on the question of some nominations and he also had prepared for the President a memorandum on the ships he had asked about.

Secretary Knox said that one of his officers had come to him with a report that Mr. Currie had cleared with the Army the question of sending a full squadron of planes and their crews to China to protect the Burma Road, and the Navy was prepared to go along, but he just wondered if the matter had been cleared with the President. He also raised the question as to the route that should be taken from here to Burma. Secretary Stimson said that he had not heard of it and he questioned as to whether that had not been discussed pretty far down the line. It had not reached the General Staff. The President told him he did not want it to go through until discussed at the joint staff meeting and to let him have a recommendation after the joint staff had approved it.

The Postmaster General had nothing to report.

Secretary Ickes said that it had been necessary for him to divert tankers from the East to the West Coast and there might be a temporary shortage in the East. There was also a discussion of how many tankers had been turned over to England. The President wanted to know how many tankers were coming off the ways. Secretary Ickes said he would get this information and report on it. There was a general discussion as to whether or not wooden barges could not be made into tankers and built on the Great Lakes. This question is to be looked into and a report made.

Secretary Ickes brought up the question of the Alaska road. He was wondering if it would not be a good thing to go ahead with this at this time for military reasons, for there were many times during the year that it was rather difficult for ships to get in to certain ports of Alaska because of heavy fogs, that the road when completed might come in very handy for sending supplies to military posts in Alaska. Mr. Wallace was very familiar with it and thought the road essential at this time, but he questioned its proposed location. He thought the matter should be studied very carefully before we go ahead with the proposed plan. The President said he would like for Secretary Ickes to discuss the matter with Mr. Wallace and also ascertain the military value of the road from Secretaries Knox and Stimson and let him have a report on it.

Secretary Wickard then raised the question of the Japanese situation in California in its relation to the growing of vegetables for the coastal cities. He said that he understood that the military authorities were going to put the Japanese people outside of the military areas. If this is done, it will be necessary to replace these Japanese laborers with other laborers to grow vegetables for the coming season. He said it was a very serious matter not only from the standpoint of supplying food for that area, but also there were political complications involved. He said he had written a letter to the Secretaries of State, Treasury, War, Navy, and Labor asking them to appoint representatives to attend a conference in his office at 2:30 Monday, to discuss the problem. (I am advising Mr. Wickard that I have appointed Mr. Bernstein of the General Counsel's office to represent the Treasury.)

Mr. Wickard then discussed the problem of supplying natural rubber in the Western Hemisphere. He said that he did not think they could meet the present problem from this source as they could only grow about 10,000 tons by 1945. Secretary Jones said that he did not believe it was a matter of relative importance in our own supply and that we should go ahead with the synthetic plants which probably could produce 400,000 tons in the course of a year or two. The President raised the question as to whether all of these plants should not be Government-owned, because if they are privately owned and they are not able to meet the foreign prices, it will immediately bring up the question as to whether or not Congress should put on a tariff on imports to bring the foreign prices up to domestic prices. Secretary Jones agreed to look into this matter.

Mr. Wickard then discussed the supply of oils and fats for the next year. He said that he believed they had gotten just about all the oils and fats they would be able to get. Possibly the increase in hogs might add to this, but not in a great quantity. He raised the question as to whether or not he should authorize an increase in cotton in order to get cotton seed. The President and the Vice President agreed that this should not be done as we are now raising too much cotton.

Secretary Jones said that the national income for the calendar year amounted to \$92 billion, which is about \$16 billion above last year. He thought that approximately one-third of the increase was due to higher prices and two-thirds to the increase in the volume of production. He said that he would like to comment a little further on Secretary Wickard's rubber problem. He thought it might be possible to produce rubber synthetically at slightly less than 30¢. A man had come in to see him a few days ago who had produced good looking rubber, as far as he could tell, from wood, grain, and coal, and that he could produce it in any volume at 27½¢. He said he asked the man if he were sane and the man said "yes" he believed he was.

Secretary Perkins said that her office had given a great deal of attention to the problem of labor supply and believes that by the end of this calendar year there will be a definite shortage of labor. This subject then involved a general discussion of the labor supply, longer hours, CCC camps, etc. Mr. Walker raised the question as to whether he should put the Post Office on a 48 hour week. He said if he did, it would require legislation and he wondered whether they ought to pay time and a half for anything beyond the 44 hour a week. I said that was a precedent, that I believed the Government should not pay time and a half for any overtime. A Government employee's day is not over until he finishes his day and he should not be paid for overtime any more than compensatory leave now and then when the work will permit. It was pointed out that many of the Government organizations are unionized and have been able to have legislation fixing their hours of work and provide for overtime pay when they work beyond those hours. The Post Office is one of these, also, the Bureau of Engraving and Printing, and the Government Printing Office. The President said that he would like to look into the question, but he apparently had no objection to the Post Office going on a 48 hour a week, even though it required legislation.

He said he felt that there should be 350 CCC camps, for the purpose of maintaining the forest and fighting forest fires, and he had approved \$100,000,000 for these camps. He brought this up because of its bearing on the supply of labor.

Mr. McNutt had nothing to report.

Mr. Nelson discussed the shortage of copper and said that he would like to bring some old mines back into production. One in the northern part of Arizona required the use of water from one of the Government's dams which might infringe upon the water rights of certain irrigation districts. The President said that he would like to increase the supply if it could be done and asked Mr. Nelson and Mr. Ickes to work it out between them. Mr. Ickes said he was familiar with it and was in agreement with Mr. Nelson.

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M E M O R A N D U M

Re: Telephone conversation between
Secretary Morgenthau and
George Buffington, January 17, 1942

The Secretary telephoned me this morning to know the date that the Disney film would be ready for release to motion picture theatres. I advised him that in accordance with our agreement with Walt Disney, he would provide the production and 1,000 extra prints on or before February 15. In a telephone conversation with Mr. Disney yesterday he said he hoped they would be available for distribution during the week prior to February 15.

I told the Secretary Mr. Disney planned a preview of the film here in the Treasury February 3. I also told him I thought it highly desirable that some representative of the Treasury see the context of the film before it was released to Technicolor in order that any minor changes might be made without loss of time. This would necessitate someone going to California shortly for a day.

The Secretary raised the question as to how we know that the film will be shown at all important points as promptly as possible. I told him in a conference with Messrs. Disney and Mollett I had been assured that once the picture was approved by the War Activities Committee, it would be shown in approximately 12,000 key theatres without delay. At that same conference I asked Mr. Mollett what assurance we had that all the theatres would show it. He stated that the Committee had a regular schedule for exhibition and a method of policing the member theatres to ascertain that the picture had been shown. Disney also assured me that there would be no trouble with distribution even though there were no effort on the part of the War Activities Committee. As I understand it, a majority of that Committee is composed of independent operators.

The Secretary suggested that I contact the president of the Motion Picture Operators Union early next week requesting the cooperation of individual operators to see that the picture is running and report to us direct any failure of exhibitors to show the picture promptly and pass it on to other theatres. He emphasized the fact that unless some such measures were taken, we would have failed in our objective. It was suggested that possibly an arrangement might be worked out with the President of the Union to make daily reports direct to us. The Secretary asked that I be ready to report to him on the matter when he returned to Washington on Thursday.

On thinking over my talks with Mollett and Disney on this same subject, I question whether we would not be in a safer position by relying upon the assurances we now have for prompt exhibition than might possibly be the case if we contacted the Union. This effort on our part might be misunderstood and possibly retard the cooperative attitude which we now have on the part of the committee.

RTS.



TREASURY DEPARTMENT

WASHINGTON

JANUARY 17, 1941

DEFENSE SAVINGS STAFF

MEMORANDUM TO: MRS. KLOTZ
FROM: MR. EUGENE W. SLOAN

The following is a very brief resume of instructions and questions raised by Secretary Morgenthau in a telephone conversation with me, Saturday, January 17, 1942 at about 11:00 A. M.

(1) The Secretary is disappointed in display advertising matter in retail outlets in the vicinity of his vacation headquarters in Florida. He wants us to work out a plan which can be used on a test in some selected city whereby stamps will be on sale wherever there is a cash register, with signs prominently displayed on or near each such cash register, and with one or more posters indicating that stamps are on sale right there. He suggested that we possibly could work something out with the National Cash Register Company.

(2) Several weeks ago in a meeting in the Secretary's office, Frank Isbey, State Chairman for Michigan, urged production of a flag which could be used by plants which were participating on a really high-percentage basis in



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our Payroll Allotment Plan program. The Secretary asked just where this stands and said that he wants us to stop fooling around and have some flags actually made before he returns. He does not just want simply an approved design, but he wants the actual flags available.

(3) The Secretary asked what progress had been made in connection with establishment of Payroll Allotment Plans by newspapers for their own employees.

This memorandum is furnished to you at the request of Secretary Morgenthau for preservation in his diary.

TREASURY DEPARTMENT

WASHINGTON

January 17, 1942



DEFENSE SAVINGS STAFF

MEMORANDUM TO: SECRETARY MORGENTHAU
FROM: EUGENE W. SLOAN

The following is a brief preliminary report on the instructions given me by telephone this morning.

(1) I talked with Sydney Mahan, our Associate Information Director, who happens to be in New York this morning, and he will see the National Cash Register people immediately and suggest that perhaps they can help us to work out a test in their own headquarters, city of Dayton, Ohio. Mr. Mahan will, of course, cooperate with them in preparation of the necessary signs for the cash registers and posters for the retail stores, hotels, barber shops, and other outlets.

(2) A design for a flag based on the Minute Man surrounded by thirteen stars was submitted to Professor Odegard recently and he has suggested that a trial be given to the same design with forty-eight stars. Mr. Mahan is of the opinion that the thirteen stars will be better and as instructed I am trying to get this settled immediately so that we can proceed with the purchase of flags and have them available at the earliest opportunity.

FOR DEFENSE



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(3) Up to this moment I have been unable to get any definite information as to the success of Mr. Howard Stodghill's work with the newspapers on Payroll Allotment Plans for their own employees. I do know, however, that the larger newspapers are included among the firms which are being solicited in our "over-all" drive for installation of Payroll Allotment Plans throughout the country. A subsequent report giving names of some of the papers and other interesting data will be forwarded to you shortly.

P. S. I have just been informed by telephone from New York that the following newspapers definitely have Payroll Allotment Plans installed.

1. New York Times
2. World Telegram
3. Herald Tribune.

Ford Motor Company

**PAY ROLL DEDUCTION PLAN
FOR PURCHASE OF UNITED STATES DEFENSE SAVINGS BONDS**

To provide a means by which Ford Motor Company employees may conveniently purchase, on an installment basis, United States Defense Savings Bonds, Series E, described in the enclosed Government leaflet, the Company will cooperate with and assist employees by making purchases on their behalf out of funds authorized by employees to be deducted from their wages or salaries, effective January, 1942, in accordance with details outlined hereinafter.

The Pay Roll Deduction Authorization, Form 282, attached hereto, authorizes deductions from each pay for the purchase of bonds of specified denomination. Employees who desire to join the Plan should fill in and sign the authorization and return it to their foreman within three (3) days. The face of this Authorization must be completely filled in, including employee's correct name and address, as well as the correct designation (Mr., Miss or Mrs.) for both employee's name and that of the co-owner or beneficiary.

1. The minimum deduction under the plan is \$1.00 per week. Larger deductions may be authorized in multiples of \$1.00, or for issue price of bond. If deduction cannot be made because amount of pay due is insufficient, then deduction for that pay period will not be made.
2. Bonds will be purchased once each month for those employees whose deductions permit and the bonds sent by registered mail by the agent of the U. S. Treasury Department to the address designated on the authorization. The Company will advise the employee at time purchase of the bond is made for his account, and Company should be advised in case of any error.
3. The authorization may be cancelled by the employee at any time. Accumulated deductions then standing to his credit will be refunded as soon after receipt of notice of cancellation as practicable.
4. Employees who desire to withdraw from the Plan, or change the amount of deduction, or maturity value of bonds to be purchased, must cancel their authorization and may not rejoin the Plan for a period of three months from date of cancellation.

5. Changes in address, or name of co-owner or beneficiary, may be made at any time by executing a new Payroll Deduction Authorization.
6. No interest will be paid by the Company on amounts deducted and withheld for purchase of bonds.
7. No partial withdrawals may be made from accumulated deductions, nor will loans be made against them.
8. The employee's payroll deduction authorization will continue until cancelled or changed, but is automatically cancelled when employee leaves the service of the Company, in which case, it is the employee's obligation to call for and receive the balance in his account, if any. In the event of employee's death the accumulated deductions will be paid to the co-owner or beneficiary.
9. The Company assumes no responsibility under this plan after the bonds have been purchased and paid for and the employee notified of the purchase. It will, however, assist in having errors corrected. Since the Company will advise the employee each time a bond is purchased, no periodic statements will be issued as to deductions made or balance of accounts.
10. Any matters in connection with this Plan are to be taken up with the Pay Roll Department, Gate 2, at the Rouge Plant, or Cashier's Office at other locations.

The Plan is subject to revision or discontinuance at the discretion of the Company.

Ford Motor Company

December, 1941

**PAY ROLL DEDUCTION AUTHORIZATION
 FOR
 UNITED STATES DEFENSE SAVINGS BONDS**

(TYPE OR PRINT INFORMATION PLAINLY)

Employee

Check which: Co-owner or Beneficiary

Mr. _____
 Miss _____
 Mrs. _____
(FIRST NAME) (MIDDLE INITIAL) (LAST NAME)

Mr. _____
 Miss _____
 Mrs. _____
(FIRST NAME) (MIDDLE INITIAL) (LAST NAME)

Mailing Address _____
(NUMBER AND STREET)

Address _____
(NUMBER AND STREET)

(CITY) (STATE)

(CITY) (STATE)

DEDUCTION FROM EACH PAY \$ _____ MATURITY VALUE OF BONDS AUTHORIZED \$ _____
 (Minimum \$1.00 per week)

I hereby authorize Ford Motor Company to make deductions from my wages or salary beginning at once, in the amount indicated above, and each time the amount required for the purchase of bond(s) designated has accumulated to my credit, to purchase and have delivered to me by the U. S. Treasury Department, United States Defense Savings Bond(s), Series E, with maturity value shown. It is understood that no interest is to be paid by Ford Motor Company on my accumulated deductions and that Ford Motor Company has no responsibility in respect of the bonds purchased under this plan after they have been purchased for me. In the event of my death, Ford Motor Company shall pay to the above designated co-owner or beneficiary the amount of accumulated deductions to my credit which have not been expended for the purchase of bonds. This authorization is to remain in effect until cancelled by me in writing.

Date _____ Employee's Signature _____

CANCELLATION OF PREVIOUS AUTHORIZATION

I hereby request cancellation of my previous Pay Roll Deduction Authorization to be effective with the payroll period ending _____ (date).

I AM WITHDRAWING FROM THE PLAN AND REQUEST THAT ANY AMOUNT REMAINING TO MY CREDIT SHALL BE:

Check
Proper
Blocks

Refunded

Used to purchase a bond of \$ _____ maturity value and any excess refunded.

I AM CHANGING (PER REVISED AUTHORIZATION):

- Name of Address of Owner Co-Owner Beneficiary
 Regular deduction amount Maturity value of bonds to be purchased

Date _____

Employee's Signature _____

STANDARD FORM NO. 14-A
APPROVED BY THE PRESIDENT
MAY 19 1962

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

Will H. Hays
President, Motion Picture Producers and
Distributors of America, Inc.
28 West 44th Street, New York NY

(at the Treasury feel we have lost a real friend and helper in Carole Lombard stop
She was on active service selling Defense Bonds in Indianapolis and sold two million
dollars worth for her country stop She was always glad to respond to any call the
Government made upon her and her spirit of service was an example and an inspiration
to many others stop Her loss must be an irreplaceable one to your colleagues and to the
profession which she honored.

Henry Morgenthau, Jr.
Secretary of the Treasury.

FK/hkb
c Miss MacDonald, Mr. Shaeffer,
and Room 463

TREASURY DEPARTMENT

WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

Official - Expenses of Loans

(The appropriation from which payable must be stated on amount line)

January 17, 1942

TREASURY DEPARTMENT

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INTER-OFFICE COMMUNICATION

DATE January 17, 1942.

TO Secretary Morgenthau

FROM E. H. Foley, Jr.

For your information, my opinion was asked by the Defense Savings Staff as to the enforceability as a contract of the form of pledge for the periodic purchase of defense bonds.

In my opinion this form of pledge is not enforceable as a contract or otherwise.

A telegram was sent at the suggestion of Peter H. Odegard to allay doubts which had been raised by lawyers in the Portland, Oregon office of the Defense Savings Staff as to the legal effect of the pledge. A copy of the telegram is attached.

E. H. F.

Enclosure.

January 17, 1942 10:45 a.m.

Ray Conway
State Administrator
Defense Savings Staff
720-23 Bedell Bldg.
Portland, Oregon

In reply to your inquiry concerning form of pledge for regular investment in defense savings bonds it is my opinion that such form is not a pledge enforceable as a contract or otherwise by the United States against the pledgor for the amount of the pledge indicated thereon but is merely a promise without legal consideration to purchase periodically defense bonds so long as pledgor is financially able to do so. I have given a formal opinion to the Secretary of the Treasury to this effect.

E.H. FOLEY, JR.
General Counsel
Treasury Department.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE January 17, 1942

TO Secretary Morgenthau

FROM

Mr. Haas *HA*

SUBJECT:

Number of Firms and Employees Covered by Payroll Savings Plans

1. On January 10, 1942, payroll savings plans were in effect in 9,339 firms, according to reports from the Defense Savings Staff's State Administrators in 46 States and the District of Columbia. The number of employees covered was 10,308,495. A breakdown of these figures by States appears in the attached table.

2. The figures shown in the table are known to be incomplete. They do not include State, county and local governmental units in some States because of a misunderstanding on the part of some State Administrators. The Defense Savings Staff has sent an instruction telegram to the State Administrators asking that all such units be included, however, and they will appear in the totals submitted as of today.

3. No satisfactory data were received from the State Administrators in Delaware, Indiana, Louisiana and Tennessee, and figures for these States could not be included in the table. The Defense Savings Staff has sent follow-up telegrams to these Administrators, however, and expects to receive data for these States early next week.

Attachment

Number of Firms and Number of Employees
Participating in Payroll Savings Plan
January 10, 1942

As reported by the Defense Savings
Staff's State administrators

State	Number of firms	Number of employees
Alabama.....	41	44,747
Arizona.....	30	11,851
Arkansas.....	66	11,848
California.....	1102	716,935
Colorado.....	120	68,212
Connecticut.....	296	252,666
Delaware.....	*	*
District of Columbia.....	29	26,077
Florida.....	132	33,050
Georgia.....	233	139,426
Iaho.....	34	15,406
Illinois.....	69	60,522
Indiana.....	*	*
Iowa.....	12	16,725
Kansas.....	214	80,065
Kentucky.....	77	50,800
Louisiana.....	*	*
Maine.....	45	52,273
Maryland.....	85	115,009
Massachusetts.....	436	419,573
Michigan.....	524	1,173,151
Minnesota.....	453	149,732
Mississippi.....	68	16,655
Missouri.....	520	222,523
Montana.....	42	24,207
Nebraska.....	30	98,800
Nevada.....	90	7,436
New Hampshire.....	24	29,675
New Jersey.....	398	644,019
New Mexico.....	40	7,101
New York.....	1,649	3,060,540
North Carolina.....	89	115,240
North Dakota.....	44	2,329
Ohio.....	267	770,000
Oklahoma.....	140	67,754
Oregon.....	54	68,253
Pennsylvania.....	473	1,011,246
Rhode Island.....	121	120,290
South Carolina.....	77	35,662
South Dakota.....	191	10,306
Tennessee.....	*	*
Texas.....	962	165,624
Utah.....	51	12,327
Vtahn.....	79	26,463
Virginia.....	124	164,390
Washington.....	223	126,921
West Virginia.....	3	2,775
Wisconsin.....	94	150,390
Wyoming.....	8	8,537
Total.....	<u>1,939</u>	<u>10,308,495</u>

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

January 17, 1942

* Data not available.

Regraded Unclassified



FIELD ORGANIZATION *News Letter*

DEFENSE SAVINGS STAFF

TREASURY DEPARTMENT, WASHINGTON, D. C.



JANUARY 17, 1942

NUMBER 35

Come on—



LET'S ALL TAKE A PLEDGE!

The Committee of Employees of Philadelphia Industries sponsored the above appeal for universal participation in the Defense Savings Bond campaign to protect the freedom we cherish. A country-wide pledge campaign will be launched by the Treasury in February.

Your Dime's In The Army Now



-- Ordnance Private Henry Morgenthau Yardley in the Baltimore Morning Sun, January 8, 1942.

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- FROM The Field - Pages 4, 5 and 6
- AMERICANS All - Pages 7 and 8
- LABOR Speaks - Pages 8 and 9
- SALES PROMOTIONS From Here And There - Pages 9 and 10
- HATS Off To - Page 10
- PATRIOTS From Eight to Eighty - Pages 11, 12 and 13
- EDITORIAL Speaking - Page 13
- PAY ROLL Savings - Pages 14 and 15
- TO THE LADIES - Pages 16 and 17
- SPECIAL Organizations - Page 18
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"THE BUDGET AHEAD"

Sunday, January 4, 1942, SECRETARY MORGENTHAU broadcast a challenging message on "The Job Ahead" (quoted on Pages 3 and 4 of News Letter for January 10).

The next day, PRESIDENT ROOSEVELT brought home to the American public an outline of what the job will mean this coming year in dollars and cents.

The following excerpts suggest the part Defense Bonds play in the budget problem:

"We must provide the funds to man and equip our fighting forces. We must provide the funds for the organization of our resources. We must provide the funds to continue our role as an Arsenal of Democracy . . .

"Nothing short of a maximus will suffice. I cannot predict ultimate costs because I cannot predict the changing fortunes of war. I can only say that we are determined to pay whatever price we must to preserve our way of life. . .

"Total war expenditures are now running at a rate of two billion dollars a month and may surpass five billion dollars a month during the fiscal year 1943. . . These estimates reflect our determination to devote at least one-half of our national production to the war effort. . .

"We all know that the war will bring hardships and require adjustment. . .

"I appeal for the voluntary co-operation of the consumer in our National effort. Restraint in consumption, especially of scarce products, may make necessary fewer compulsory measures.

"Hoarding should be encouraged in only one field, that of Defense Savings Bonds."

—Franklin D. Roosevelt

January 5, 1942

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—Franklin D. Roosevelt

January 5, 1942.

FROM THE FIELD

Walter D. Bellingrath, Mobile, Ala., business man, appointed as chairman of a special committee to promote sale of bonds and stamps among employers and employees engaged in the bottling and distribution of soft beverages, said he could carry "the gospel of Defense Bonds" into the most remote sections of the county.



Wm. V. Reagan, Jr. of the Treasury Dept.; Administrator Smyth; Chairman Edward R. Heller; Co-Chairman Fred A. Vickatt.

San Francisco, Calif. James G. Smyth, State Administrator for Northern California, called together at the Palace Hotel, December 30, the committee of 60 who have assumed responsibility for the Defense Savings Program in the northern part of this Pacific state.

"I thought the stamp and bond windows were busy prior to Christmas," Postmaster James E. Wilson of Sacramento declared, "but all day yesterday (Jan. 2) we had long lines of persons waiting to buy shares in the defense of their country."

In Fresno, the Wine Institute has announced that American wine growers have started an "Invest for Victory" campaign.

Defense Bond sales in Denver, Colo. leaped to \$3,705,425, in December, an increase of 323 per cent over November sales, a total which State Administrator Nicholas declared to be even greater than he had expected.

Defense Bonds went on sale in Waterbury, Conn. schools Monday, Jan. 13, 18,000 handbills, explaining the method of purchasing bonds, have been distributed under the supervision of Superintendent Thomas J. Condon.

Newboys of the Evening Star, Washington, D. C. sold 193,000 ten-cent Defense Stamps between December 5 and January 9, with Billy Burton heading the honor roll - record - 4,684 stamps.

In Georgia, school children by the hundreds are foregoing the lollipops and tuck-knacks they usually buy and using their nickels and dimes for Defense Stamps.

Defense Bond Week is being observed in Springfield and Central Illinois, Jan. 11-18, with a goal of \$500,000 set for the seven days' drive.

"We're digging in," said a Defense spokesman in Chicago, as 13 State Street stores made limit purchases of \$50,000; "We are dedicating ourselves to the task of turning dollars into weapons that will smash Hitlerism forever."

FROM THE FIELD

Illinois (Continued)

Betty Becketin (in the picture at the right) of the Journal-Transcript, Peoria, Ill., selling Defense Stamps every day except Sundays and holidays.

Postmaster John J. McCarthy of Rock Island, Ill., reports Defense Stamp sales average \$1,500 daily.

The women's organization of the Indiana Defense Savings Staff held its first statewide meeting at the Claypool Hotel in Indianapolis, Jan. 8. Promotional plans were outlined to the more than 100 delegates by Chairman Mrs. Oscar A. Ahlgren of Whiting.

Ottumwa, Iowa (population 28,057) has set a goal of at least \$500 in Defense Stamps to be sold every day.

At the Iowa State Committee meeting in Burlington on January 8, farmers—who do not have regular incomes out of which to make systematic purchases of bonds—were urged to set aside a certain plot of ground and use the crops raised thereon to buy bonds. The same plan could be applied to chickens and livestock.

In one day, 20 large Baltimore, Md. firms, representing 40,000 workers, agreed to install pay roll savings plans for the purchase of Defense Bonds.

"Minute Men" met January 7 in Elks Home to receive instructions for canvassing 40,000 workers in New Bedford, Mass. relative to pay roll savings plans.

Missouri, first state to be organized for the sale of Defense securities, is holding a series of county meetings, January 1-16, where members of the Defense Savings Staff and county agents of the Department of Agriculture will co-operate on plans for bringing the Bond program into farm homes.

Bernalillo County, N. M. has set a Defense Bond goal of \$2,400,000 for 1942, recently announced County Chairman Arthur Prager.

With all committees named, an all-out Defense Bond drive got under way January 5 in Raymond, N. J. "Jew and Gentile, Protestant and Catholic, every race, creed and religion, white and black. . . have joined in the preservation of democratic ideals and the defeat of dictatorships."



News Letter

FROM THE FIELD

All-out mobilization of dollars and dimes for victory was ordered on New Year's Day in Rochester, N. Y.

A bargain-counter rush at stores in New York City witnessed the sale of at least \$468,701 in bonds and stamps the first four days after New Year's.

Between November 4 and December 29, employees of the Mohawk Carpet Mills, Amsterdam, N. Y., purchased \$216,176 in Defense Bonds.

With the hearty endorsement of Archbishop Schrembs, Catholic schools in the Cleveland, Ohio diocese opened an active Defense Bond campaign after Christmas. In the state-wide rally at Cleveland, January 6, representatives from all branches of community life vied with each other in pledges for intensive work.

On December 29, with two days to go, Spartanburg, S. C. passed its \$1,000,000 Defense Bond and Stamp goal set for 1941.

A Memphis, Tenn. woman recently won a \$25 bond for the best essay on "Why I Should Buy Defense Bonds." Her essay began:

"I am selfish. I am lazy. I am intolerant. Therefore, I should buy U. S. Defense Bonds." It ended: "So what? . . . In any other system of government, I'd most likely be liquidated as non-productive and non-essential. In buying bonds, I am justifying my existence and assuring myself of a world to live in. Any Bonds Today?"

The Boys' M Club of Mabton, Wash. High School devoted the proceeds of its Christmas holiday dance to Defense Stamps.

Follow-up. Hagerstown, Md. set a goal of \$35,000 in a week's special campaign to buy Defense Bonds and Stamps. (See page 7, News Letter of Jan. 2.) The sights were set too low. At the end of five days, sales had reached \$188,000. One man bought \$1,300 in stamps and then took a day off to paste them in his book. At the end of the campaign week, sales for Washington County amounted to \$210,503 in Stamps and \$236,212 in Bonds. November bond figure for the county was \$30,000.

Correction. News Letter No. 32 for December 27 carried a story about the Burlington Youth Council under the heading of Iowa. This should have been Burlington, Vermont.

The Vermont News Letter for January 3 carries as its slogan a quotation from the recent editorial in Life by Henry R. Luce:

"Are we straining every last nerve to see that help, arms, material reach our defenders as soon as possible? . . . If they die . . . WILL THEY DIE THROUGH ANY FAULT OF OURS?"

News Letter

AMERICANS ALL

Now that America is in World War II, all the way, the universality of our racial heritage becomes more than ever significant.

From Plymouth Rock to Ellis Island, "Americana" have come from the four quarters of the globe, and in this great national emergency they are all behind the Defense Savings Program for victory.

Reports from "Our Foreigners" are legion - the following only scratch the surface:

Idun Lodge, Sons of Norway, Madison, Wis., votes to purchase \$750 in U. S. Defense Bonds.

The Hungarian Women's Reformed Sick Benefit Society, South Bend, Ind., has appropriated \$300 of its funds for the purchase of Defense Bonds.

Umins 53, Polish National Alliance, Schenectady, N. Y., already holds more than \$12,000 in Defense Bonds.

Members of the St. George Greek community in Springfield, Mass., recently subscribed to more than \$3,000 worth of Defense Savings Bonds in ten days.

The Lithuanian Citizens political club of Waterbury, Conn., has voted a third \$10,000 Defense Bond.

In Cincinnati, Ohio, German-speaking members of the American Citizens League helped raise \$800 for Defense Bonds in a fortnight.

St. George's Lodge 66, Croatian Fraternal Union, Youngstown, Ohio, votes a thousand-dollar subscription to Defense Bonds.

The Italian Workmen's Club, Madison, Wis., announces through its President, Theodore Matranga, a \$1,000 purchase. "We want President Roosevelt to know that we are behind his program 100%," said Matranga. Many of the club's membership have relatives in Italy, but they want the U. S. to crush the Axis powers.

Harry J. French, past commander of the sixth district of the American Legion, Sacramento, Calif., said January 3, that "Japanese residents of the Florin district are participating wholeheartedly in the Defense Savings Program."

In The Dalles, Ore., the postmaster spent the afternoon counting 5600 pennies for Defense Bonds turned in by the baby daughter of a Japanese restaurant keeper.

AMERICANS ALL
(Continued)

Hendon Chmelnick Branch No. 137, Ukrainian National Association, West Easton, Pa., voted \$300 in Defense Bonds and allegiance to the Government in all possible ways.

Members of the Syrian-American Association and its Ladies Auxiliary, Fall River, Mass., pledged a \$10,000 purchase.

In Gary, Ind., representatives of five Roumanian groups purchased \$7,000 in Defense Bonds.

Mass purchase of U. S. Defense Bonds to a total of \$38,000 was made one night in late December by Italian, Polish, and Jewish residents of Jersey City.

Proceeds from the annual ball of the United Irish Counties Association, New York City, are being devoted to the purchase of Defense Bonds, as announced by John F. Sheehan, Chairman of the Arrangement Committee.

St. Michael's Russian Benefit Society, Woonsocket, R. I., has voted a purchase of \$2,000 in Defense Bonds.

Members of the Serbian Lodge, No. 129, of East Moline, Ill., have pledged to buy at least \$8,000 in Defense Bonds.

"The enemies of America have counted on the varied social origins of our people to bring division and disaster in our war effort. But they are fooled. Our union of many races, like our union of many states, brings greater strength."

—News, Kenosha, Wisconsin, December 30, 1941.

LABOR SPEAKS

The INTERNATIONAL UNION OF BRICKLAYERS, MASONS AND PLASTERERS OF AMERICA (AFL) of Washington, D. C. has purchased \$150,000 of Defense Bonds for 1942, its legal limit under Government regulations. A like amount was purchased last year.

LOS ANGELES TYPOGRAPHICAL UNION NO. 174 has voted a \$10,000 purchase of Defense Bonds and urges each of its 1,200 members to buy to the limit of their ability.

The 600 members of the DENVER & RIO GRANDE WESTERN, with shops in Salt Lake City, Utah, participating in regular Defense Bond purchases, racially represent almost as many countries as did the League of Nations.

LABOR SPEAKS
(Continued)

One hundred and two employees of the AMERICAN VELVET COMPANY, New London, Conn., have bought \$6,300 of Defense Bonds.

LOCAL 882 OF THE UNITED AUTO WORKERS (CIO) have asked the Atlanta, Ga. plant of the Ford Motor Company to devote all their wages, in excess of the 5-day week, to the purchase of Defense Bonds and Stamps.

More than 200 union miners in the SAND COULEE-STOCKETT district of Montana voted to donate a day's pay to the Government, in addition to pledging regular purchases of bonds until the end of the war.

In announcing a recent purchase of \$1,000,000 worth of Defense Bonds, Daniel J. Tobin, president of the INTERNATIONAL BROTHERHOOD OF TEAMSTERS (AFL), said the union would continue to buy bonds at the rate of \$2,000,000 yearly as long as the war lasts.

A goal of a \$200,000 bomber every quarter of 1942 has been set by the 7,000 members of the INTERNATIONAL UNION OF MINE, MILL & SMELTER WORKERS (CIO) in the Birmingham-Bessemer area of Alabama.



The Navy looks on in Miami, Fla., while PLUMBERS UNION LOCAL NO. 519 gives concrete proof of its pledge to support that service by buying \$10,000 in Defense Bonds.

Officers and grievance committee members of CIO STEEL WORKERS LOCAL 1757 of Donora, Pa. will be paid in Defense Stamps instead of cash "for the duration of the war."

Sales Promotions From Here and There Over the Country

At Providence, R. I., a bevy of skating stars from the show "Icecapades" lured passersby to newsboys selling stamps at the city's Defense Staff headquarters, "The Little House on the Mall."

At Portland, Ore., Lobo, Junior and Queenie, trained sheep dogs, known in the show-world as the "Pard" dogs, added their "yips" in a Bond Drive, which translated by Ray Courtright, their trainer, meant they wanted their weekly Defense Savings Stamps. They paid a visit to Pioneer post office and other places where Defense Savings Bonds and Stamps were on sale.

J. H. Weisenberger, Dallas, Tex. realtor, challenged 100 other Dallas business men to match \$5,000 he intends to put in Defense Bonds. He will raise his ante to \$10,000 if agreeable to the others.

LABOR SPEAKS

Sales Promotions (Continued)

Sam Ventura, proprietor of Oak Lawn Village, swanky Dallas restaurant, ran the following ad in Dallas newspapers:

"Effective at noon Thursday, December 11, and until America and her Allies have won complete victory, all patrons of Oak Lawn Village will receive their change in United States Savings Stamps."



America's Minute Man No. 1

Dorothy Lamour, famous screen star, song and saron, is on a coast-to-coast tour selling Defense Savings Bonds and Stamps and otherwise promoting Uncle Sam's gigantic task of financing the cost of the war.

Speaking in theatres, and at Defense rallies and wherever she is sent, Miss Lamour has given her month's vacation to the task of aiding her nation at war, and all at her own expense. She is shown in the picture at the left, selling Defense Stamps at "Victory House", Pershing Square, Los Angeles.

HATS OFF TO—

Rodney Brook, 7, of Syracuse, N. Y., who asked that \$200 received for injuries in an automobile accident be used to purchase Defense Bonds.

Bootblack Tony de Grossa of Philadelphia, Pa., who plunked down on the counter for war bonds \$1,700 - the reward of 50 years' savings.

The parents of Betty Jeanne Myers, Indianapolis, Ind., learned recently why their daughter had been "skipping" movies and walking to and from school—to save money for an \$16.75 bond.

\$12,000 proceeds of the life insurance policies of Morgan McGowan, an Army flier lost in the Philippines, will be invested in Defense Bonds by his parents who live near Leoti, Kansas.

HERE AND THERE WITH PATRIOTS FROM EIGHT TO EIGHTY

In Charlotte, N. C., Simpson Ivy Brown, Jr., 10-year-old schoolboy, won a prize contest on "Why We Should Buy United States Savings Bonds for Defense." Simpson composed a noble little acceptance speech which concluded -

"In accepting this gift, I feel that it is a victory won for our school and not for me. I call it a victory because it shows that we children are 100 percent behind the defense program, and that we want to do our part to save our country. . . . We shall look back to this day as a scene of patriotic enjoyment, when the lessons of democracy are seeping more and more in the Negro."

Mrs. Margaret Providale of Gary, Ind. received as the first news from her son Albert, on duty in Hawaii, - not a letter, but two Defense Bonds, mailed on December 20.

Anxious to do her duty, Mrs. Mary Earolea of Carnegie, Pa., was confused by the warning on a franked envelope - "Official Business. Penalty for private use \$300." As evidence of her good intentions, she forwarded \$5 to the local Collector of Internal Revenue. When it was explained that she was under a penalty, Mrs. Earolea delightedly put her \$5 down on the installments toward her second \$25 Defense Bond.

"My Dad always warned me to save for a rainy day," said H. C. Smith, 57, of Dallas, Texas, as he marched into the Times-Herald office with 170 half-dollars bulging his pockets. "Durned if it didn't start raining the other day - at Pearl Harbor," he added, putting the money down on the counter for Defense Bonds and Stamps.

"Remember Pearl Harbor" is both a memory and a slogan for Fatricia McCarthy, recently of Hawaii, now attending St. Mary's College in South Bend, Ind. She has just bought her first Defense Bond, which will help keep her father, a lieutenant-colonel at Fort Ramehama, supplied with the sinews of war.

S. Juran of Houston, Texas, is 79 years old, but he is serving the nation. Every day since December 15, he has started out at 9 o'clock in the morning to sell Defense Stamps to "customers" in the street or in department stores. A native of Roumania, Mr. Juran has already sold \$700 worth of stamps; he is driving toward a \$5,000 goal.

"The people of the country can help win this war in their own home town by buying Defense Savings Bonds. Every one who buys a Bond has a finger on the trigger." This was the pointed statement of Gunner's Mate Eugene Knight, one of the heroes of December 7 at Pearl Harbor, as he was convalescing in one of the wards of the Mare Island Hospital. Picture on the following page shows Knight talking to Lieut. Comdr. L. L. Stanley, Navy doctor, and Navy nurse Nancy Lowe.

"Bonds are the bullets the people of the United States are furnishing for the guns you fellows manned at Pearl Harbor and other fronts," Dr. Stanley

PATRIOTS FROM EIGHT TO EIGHTY
(Continued)

told the Navy hero. "We're proud of what you fellows did that Sunday morning, but Americans don't just say things with words alone—we BUY BONDS AND MORE BONDS, for that is the ammunition with which we will win," Dr. Stanley said.



Pearl Harbor Hero Urges Folks At Home To Buy Bonds

Kemper Nelson, Wheeling, W. Va. bond dealer, has devised a plan for voluntary contributions to the war effort, and a bill authorizing the program has already been introduced in the House of Representatives.

Under the plan, the government would sell special stamps, with the proceeds to be used for

building of war fighting equipment for the Army and Navy. The stamps would be in denominations of from one cent to \$5. The stamps would have no value for postage or other purposes other than to provide a means for persons desiring to make such voluntary contributions for the war with the assurance that their money will be used for specific purposes which the donor intends. They would be used the same as Christmas seals.

There would be 14 different stamps in the series. Each would carry an engraving of the type of war material the donor sought to contribute, such as battleships, heavy cruisers, light cruisers, aircraft carriers, destroyers, minesweepers, submarine chasers, heavy tanks, light tanks, heavy bombers, light bombers, interceptors and pursuit planes and anti-aircraft batteries.



Down To Their Last Two Cents!

Little Eathryn Sue Vago and her big sister, Betty Ann, 7, had just two cents between them after turning over their savings of two years to Uncle Sam for Defense Stamps. (See picture at the left.)

Mrs. Elizabeth Kern, one of two Ohio sisters to receive a "windfall" of \$1,000 from a missing heir, has expressed her intention of buying Defense Bonds with the unexpected funds. Mrs. Kern and her sister were found through "The Court of Missing Heirs" program over CBS. The money is to come from the estate of a brother who died twenty-three years ago in World War I.

PATRIOTS FROM EIGHT TO EIGHTY
(Continued)

Unable to enlist in the Army because of his age, 46, former heavyweight champion Jack Dempsey is tossing his brawn into the Defense Bond campaign; he has purchased \$100,000 worth to date.

The National Women's Christian Temperance Union has announced its war-time slogan--"Buy a Bond instead of a bottle."

EDITORIALLY SPEAKING

"... Defense Savings Bonds are the cheapest insurance against looting and murder by the firing squads of Europe and Asia." . . . — Herald News, Passaic, N. J.

"... Unless the enemy is defeated the collapse of democracy in the United States is inevitable." . . . — Herald, Spartanburg, S. C.

"... No one can visualize a hundred billion dollars. Such a sum of money does not exist in cash. Yet that is what we are to spend the next two years on a gigantic Victory Program!" . . . — Call, Woodstock, N. Y.

"... It is not only patriotic to be thrifty these days but also a demonstration of what Ed Howe, 'the Sage of Potato Hill,' used to call 'intelligent selfishness.'" — Missoulian, Missoula, Mont.

"... This war is costing \$940 a second. Help Uncle Sam with his bills." — Post, Cincinnati, Ohio.

"Encouraging as the increased demand for Defense Savings Bonds and Stamps throughout the nation has been since the Japanese bombed Hawaii, the real job of selling the necessary billions of war bonds to the public is only just starting." . . . — Times, Los Angeles, Calif.

"... if every citizen in the nation were to invest a dime a day in war savings stamps the amount of money thus made to fight our foe would be terrific." . . . — Journal-Transcript, Peoria, Ill.



PAY ROLL SAVINGS

Sweeping Nation's Industrial Plants

Preliminary reports from Administrators in 31 states show that 6,690 firms and corporations, involving approximately 7,300,000 employees, have installed Defense Pay Roll Savings plans.

Plants with an employee list totalling more than 100,000, such as United States Steel, down to the smaller industries with a roster of 25 workers, are reporting installation of the plan with systematic and regular deductions ranging as high as ten percent. In some cases, an even higher percentage of savings has been reported. No plant is too large nor too small for the inauguration of this simple yet business-like method of purchasing Defense Bonds and Stamps.



Minneapolis, Minn.

The picture at the left shows one of Uncle Sam's workers behind the lines, who has just converted his Stamps into a \$25 Defense Bond. His name is J. L. Rache, and he is a skilled machine operator at the Northern Pump Company in Minneapolis, Minn. Eighty-seven percent of the employees of this company have pledged voluntary pay deductions in the Defense Savings Pay Roll plan permitting Uncle Sam to tap their pay rolls to the tune of approximately \$17,500 per week, or \$910,000 annually. Officials of the company are purchasing bonds totalling some \$1,000,000 a year.

Recent Installations of Pay Roll Savings Plans

Reports coming into Washington from all sections of the country include these recent installations:

New England States - The Fuller Brush Company, Hartford, Conn.; The American Brass Company, Blake & Johnson, Bristol Company, Chase Brass & Copper Company, Connecticut Light & Power Company, Eastern Color Printing Company, E. J. Manville Machine Company, Thinsheet Metals Company, Patent Button Company, Waterbury BarKle Company, Waterbury Clock Company, Waterbury Farrall Foundry & Machine Company, Waterbury Rolling Mills, Inc., Waterbury Republican & American, Waterbury Tool Company, Rowbottom Machine Company, Somers Brass Company, all of Waterbury, Conn.

Also in Waterbury: The American Cyanamid and Chemical Company, American Valve Company, American Sheet Metal Works, Barlow Bros. Company, Benrus Watch Company, Bunker Hill Plating Company, Butler Printing Company, Keeler & Long, Inc., Krodal Foundry, Manufacturers Finishing Company, Mattatuk Manufacturing Company, Superior Mattress Company, Southern New England Ice Company, Valley Manufacturing Company, Waterbury Corrugated Box Company, Waterbury Paper Box Company, and the Waterbury Steel Ball Company.

PAY ROLL SAVINGS

New England States (Continued)

Goodyear Fabric Company, Smith Brothers Brewery, Metropolitan Life Insurance Company, Fairpoint Corporation, Continental Screw Company, Prudential Life Insurance Company, and the Acushnet Company, all of New Bedford, Mass.

The Winchester Repeating Arms Company of New Haven, Conn.; the Seale Division of Fairbanks Morse & Company of Burlington, Vt.; and the Smith Paper Company of Pittsfield, Mass.

Middle States - Civilian Employees in the Brooklyn Navy Yard; Submarine Base at New London, Conn.; Naval Ordnance Plant at Baldwin, L. I.; 1,500 firms in New York City with 3,500,000 employees; Western Union Telegraph Company with 52,000 employees; United States Steel Corporation; 200 firms in Philadelphia; E. C. A. Plant at Camden, N. J. with 8,500 employees; Carnegie-Illinois Steel Company at Pittsburgh; American Steel & Wire Company; Southern Wheel & Foundry Company; Acneson Manufacturing Company; Bethlehem Steel Company; Union Railroad Company; American Chain & Cable Company; and the Jones & Laughlin Steel Company.

Midwestern States - Standard Oil Company of Indiana; Ohio Wax Paper Company; 1,500 members Ladies Garment Workers, Milwaukee; County Employees at Flint, Mich.; The G. Heilman Brewing Company; Fairbanks-Morse Company, Rockford, Ill.; 500,000 employees of 476 Chicago firms; National Cash Register Company, Dayton, Ohio; Mabley & Carew, Cincinnati; Thompson Products Company, Cleveland; Brush-Moore Newspapers of Salem, Ohio; Cincinnati Milling Machine Company; Standard Oil Company of Ohio; Warner & Swasey, Cleveland; Hall China Company, East Liverpool, Ohio; Keystone Steel & Wire Company, Peoria, Ill.; Wisconsin Telephone Company, Milwaukee; Eagle-Picher Lead Company, Cincinnati; Challenge Machinery Company, Grand Rapids, Mich.; Michigan Bell Telephone Company; Butterfield Theatres and the Macklin Company, of Jackson, Mich.; Clark Equipment Company and American Marsh Pump Company and the Consumer Power Company of Battle Creek, Mich.

Western States - 15,000 employees of firms in Pueblo, Colorado; Redmond Mills, Redmond, Ore.; Alex Johnson Hotel, Rapid City, S. D.; 100 firms in Stour Falls, S. D.; Willamette Valley Lumber Company, Salem, Ore.

Southern States - Standard Enitting Mills, Knoxville, Tenn.; Norfolk & Western Railway, Roanoke, Va.; Florida Pulp & Paper Company, Vels-Fricker Lumber Company and Weyport Industries, Inc., of Pensacola, Fla.; Gulf Oil Company, Fort Arthur, Tex.; and Dallas Retail Stores.

In co-operation with the Defense Savings Staff of Maryland, the Gleason E. Martin Company, maker of the famous Martin bomber, is announcing the introduction of the pay roll savings system in its plant which now has more than 30,000 employees.

TO THE LADIES

State News Letters

Many States now have their own Defense Savings News Letters, some of which include women's pages. A few of these local women's pages are following the pattern set by the "To The Ladies" column in the FIELD ORGANIZATION NEWS LETTER, wherein the National Women's Division tries to -

1. Give State Defense Savings Committee Women information on what the National Women's Division is doing.
2. Give illustrations of how "The Ladies Are Lending," and how various State and local committees are organizing Defense Bond and Stamp programs especially designed to interest women.
3. Give credit to State and local committees and to individual women who are taking an active part in the Defense Savings Program.

Some State News Letters

From the Arkansas OFFICIAL BULLETIN

"Representatives of Women's groups throughout the State have formulated a State Council of Women's organizations within the Arkansas Defense Savings Staff, to promote the sale of Bonds and Stamps in every Arkansas county. Mrs. R. V. Hall of Texarkana, Chairman of the Women's Division, was named Chairman of the new Council.

"Under the plans of the Council, various presidents of Women's organizations will establish local organizations in the State's 75 counties . . . and will name county chairmen."

Offering a tentative program, Mrs. Hall recommended:

1. An educational program to combat inflation through the purchase of Defense Savings Bonds and Stamps.
2. A broad program to encourage systematic saving through regular purchase of savings securities.
3. That Bonds and Stamps be given instead of usual presents and prizes.
4. That women accept stamps in lieu of change.
5. That women throughout the State immediately embark on a "word of mouth" campaign to increase interest in the entire Savings drive.



TO THE LADIES

From the WASHINGTON STATE NEWS LETTER

A page titled "To The Ladies," written by Marie Young, a member of the State Advisory Committee on Defense Savings and president of the Washington State Federation of Business and Professional Women's Clubs, is a feature of the News Letter published by the Defense Savings of Washington.

In the January issue of this NEWS LETTER, Miss Young reports:

"A Defense Bond for Every Business Woman," has been voted by Business and Professional Women's Clubs throughout Washington, and the slogan is being translated into purchases of Defense Bonds and Stamps. Other organizations might well adopt their slogan "Every Club Woman For National Defense - a U. S. Defense Bond for Every Club Woman."

"ATTENTION: ALL WOMEN MEMBERS OF COUNTY DEFENSE COMMITTEES

"Here is a plan to stimulate the sale of Defense Stamps Among Women!

"First: Secure a map of every community in your county and a list of all Women's organizations, fraternal, church, civic, cultural, educational, patriotic, and otherwise. Divide the map into sections.

"Second: Call a general meeting asking the leader of each Women's Organization or her representative to attend.

"Third: Organize this group into a Women's Defense Club, and supply literature on women's participation in the Defense Savings Program, including "We Gals Have To Stick Together," "Madame Chairman," and "Mrs. Brown Buys a Bond."

"Fourth: Urge that each club represented dedicate one meeting to a thorough study and discussion of the Defense Savings Program.

"Fifth: Urge each club to hold sectional meetings in which each member will be asked to bring as her guest one or more friends who are not members. At this meeting, emphasize the importance of women's united support of the Defense Savings crusade."



News Letter

SPECIAL ORGANIZATIONS

At the convention recently held in New York City, PHI DELTA EPSILON FRATERNITY sold more than \$350 worth of Defense Stamps and \$21,000 worth of Bonds.

The EL PROGRESSO CLUB of Pilot Point, Tex., voted to buy a Defense Bond in memory of two local boys, Joe and James Fritcher, reported lost at Pearl Harbor.

The JUNIOR LEAGUE of Dallas, Tex., has voted to buy Defense Bonds with a reserve fund in excess of \$5,000, accumulated over a period of years for a new club building.

The first Monday in every month will be a special "Buy Bonds Day" for members of the CO-OPERATIVE CLUB of Baton Rouge, La.

\$50,000 in government bonds have been bought by the CRANSTON (R. I.) POLICE RELIEF ASSOCIATION.

BELOIT COLLEGE (Wis.) has already bought its legal limit of \$50,000 worth of Defense Bonds for 1941 and will soon repeat the purchase for 1942.

Since the attack on Pearl Harbor, CAMP MARCUS D. RUSSELL, Spanish American War Veterans, have increased their bond and stamp holdings to \$8,000.

The purchase of a \$100 Defense Bond featured the regular January meeting of the NORTH JERSEY ASSOCIATION FOR THE BLIND.

Members of the Fourth Degree Assembly of the KNIGHTS OF COLUMBUS in Rochester, N. Y., have undertaken to sell \$10,000 worth of bonds and stamps the first two weeks in January.

LEXINGTON (Ky.) OPTIMISTS appropriated \$100 from their club funds for a Defense Bond, and pledged members to all-out efforts in whatever service might be required for successful prosecution of the war.

The HIGHLANDER BOYS of Denver, Colo., 500 strong, marched on the post office January 2, to open their "Stamp-A-Week" program. The money for the stamps will come from the proceeds of waste-paper collections.

For every 1,000 tons of Axis shipping destroyed by American armed forces, every member of the ADMIRAL ISAAC C. KIDD Defense Stamp Club of San Diego, Calif. will buy a 10-cent stamp. The club was recently formed by workers at the North Island Naval Air Station.

North Dakota's ten ELKS LODGES have recently bought over \$100,000 in U. S. Defense Bonds, reported State President Sam Stern at a Defense conference on January 4.

News Letter

ON THE AIR

Radio Programs for the Coming Week:

Monday, January 19 "FOR AMERICA WE SING" 9:30-10:00 PM (EST)
NBC Blue Network

Dr. Frank Black's Orchestra and Chorus.
QUEST STARS: Frank Munn and Elizabeth Lennox

Saturday, January 24 "AMERICA PREFERRED" 8:00-8:30 PM (EST)
Mutual Network

Alfred Wallenstein's Orchestra (Andre Kostelanetz, guest conductor); Deema Taylor, commentator, with guest star to be announced later, in the press.

* * *

SPOKANE RADIO EMPLOYEES RECEIVE CHRISTMAS BONUS IN BONDS

Louis Waaner, owner of radio stations KHQ and RGA announced that employees of the two stations received their Christmas bonus, amounting to \$22,500, in Defense Savings Bonds.

Following the distribution of bonus checks, employees voted to institute a pay roll savings plan at the two Spokane stations.

* * *

HOUSE ORGAN EDITORS PLAN BOND CAMPAIGN

Merrick Jackson, editorial director of the Western Electric Company, was named chairman of a Committee of House Organ Magazines to bring the Defense Savings Program before the 15,000,000 readers of the various House Magazines of the nation.

Other members of the committee are: A. P. Alexander, Jr., Editor of The Red Barral, Coca Cola Company; Alex Smith, Works News Co-ordinator of the General Electric Company; and Robert Newcomb, Editor of Stet, published by the Champion Paper and Fibre Company.

* * *

DEPUTY ADMINISTRATOR BRAVES
KING OF BEASTS



John H. Payne, Jr., of the Virginia Defense Savings Staff, isn't really frightened, although he admits being a bit nervous when he climbed into the cage with King Tars, MGM lion. The King of Beasts came to Richmond along with his trainer in a drive to sell Defense Bonds and Stamps.

* * *

JOE WILLIAMS NAMED AS SPORTS
CONSULTANT ON STAFF



Secretary Morgenthau has announced the appointment of Joe Williams, nationally known sports writer, as Sports Consultant in connection with the Defense Savings Program. Left to right: Eugene W. Sloan, Executive Director, Defense Savings Staff; Joe Williams; Vincent Callahan, Chief, Radio and Press Section, Defense Savings Staff.

LET YOUR ANSWER TO BOMBS
BE BONDS



The lobby display of the Equitable Trust Company in Wilmington, Del., includes an actual 500-pound demolition Bomb as shown in the above picture.

Number of agents in Other Corporations and Investment Industry
qualified to issue Series E Savings Bonds, by Federal Re-
serve districts - January 10 to date. 1/

Date	Atlanta	Boston	Chicago	Cleveland	Dallas	Kansas City	Minne- apolis	New York	Phila- delphia	Richmond	San Fran- cisco	St. Louis	Total
Other Corporations													
Jan. 10	4	-	8	-	-	-	-	-	-	-	-	-	12
31	17	14	90	28	27	1	3	32	101	19	8	11	351
Feb. 7	20	19	115	33	42	5	3	41	124	23	14	18	457
14	23	22	151	40	49	9	3	46	135	27	15	32	552
21	23	27	170	43	53	14	3	53	148	27	18	35	614
28	23	37	198	44	58	16	4	55	159	30	21	41	686
Mar. 7	25	50	234	46	59	17	4	56	174	31	25	42	763
14	27	54	261	46	62	19	5	61	184	36	28	43	826
21	27	64	282	51	62	22	6	64	192	40	30	45	885
Investment Industry													
Jan. 24	-	-	5	-	-	2	-	1	-	2	-	-	10
31	-	-	10	3	-	2	-	7	-	6	1	8	37
Feb. 7	-	-	13	6	-	2	-	9	-	7	3	8	48
14	-	-	15	6	3	2	-	10	-	7	3	8	54
21	-	-	17	7	3	2	-	14	-	7	3	8	61
28	-	1	17	7	3	2	-	14	-	8	3	8	63
Mar. 7	-	1	17	7	3	2	-	16	-	8	3	8	65
14	-	1	17	7	3	2	-	18	-	8	3	8	67
21	-	1	17	7	3	2	-	17	-	8	3	8	66

Other Corporations authorized as of December 27, 1941 and Investment Industry as of January 17, 1942.

Number of agents in Other Corporations and Investment Industry
qualified to issue Series B Savings Bonds, by Federal Re-
serve districts - January 10 to date. 1/

Date	Atlanta	Boston	Chicago	Cleveland	Dallas	Kansas City	Minne- apolis	New York	Phila- delphia	Richmond	San Fran- cisco	St. Louis	Total
Other Corporations													
10	4	-	8	-	-	-	-	-	-	-	-	-	12
31	17	14	90	28	27	1	3	32	101	19	8	11	351
7	20	19	119	33	45	3	3	41	124	23	14	18	457
14	23	22	151	40	53	9	3	46	138	27	15	32	532
21	23	27	170	43	53	14	3	53	148	27	18	35	614
28	23	37	198	44	58	16	4	55	159	30	21	41	686
7	25	50	234	46	59	17	4	58	174	31	25	42	763
14	27	54	261	46	62	19	5	61	184	36	28	43	826
21	27	64	282	51	62	22	6	64	192	40	30	45	885
Investment Industry													
24	-	-	5	-	-	2	-	1	-	2	-	-	10
31	-	-	10	3	-	2	-	7	-	6	1	8	37
7	-	-	13	6	-	2	-	9	-	7	3	8	48
14	-	-	15	6	3	2	-	10	-	7	3	8	54
21	-	-	17	7	3	2	-	14	-	7	3	8	61
28	-	1	17	7	3	2	-	14	-	8	3	8	63
7	-	1	17	7	3	2	-	16	-	8	3	8	65
14	-	1	17	7	3	2	-	18	-	8	3	8	67
21	-	1	17	7	3	2	-	17	-	8	3	8	66

Other Corporations authorized as of December 27, 1941 and Investment Industry as of January 17, 1942.

January 17, 1942.

Mr. Byron Price,
Director of Censorship,
Washington, D.C.

Dear Mr. Price:

For Secretary Morgenthau I wish to acknowledge, with thanks, the receipt of your letter of January 16 transmitting codes of practice for publications and radio stations.

The request in your letter with regard to the procedure to be taken for withholding dissemination of information has been noted.

Very truly yours,

(Signed) Herbert E. Gaston

Herbert E. Gaston
Assistant Secretary of the Treasury.

FCR/mah

Copies of Mr. Price's letter and enclosures, with carbon of this reply, sent to:

Mr. W. N. Thompson
Mr. Kuhn and Mr. Schwarz
Original to Miss Chauncey for Secretary's files.

WST

THE OFFICE OF CENSORSHIP
WASHINGTON

January 11, 1942.

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

Dear Mr. Secretary:

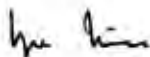
Upon instructions from the President, the Office of Censorship has undertaken to enlist the voluntary cooperation of the press and radio to prevent the domestic dissemination of information of aid to the enemy. Pursuant to that undertaking, this Office has distributed the attached codes of practice for publications and radio stations.

This voluntary effort cannot possibly succeed if there are confusions and contradictions in the dealings of individual departments and agencies of the government with the press and radio.

It therefore is requested that if at any time any official of your department either in Washington or in the field, desires that the press or radio or any part of it be requested to withhold dissemination of information, the request be transmitted to the Office of Censorship, rather than to any newspaper or news agency or any radio station direct.

It should be emphasized that this request relates solely to the withholding of information from publication or broadcasting, and in no way refers to any affirmative action on the part of your Department in making news available.

Sincerely yours,



Byron Price,
Director.

Enclosures (2).

OFFICE OF CENSORSHIP

Washington

January 15, 1942

A war-time code of practices for radio broadcasters was issued today by the Office of Censorship.

The code was drafted by Director Byron Price and Assistant Director J. H. Ryan after conferences with the radio industry. It asked that some classes of information which might aid the enemy be withheld. The government further requested that broadcasters exercise careful control over certain types of programs which are potential espionage tools for the enemy.

Most of the precautions emphasized in the statement are being exercised already by broadcasters on a voluntary basis.

It was announced that Mr. Ryan would be in direct charge of administration of the code, aided by assistants selected from the industry and an Advisory Council of Broadcasters, soon be appointed.

The Office of Censorship issued this statement:

In wartime it is the responsibility of every citizen to help prevent the enemy, insofar as possible, from obtaining war, navy, air or economic intelligence which might be of value to him and inimical to our national effort.

The broadcasting industry has enlisted with enthusiasm in the endeavor, and the following is intended to be helpful in systematizing cooperation on a voluntary basis during the period of the emergency.

Two possibilities exist:

(1) Enemy exploitation of stations heard only within our borders, to expedite the work of saboteurs, and

(2) Enemy exploitation of stations heard internationally (both short and long wave) to transmit vital information.

All American stations desire to prevent such exploitation. The statement herewith set forth is presented under three headings:

(1) News programs

(2) Ad lib programs

(3) Foreign language programs.

Radio management can do much in other ways to win the war. It can act, in the light of experience, as its own censor above and beyond the suggestions contained in this statement of conduct.

NEWS PROGRAMS

It must be remembered that all newspapers, magazines and periodicals are censored at our national borders. No such post-publication censorship is possible in radio. Scores of stations operating on all classifications of frequencies are heard clearly in areas outside the United States. These stations especially should exercise skill and caution in preparing news broadcasts.

Ninety-nine per cent of the commercial stations operating in the United States are serviced by one or more news agencies. News teletyped to stations and networks by these agencies will be edited at the source, with a view to observing certain requests set down by the press section of the Office of Censorship. These precautions notwithstanding, the Office of Censorship stresses the need for radio to process all news in the light of its own specialized knowledge. Broadcasters should ask themselves the question, "Would this material be of value to me if I were the enemy?" Certain material which may appear on the news service wires as approved for newspapers may not be appropriate for radio.

It is requested that news falling into any of the following classifications be kept off the air, except in cases when the release has been authorized by appropriate authority.

(1) Weather reports. This category includes temperature readings, barometric pressures, wind directions, forecasts and all other data relating to weather conditions. Frequently weather reports for use on radio will be authorized by the United States Weather Bureau. This material is permissible. Confirmation should be obtained that the report actually came from the Weather Bureau. Special care should be taken against inadvertent references to weather conditions during sports broadcasts, special events and similar projects.

Information concerning road conditions, where such information is essential to safeguarding human life, may be broadcast when requested by a Federal, State or Municipal source.

(2) Troop movements. The general character and movements of units of the United States Army, Navy and Marine Corps, or their personnel, within or without the continental limits of the United States; their location, identity or exact composition, equipment or strength; their destination, routes and schedules; their assembly for embarkation or actual embarkation. Any such information regarding the troops of friendly nations on American soil. (The request as regards location and general character does not apply to training camps in the United States, nor to units assigned to domestic police duty.)

(3) Ships. The location, movements and identity of naval and merchant vessels of the United States and of other nations opposing the Axis powers and of personnel of such craft; the port and time of arrival of any such vessels; the assembly, departure or arrival of transports or convoys, the existence of mine fields or other harbor defenses; secret orders or other secret instructions regarding lights, buoys and other guides to navigators; the number, size, character and location of ships

in construction, or advance information as to the date of launchings or commissionings; the physical setup of existing shipyards, and information regarding construction of new ones.

(4) Planes. The disposition, movements and strength of army and navy units. The time and location of corps graduations or the equipment strength of any training school.

(5) Experiments. Any experiments with war equipment or materials, particularly those relating to new inventions. Any news of the whereabouts of camouflaged objects.

(6) Fortifications. Any information regarding existing or projected fortifications of this country, any information regarding coastal defense emplacements or bomb shelters; location, nature or numbers of anti-aircraft guns.

(7) Production. Specific information about war contracts, such as the exact type of production, production schedules, dates of delivery, or progress of production; estimated supplies of strategic and critical materials available; or nation-wide "round-ups" of locally-published procurement data except when such composite information is officially approved for publication. Specific information about the location of, or other information about, sites and factories already in existence, which would aid saboteurs in gaining access to them; information other than that readily gained through observation by the general public, disclosing the location of sites and factories yet to be established, or the nature of their production. Any information about new or secret military designs, or new factory designs for war production.

(8) Casualty lists. Total or round figures issued by the government may be handled. If there is special newsworthiness in the use of an individual name, such as that attending the release concerning Captain Colin Kelly, it is permissible material. Stations should use own judgment in using names of important personages from their own areas killed in action. The government notifies nearest kin BEFORE casualty's name is released to the press.

(9) Release of figures on selective service enrollments.

(10) Unconfirmed reports. Reports based on information from unidentified sources as to ship sinkings or land troop reverses or successes should not be used. In the event enemy claims have been neither confirmed nor denied by established authority, the story ordinarily should be handled without inclusion of specific information; there should be no mention of ship's name - only its classification; there should be no mention of army unit designation - just its general description (tank, artillery, infantry, etc.). Commentators, through sensible analyses of reports from enemy origins, stressing the obvious fallacies, can do much to correct any false impressions which might be created.

(11) Communications. Information concerning the establishment of new international points of communication should be withheld until officially released by appropriate federal authority.

(12) General. Information disclosing the new location of national archives, art treasures, and so on, which have been moved for safe-keeping; damage to military and naval objectives, including docks, railroads, or commercial airports, resulting from enemy action; transportation of munitions or other war materials, including oil tank cars and trains; movements of the President of the United States, or of official military or diplomatic missions of the United States or of any other nation opposing the Axis powers - routes, schedules, or destination, within or without the continental limits of the United States; movements of ranking army or naval officers and staffs on official business; movements of other individuals or units under special orders of the army, navy or state department.

Summation: It should be emphasized that there is no objection to any of these topics if officially released. These restraints are suggested:

- (1) Full and prompt obedience to all lawful requests emanating from constituted authorities. If a broadcaster questions the wisdom of any request, he should take it up with the Office of Censorship.
- (2) Exercise of common sense in editing news, meeting new problems with sensible solutions. Stations should feel free at all times to call on the Office of Censorship for clarification of individual problems.

-II-

AD LIB PROGRAMS

Certain program structures do not permit the exercise of complete discretion in pre-determining the form they will take on the air. These are the ad lib or informal types of programs. Generally they fall into four classifications:

- (a) Request programs.
- (b) Quiz programs.
- (c) Forums and interviews (ad lib).
- (d) Commentaries and descriptions (ad lib).

As experience dictates the need of changes, they will be made, and all stations notified. Stations should make certain that their program departments are fully acquainted with these provisions.

(a) Request programs. Certain safeguards should be adopted by the broadcaster in planning request programs. It is requested that no telephoned or telegraphed requests for musical selections be accepted for the duration of the emergency. It is also requested that all mail bearing requests be held for an unspecified length of time before it is honored on the air. It is suggested that the broadcaster stagger replies to requests. Care should be exercised in guarding against honoring a given request at a specified time.

Special note is made here of "lost and found" announcements and broadcast material of a similar nature. Broadcasters are asked to refuse acceptance of such material when it is submitted via telephone or telegraph by a private individual. If the case involves a lost person, lost dog, lost property or similar matter, the broadcaster is advised to demand written notice. It is suggested that care be used by station continuity departments in re-writing all such personal advertising. On the other hand, emergency announcements asked by police or other authorized sources may be accepted. Announcements bearing official authorization seeking blood donors, lost persons, stolen cars, and similar material may be accepted by telephone, but confirmation of the source is suggested.

It is requested that announcements of mass meetings not be honored unless they come from an authorized representative of an accredited governmental or civilian agency. Such requests should be accepted only when submitted in writing.

(b) Quiz programs. It is requested that all audience-participation type quiz programs originating from remote points, either by wire, transcription or short wave, be discontinued, except as qualified hereinafter.

Any program which permits the public accessibility to an open microphone is dangerous and should be carefully supervised. Because of the nature of quiz programs, in which the public is not only permitted access to the microphone but encouraged to speak into it, the danger of usurpation by the enemy is enhanced. The greatest danger here lies in the informal interview conducted in a small group - ten to twenty-five people. In larger groups, where participants are selected from a theatre audience, for example, the danger is not so great.

Generally speaking, any quiz program originating remotely, wherein the group is small, and wherein no arrangement exists for investigating the background of participants, should be discontinued. Included in this classification are all such productions as man-in-the-street interviews, airport interviews, train terminal interviews, and so forth.

In all studio-audience type quiz shows, where the audience from which interviewees are to be selected numbers less than fifty people, program conductors are asked to exercise special care. They should devise a method whereby no individual seeking participation can be GUARANTEED PARTICIPATION.

(c) Forums and interviews. This refers specifically to forums in which the general public is permitted extemporaneous comment; to panel discussions in which more than two persons participate; and to interviews conducted by authorized employees of the broadcasting company. Although the likelihood of exploitation here is slight, there are certain forums during which comments are sought "from the floor" or audience, that demand cautious production.

(d) Commentaries and descriptions. (Ad lib) Special events reporters are advised to avoid specific reference to locations and structures in on-the-spot broadcasts following air raids or other enemy offensive action. Both such reporters and commentators should beware of using

any descriptive material which might be employed by the enemy in plotting an area for attack.

THE BROADCASTER IN SUMMARY, IS ASKED TO REMEMBER THAT THERE IS NEED FOR EXTRAORDINARY CARE ESPECIALLY, IN CASES WHERE HE OR HIS AUTHORIZED REPRESENTATIVE IS NOT IN FULL CONTROL OF THE PROGRAM.

-III-

FOREIGN LANGUAGE PROGRAMS

It is requested that full transcripts, either written or recorded, be kept of all foreign language programs; it is suggested that broadcasters take all necessary precautions to prevent deviation from script by foreign language announcers and performers. ("Foreign language" is here taken to mean any language other than English)

MISCELLANEOUS

From time to time, the Office of Censorship may find it necessary to issue further communications, which will either interpret certain existing requests, amend or delete them, establish new ones or cover special emergency conditions.

These communications will be addressed to managers of radio stations and networks. They should have preferential handling and it is therefore advisable that certain alternate executives be appointed to execute them in the absence of the regularly constituted authority. All such communications will be coded in numerical order, i.e.: R-1; R-2; R-3; etc. Stations are advised to keep them in careful filing order.

The American broadcasting industry's greatest contribution to victory will be the use of good common sense. Too frequently radio in general instead of the individual offender is blamed for even the most minor dereliction. If material is doubtful, it should not be used; submit it to the Office of Censorship for review. Free speech will not suffer during this emergency period beyond the absolute precautions which are necessary to the protection of a culture which makes our radio the freest in the world.

Broadcasters are asked merely to exercise restraint in the handling of news that might be damaging, for the army behind the army represents a great force in the war effort. Radio is advised to steer clear of dramatic programs which attempt to portray the horrors of combat; to avoid sound effects which might be mistaken for air raid alarms. Radio is one of the greatest liaison officers between the fighting front and the people. Its voice will speak the news first. It should speak wisely and calmly. In short, radio is endowed with a rich opportunity to keep America entertained and interested, and that opportunity should be pursued with vigor.

The Office of Censorship,
Byron Price, Director.

OFFICE OF CENSORSHIP
Washington

January 14, 1942.

A code of war-time practices for newspapers, magazines, and other periodicals was announced today by the Office of Censorship.

Under the code, which was drafted by Director Byron Price and Assistant Director J. H. Sorrells after conferences with the industry, the Government asks that certain classes of information which might be of aid to the enemy be withheld from publication except when officially given out.

Many of the practices proposed already have been put into effect by publications on a voluntary basis.

It was disclosed that Mr. Sorrells would be in direct charge of administration of the code, assisted by a small Board of Editors and an Advisory Council of the publishing industry, soon to be appointed.

The Office of Censorship issued the following statement:

This statement responds to the many inquiries received by the Office of Censorship, asking for an outline of newspaper and magazine practices which the Government feels are desirable for the effective prosecution of the war.

It is essential that certain basic facts be understood from the beginning.

The first of these facts is that the outcome of the war is a matter of vital personal concern to the future of every American citizen. The second is that the security of our armed forces and even of our homes and liberties will be weakened in greater or less degree by every disclosure of information which will help the enemy.

If every member of every news staff and contributing writer will keep these two facts constantly in mind, and then will follow the dictates of common sense, he will be able to answer for himself many of the questions which might otherwise trouble him. In other words, a maximum of accomplishment will be attained if editors will ask themselves with respect to any given detail, "Is this information I would like to have if I were the enemy?" and then act accordingly.

The result of such a process will hardly represent "business as usual" on the news desks of the country. On the contrary, it will mean some sacrifice of the journalistic enterprise of ordinary times. But it will not mean a news or editorial blackout. It is the hope and expectation of the Office of Censorship that the columns of American publications will remain the freest in the world, and will tell the story of our national successes and shortcomings accurately and in much detail.

The highly gratifying response of the press so far proves that it understands the need for temporary sacrifice, and is prepared to make that sacrifice in the spirit of the President's recent assurance that such curtailment as may be necessary will be administered "in harmony with the best interests of our free institutions."

Below is a summary covering specific problems. This summary repeats, with some modifications, requests previously made by various agencies of the Federal Government, and it may be regarded as superseding and consolidating all of those requests.

Special attention is directed to the fact that all of the requests in the summary are modified by a proviso that the information listed may properly be published when authorized by appropriate authority. News on all of these subjects will become available from government sources; but in war, timeliness is an important factor, and the government unquestionably is in the best position to decide when disclosure is timely.

The specific information which newspapers and magazines are asked not to publish except when such information is made available officially by appropriate authority falls into the following classes:

TROOPS

The general character and movements of United States army units, within or without the continental limits of the United States — their location; identity or exact composition; equipment or strength; their destination, routes and schedules; their assembly for embarkation, prospective embarkation, or actual embarkation. Any such information regarding the troops of friendly nations on American soil.

Note: The request as regards location and general character does not apply to troops in training camps in continental United States, nor to units assigned to domestic police duty.

SHIPS

The location, movements and identity of naval and merchant vessels of the United States in any waters, and of other nations opposing the Axis powers, in American waters; the port and time of arrival or prospective arrival of any such vessels, or the port from which they leave; the nature of cargoes of such vessels; the location of enemy naval or merchant vessels in or near American waters; the assembly, departure or arrival of transports or convoys; the existence of mine fields or other harbor defense; secret orders or other secret instructions regarding lights, buoys and other guides to navigators; the number, size, character and location of ships in construction, or advance information as to the date of launchings or commissionings; the physical set-up or technical details of shipyards.

PLANES

The disposition, movements, and strength of army or navy air units.

FORTIFICATIONS

The location of forts and other fortifications; the location of coast defense emplacements, or anti-aircraft guns; their nature and number; location of bomb shelters; location of camouflaged objects.

PRODUCTION

Specific information about war contracts, such as the exact type of production, production schedules, dates of delivery, or progress of production; estimated supplies of strategic and critical materials available; or nationwide "round-ups" of locally-published procurement data except when such composite information is officially approved for publication.

Specific information about the location of, or other information about, sites and factories already in existence, which would aid saboteurs in gaining access to them; information other than that readily gained through observation by the general public, disclosing the location of sites and factories yet to be established, or the nature of their production.

Any information about new or secret military designs, or new factory designs for war production.

WEATHER

Weather forecasts, other than officially issued by the Weather Bureau; the routine forecasts printed by any single newspaper to cover only the State in which it is published and not more than four adjoining States; portions of which lie within a radius of 150 miles from the point of publication.

Consolidated temperature tables covering more than 20 stations, in any one newspaper.

NOTE: Special forecasts issued by the Weather Bureau warning of unusual conditions, or special reports issued by the Weather Bureau concerning temperature tables; or news stories warning the public of dangerous roads or streets, within 150 miles of the point of publication, are all acceptable for publication.

Weather "round-up" stories covering actual conditions throughout more than one State, except when given out by the Weather Bureau.

PHOTOGRAPHS AND MAPS

Photographs conveying the information specified in this summary, unless officially approved for publication.

Detailed maps or photographs disclosing location of munition dumps, or other restricted Army or Naval areas.

Note: This has no reference to maps showing the general theater of war, or large scale zones of action, movements of contending forces on a large scale, or maps showing the general ebb and flow of battle lines.

Note: Special care should be exercised in the publication of aerial photos presumably of non-military significance, which might reveal military or other information helpful to the enemy; also care should be exercised in publishing casualty photos so as not to reveal unit identifications through collar ornaments, etc. Special attention is directed to the section of this summary covering information about damage to military objectives.

GENERAL

Casualty Lists.

Note: There is no objection to publication of information about casualties from a newspaper's local field, obtained from nearest of kin, but it is requested that in such cases, specific military and naval units, and exact locations, be not mentioned.

Information disclosing the new location of national archives, art treasures, and so on, which have been moved for safe-keeping.

Information about damage to military and naval objectives, including docks, railroads, or commercial airports, resulting from enemy action.

Note: The spread of rumors in such a way that they will be accepted as facts will render aid and comfort to the enemy. It is suggested that enemy claims of ship sinkings, or of other damage to our forces, be weighed carefully and the source clearly identified, if published.

Information about the transportation of munitions or other war materials, including oil tank cars and trains.

Information about the movements of the President of the United States, or of official military or diplomatic missions of the United States or of any other nation opposing the Axis powers — routes, schedules, or destination, within or without the continental limits of the United States; movements of ranking army or naval officers and staffs on official business; movements of other individuals or units under special orders of the army, navy or state department.

Note: Advertising matter, Letters to The Editor, interviews with men on leave, Columns, and so on, are included in the above requests, both as to text and illustration.

If information should be made available anywhere which seems to come from doubtful authority, or to be in conflict with the general aims of these requests; or if special restrictions requested locally or otherwise by various authorities seem unreasonable or out of harmony with this summary, it is recommended that the question be submitted at once to the Office of Censorship.

In addition, if any newspaper, magazine or other agency or individual handling news or special articles desires clarification or advice as to what disclosures might or might not aid the enemy, the Office of Censorship will cooperate gladly. Such inquiries should be addressed to the Office of Censorship, Washington.

Should additions or modifications of this summary seem feasible and desirable from time to time, the industry will be advised.

The Office of Censorship,
Byron Price, Director.